

# **FINANCIAL STATEMENTS**

For the Period Ended  
30 September 2017



LANKA VENTURES PLC

Ocean Lines Building  
46/12, Nawam Mawatha  
Colombo 02.

Tel: 2439201 Fax: 2439203

LANKA VENTURES PLC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Unaudited)

	Interim period of 03 Months				Accumulated 06 Months			
	Group		Company		Group		Company	
	Period ended 30 September		Period ended 30 September		Period ended 30 September		Period ended 30 September	
	2017 (Rs. '000)	2016 (Rs. '000)	2017 (Rs. '000)	2016 (Rs. '000)	2017 (Rs. '000)	2016 (Rs. '000)	2017 (Rs. '000)	2016 (Rs. '000)
<b>Revenue</b>								
Investment income	285	1,019	955	2,035	3,053	4,348	4,615	6,123
Interest income	5,120	6,078	2,645	381	8,885	13,063	5,555	5,992
Subsidiary company income	123,797	101,334	-	-	189,332	175,265	-	-
Other income	100	142	100	142	229	328	229	328
	<b>129,302</b>	<b>108,574</b>	<b>3,700</b>	<b>2,558</b>	<b>201,499</b>	<b>193,004</b>	<b>10,400</b>	<b>12,442</b>
<b>Operating expenses</b>								
Administrative expenses	(7,561)	(4,220)	(4,915)	(1,974)	(14,815)	(11,701)	(9,931)	(8,004)
Sales and establishment expenses	(1,910)	(1,840)	(1,885)	(1,798)	(3,581)	(3,451)	(3,531)	(3,409)
Other operating expenses	(1,866)	(2,210)	(966)	(818)	(3,545)	(3,681)	(1,732)	(1,476)
Direct expenses - other subsidiaries	(34,943)	(28,706)	-	-	(57,632)	(59,260)	-	-
<b>Results from operating activities</b>	<b>83,023</b>	<b>71,598</b>	<b>(4,065)</b>	<b>(2,031)</b>	<b>121,927</b>	<b>114,911</b>	<b>(4,795)</b>	<b>(446)</b>
Share of profit of equity accounted investees (net of income tax)	185,533	184,182	-	-	340,641	334,777	-	-
Available for sale financial assets - reclassified from OCI	-	-	-	-	-	108,263	-	-
Gain/(loss) on derivative financial instrument	4,242	-	4,242	-	4,242	-	4,242	-
Gain/(loss) on available for sale financial assets	(10,909)	(216)	(10,909)	(216)	(5,312)	2,426	(5,312)	2,426
Finance cost	(55,976)	(38,791)	(1,520)	(2,737)	(103,276)	(75,039)	(3,393)	(5,103)
<b>Profit/(loss) before income tax</b>	<b>205,913</b>	<b>216,773</b>	<b>(12,252)</b>	<b>(4,985)</b>	<b>358,222</b>	<b>485,339</b>	<b>(9,257)</b>	<b>(3,123)</b>
Income tax expense	(19,048)	(20,957)	(158)	2,518	(22,082)	(25,739)	(397)	2,033
<b>Profit/(loss) for the period</b>	<b>186,865</b>	<b>195,816</b>	<b>(12,410)</b>	<b>(2,467)</b>	<b>336,140</b>	<b>459,600</b>	<b>(9,654)</b>	<b>(1,090)</b>
<b>Profit/(loss) attributable to:</b>								
Equity holders of the company	97,414	122,216	(12,410)	(2,467)	199,552	300,187	(9,654)	(1,090)
Non-controlling interest	89,451	73,600	-	-	136,588	159,413	-	-
<b>Profit/(loss) for the period</b>	<b>186,865</b>	<b>195,816</b>	<b>(12,410)</b>	<b>(2,467)</b>	<b>336,140</b>	<b>459,600</b>	<b>(9,654)</b>	<b>(1,090)</b>
<b>Other comprehensive income, net of income tax</b>								
Net change in fair value of available-for-sale financial assets	-	-	-	-	-	(5,616)	-	-
Reclassification of available for sale reserve to profit /(loss)	-	-	-	-	-	(108,263)	-	-
Foreign operations - foreign currency translation difference	(26,565)	12,101	-	-	(18,897)	27,705	-	-
<b>Other comprehensive income for the period, net of income tax</b>	<b>(26,565)</b>	<b>12,101</b>	<b>-</b>	<b>-</b>	<b>(18,897)</b>	<b>(86,174)</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>160,301</b>	<b>207,917</b>	<b>(12,410)</b>	<b>(2,467)</b>	<b>317,243</b>	<b>373,425</b>	<b>(9,654)</b>	<b>(1,090)</b>
<b>Total comprehensive income attributable to:</b>								
Equity holders of the company	78,343	130,904	(12,410)	(2,467)	185,985	214,760	(9,654)	(1,090)
Non-controlling interest	81,958	77,013	-	-	131,258	158,665	-	-
<b>Total comprehensive income for the period</b>	<b>160,301</b>	<b>207,917</b>	<b>(12,410)</b>	<b>(2,467)</b>	<b>317,243</b>	<b>373,425</b>	<b>(9,654)</b>	<b>(1,090)</b>
Basic earnings per share (Rs.)	1.95	2.44	(0.25)	(0.05)	3.99	6.00	(0.19)	(0.02)

**LANKA VENTURES PLC**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Unaudited)**

	<b>Group As at 30 Sep 2017 (Rs. '000)</b>	<b>Company As at 30 Sep 2017 (Rs. '000)</b>	<b>Group As at 31 March 2017 Audited (Rs. '000)</b>	<b>Company As at 31 March 2017 Audited (Rs. '000)</b>
<b>Assets</b>				
<b>Non current assets</b>				
Property, plant and equipment	1,035,518	433	1,049,259	272
Investment in subsidiary	-	755,085	-	755,085
Investment in equity accounted investees	3,005,786	-	2,597,549	-
Intangible assets	63,238	-	64,131	-
Derivative financial instrument	4,242	4,242	-	-
Other long term investments	33,962	33,962	39,274	39,274
<b>Total non current assets</b>	<b>4,142,747</b>	<b>793,722</b>	<b>3,750,213</b>	<b>794,631</b>
<b>Current assets</b>				
Current portion of long term investment	-	-	13,750	13,750
Loans and receivables	128,796	3,897	14,457	5,114
Amounts due from related parties	2,896	2,349	2,561	2,599
Other receivables	76,000	1,436	162,256	6,114
Income tax receivables	2,962	891	5,044	864
Cash and cash equivalents	319,403	140,848	204,766	121,450
<b>Total current assets</b>	<b>530,056</b>	<b>149,421</b>	<b>402,834</b>	<b>149,891</b>
<b>Total assets</b>	<b>4,672,803</b>	<b>943,143</b>	<b>4,153,047</b>	<b>944,522</b>
<b>Equity</b>				
Stated capital	631,638	631,638	631,638	631,638
Revaluation reserve	5,960	-	5,960	-
Translation reserve	45,678	-	59,245	-
Retained earnings	1,102,162	99,900	1,027,610	234,555
<b>Total equity attributable to equity holders of the Company</b>	<b>1,785,438</b>	<b>731,538</b>	<b>1,724,453</b>	<b>866,193</b>
Non controlling interest	926,377	-	822,181	-
<b>Total equity</b>	<b>2,711,815</b>	<b>731,538</b>	<b>2,546,634</b>	<b>866,193</b>
<b>Liabilities</b>				
<b>Non current liabilities</b>				
Defined benefit obligation	4,752	4,752	4,342	4,342
Deferred tax liability	40,890	-	38,169	-
Cumulative redeemable preference shares	452,500	-	490,000	-
Interest bearing borrowings	604,184	3,333	337,731	23,334
<b>Total non current liabilities</b>	<b>1,102,326</b>	<b>8,085</b>	<b>870,242</b>	<b>27,676</b>
<b>Current liabilities</b>				
Cumulative redeemable preference shares	75,000	-	273,311	-
Interest bearing borrowings	597,229	40,193	442,600	40,231
Amounts due to related parties	-	30,000	-	-
Other payables	181,330	133,327	16,203	10,422
Income tax payables	5,103	-	4,057	-
<b>Total current liabilities</b>	<b>858,662</b>	<b>203,520</b>	<b>736,171</b>	<b>50,653</b>
<b>Total liabilities</b>	<b>1,960,989</b>	<b>211,605</b>	<b>1,606,413</b>	<b>78,329</b>
<b>Total equity and liabilities</b>	<b>4,672,803</b>	<b>943,143</b>	<b>4,153,047</b>	<b>944,522</b>
Net assets per share (Rs.)	35.71	14.63	34.49	17.32

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

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

**Sgd.**  
**I R D Thenabadu**  
**Director**

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

14 November 2017

**LANKA VENTURES PLC**
**STATEMENT OF CHANGES IN EQUITY (Unaudited)**
**Group**

	Stated capital (Rs. '000)	Revaluation Reserve (Rs. '000)	Available for sale reserves (Rs. '000)	Translation reserve (Rs. '000)	Retained earnings (Rs. '000)	Non controlling interest (Rs. '000)	Total (Rs. '000)
<b>Balance as at 01 April 2016</b>	631,638	-	105,252	54,745	840,825	804,097	2,436,557
Profit/(loss) for the period	-	-	-	-	300,187	159,413	459,600
Available-for-sale financial assets - net change in fair value	-	-	(4,009)	-	-	(1,607)	(5,616)
Reclassification of available for sale reserve to profit/(loss)	-	-	(101,243)	-	-	(7,020)	(108,263)
Foreign operations - foreign currency translation difference	-	-	-	19,827	-	7,878	27,705
<b>Total comprehensive income for the period</b>	-	-	(105,252)	19,827	300,187	158,665	373,425
<b>Transactions with equity holders recognized directly in equity</b>							
Issue of shares during the period by the subsidiary	-	-	-	-	-	81,117	81,117
Acquisition of NCI without change in control	-	-	-	-	-	(34,095)	(34,095)
Share issue expenses	-	-	-	-	(407)	(160)	(566)
Dividend paid	-	-	-	-	-	(38,613)	(38,613)
Dividend payable	-	-	-	-	(100,000)	-	(100,000)
	-	-	-	-	(100,407)	8,250	(92,157)
<b>Balance as at 30 September 2016</b>	<b>631,638</b>	<b>-</b>	<b>-</b>	<b>74,572</b>	<b>1,040,605</b>	<b>971,011</b>	<b>2,717,826</b>
<b>Balance as at 01 April 2017</b>	631,638	5,960	-	59,245	1,027,610	822,181	2,546,634
Profit/(loss) for the period	-	-	-	-	199,552	136,588	336,140
Foreign operations - foreign currency translation difference	-	-	-	(13,567)	-	(5,330)	(18,897)
<b>Total comprehensive income for the period</b>	-	-	-	(13,567)	199,552	131,258	317,243
<b>Transactions with equity holders recognized directly in equity</b>							
Issue of shares during the period by the subsidiary	-	-	-	-	-	-	-
Dividend payable	-	-	-	-	(125,000)	(27,062)	(152,062)
	-	-	-	-	(125,000)	(27,062)	(152,062)
<b>Balance as at 30 September 2017</b>	<b>631,638</b>	<b>5,960</b>	<b>-</b>	<b>45,678</b>	<b>1,102,162</b>	<b>926,377</b>	<b>2,711,815</b>

**Company**

	Stated Capital (Rs. '000)	Retained earnings (Rs. '000)	Total (Rs. '000)
<b>Balance as at 01 April 2016</b>	631,638	151,209	782,847
Profit/(loss) for the period	-	(1,090)	(1,090)
<b>Total comprehensive income for the period</b>	-	(1,090)	(1,090)
<b>Transactions with equity holders recognized directly in equity</b>			
Dividend payable	-	(100,000)	(100,000)
	-	(100,000)	(100,000)
<b>Balance as at 30 September 2016</b>	<b>631,638</b>	<b>50,119</b>	<b>681,757</b>
<b>Balance as at 01 April 2017</b>	631,638	234,555	866,193
Profit/(loss) for the period	-	(9,654)	(9,654)
<b>Total comprehensive income for the period</b>	-	(9,654)	(9,654)
<b>Transactions with equity holders recognized directly in equity</b>			
Dividend payable	-	(125,000)	(125,000)
	-	(125,000)	(125,000)
<b>Balance as at 30 September 2017</b>	<b>631,638</b>	<b>99,900</b>	<b>731,538</b>

**LANKA VENTURES PLC**  
**CONSOLIDATED STATEMENT OF CASHFLOWS (Unaudited)**

For the Period ended 30 September	Group		Company	
	2017	2016	2017	2016
	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)
<b>Cash flows from operating activities</b>				
Profit/(loss) before income tax	358,222	485,339	(9,257)	(3,123)
<b>Adjustments for:</b>				
Amortization of staff cost	59	78	59	78
Depreciation	20,043	15,037	82	112
Amortization of land rights	993	94	-	-
Share of earnings	(340,641)	(334,777)	-	-
Interest income on staff loan	(229)	(328)	(229)	(328)
Provision for defined benefit obligation	409	438	409	438
Interest income on investments	(9,298)	(15,276)	(5,968)	(8,204)
Dividend income	(2,292)	(1,910)	(2,292)	(1,910)
Gain / (loss) on derivative financial instrument	(4,242)	-	(4,242)	-
Gain / (loss) on available for sale financial assets	5,312	(2,426)	5,312	(2,426)
Available for sale financial assets - reclassified from OCI	-	(108,263)	-	-
Dividend on preference shares	49,292	37,307	-	-
Interest expense	52,638	37,370	3,372	5,083
	<b>130,265</b>	<b>112,682</b>	<b>(12,755)</b>	<b>(10,281)</b>
<b>Changes in</b>				
Loans and receivables	(72,279)	(50,517)	1,387	702
Related party receivables	(335)	-	30,250	(120)
Other receivables	86,256	(20,862)	4,678	(27,093)
Other payables	13,062	(12,190)	(2,097)	(4,706)
<b>Cash generated from operating activities</b>	<b>156,968</b>	<b>29,113</b>	<b>21,464</b>	<b>(41,499)</b>
Gratuity paid	-	(359)	-	(359)
Taxes paid	(4,612)	(10,907)	(423)	(352)
Interest paid	(54,446)	(36,704)	(3,410)	(5,045)
<b>Net cash from operating activities</b>	<b>97,911</b>	<b>(18,857)</b>	<b>17,630</b>	<b>(47,256)</b>
<b>Cash flows from investing activities</b>				
Dividend received	2,292	1,910	2,292	1,910
Dividend received from equity accounted investees	-	101,701	-	-
Interest received	9,298	15,276	5,968	8,204
Additions for intangible assets	(100)	-	-	-
Acquisition of property, plant and equipment	(6,301)	(132,565)	(242)	(150)
Acquisition of NCI without change in control	-	(34,095)	-	-
Investment in equity accounted investees	(140,000)	(87,167)	-	-
Investment in subsidiary	-	-	-	(255,085)
Disposal of investment	13,750	30,000	13,750	30,000
<b>Net cash from investing activities</b>	<b>(121,061)</b>	<b>(104,940)</b>	<b>21,768</b>	<b>(215,120)</b>
<b>Cash flows from financing activities</b>				
Dividend paid to the minority shareholders	-	(38,613)	-	-
Preference dividend paid	(67,602)	(55,483)	-	-
Net change in cumulative redeemable preference shares	(217,500)	(127,500)	-	-
Net change in interest bearing borrowings	422,891	86,580	(20,000)	(20,000)
Proceeds from issue of ordinary shares by subsidiary	-	-	-	-
subscribed by minority shareholders	-	81,117	-	-
Share issue expenses	-	(566)	-	-
<b>Net cash from financing activities</b>	<b>137,788</b>	<b>(54,465)</b>	<b>(20,000)</b>	<b>(20,000)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>114,638</b>	<b>(178,262)</b>	<b>19,398</b>	<b>(282,376)</b>
<b>Cash and cash equivalent as at 01 April</b>	<b>204,766</b>	<b>442,942</b>	<b>121,450</b>	<b>314,710</b>
<b>Cash and cash equivalent as at 30 September</b>	<b>319,403</b>	<b>264,680</b>	<b>140,848</b>	<b>32,334</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 LKAS 34 - Interim Financial Reporting.
- 4 Where items have been regrouped, comparative information in relation to previous year have been presented in line with information pertaining to the current period.
- 5 The stated capital comprises 50,000,000 Ordinary Shares.
- 6 A final dividend of Rs. 2.50 per ordinary share for the financial year ended 31 March 2017 was declared on 01 August 2017 and was paid on 04 October 2017.
- 7 Events occurring after the reporting date: No circumstances have arisen since the reporting date which would require adjustment to or disclosure in the interim financial statements other than those disclosed in these notes.
- 8 There were no liabilities for management fees or any other similar expenditure not provided for in interim financial statements.
- 9 There were no contingent liabilities during the period under review that require disclosure in interim financial statements.
- 10 The market price per share:

for the quarter ended 30 September	2017	2016
Highest price	Rs. 57.00	53.70
Lowest price	Rs. 48.00	39.00
Market price as at 30 September	Rs. 50.00	47.00

- 11 Twenty major shareholders of the Company as at 30 September 2017 :

Name of shareholder/company name	No. of Shares	% of issued Capital
1 Acuity Partners (Private) Limited	39,790,393	79.58
2 Mr. A. M. Weerasinghe	521,400	1.04
3 Hallsville Trading Group INC.	517,176	1.03
4 Peoples Leasing & Finance PLC / Mr. L. P. Hapangama	510,971	1.02
5 E. W. Balasuriya & Co. (Private) Limited	438,444	0.88
6 Union Investments (Private) Limited	279,700	0.56
7 Akbar Brothers (Private) Limited A/C No. 01	256,517	0.51
8 Mr. C. R. Perera	240,643	0.48
9 Mr. H. A. Cabraal	200,000	0.40
Mr. A. P. Somasiri	200,000	0.40
Mr. R. Veerasuntharam	200,000	0.40
10 Mrs. F. S. Sabry	172,700	0.35
11 Mr. K. C. Vignarajah	114,000	0.23
12 Waddock Mackenzie Limited / Dr. H. S. D. Soysa	111,106	0.22
13 Mrs. M. L. De Silva	110,000	0.22
14 Commercial Bank of Ceylon PLC A/C No. 04	100,000	0.20
Mr. K. T. Konesh	100,000	0.20
Merchant Bank of Sri Lanka PLC / Mr. C. E. Weerapperuma	100,000	0.20
15 DFCC Bank PLC / Mr. K. S. D. Senaweera	98,220	0.20
16 Merchant Bank of Sri Lanka & Finance PLC / R R S Ananda	96,700	0.19
17 Commercial Bank of Ceylon PLC / M. H. Densil	94,000	0.19
18 J. B. Cocoshell (Private) Limited	92,516	0.19
19 Mr. M. U. M. A. Sabry	82,600	0.17
20 Mr. S. S. Sithambaranathan	81,322	0.16
<b>Total</b>	<b>44,508,408</b>	<b>89.02</b>

- 12 Percentage of shares held by public as at 30 September 2017 : 20.34%
- No. of public shareholders as at 30 September 2017 : 1,280

- 13 Shareholding of Directors/CEO:

	No. of Shares
Mr. A. J. Alles Director	100
Mr. K. Maheshwaran CEO	37,000