

FINANCIAL STATEMENTS

For the Period Ended
30 September 2018



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)

(All amounts in Sri Lanka Rupees thousands)

| | 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 | |
| | 2018 | 2017 | 2018 | 2017 Restated | 2018 | 2017 | 2018 | 2017 Restated |
| Revenue | | | | | | | | |
| Investment income | 470 | 285 | 1,090 | 955 | 3,149 | 3,053 | 4,553 | 4,615 |
| Interest income | 21,843 | 5,120 | 3,251 | 2,645 | 43,659 | 8,885 | 6,773 | 5,555 |
| Subsidiary company income | 119,867 | 123,797 | - | - | 215,475 | 189,332 | - | - |
| Other income | 114 | 100 | 114 | 100 | 249 | 229 | 249 | 229 |
| | 142,294 | 129,302 | 4,456 | 3,700 | 262,531 | 201,499 | 11,575 | 10,400 |
| Operating expenses | | | | | | | | |
| Administrative expenses | (5,875) | (7,561) | (2,953) | (4,915) | (13,612) | (14,815) | (8,225) | (9,931) |
| Sales and establishment expenses | (1,855) | (1,910) | (1,870) | (1,885) | (3,605) | (3,581) | (3,595) | (3,531) |
| Other operating expenses | (1,909) | (1,866) | (829) | (966) | (4,560) | (3,545) | (1,724) | (1,733) |
| Direct expenses - other subsidiaries | (34,989) | (34,943) | - | - | (63,189) | (57,632) | - | - |
| Results from operating activities | 97,667 | 83,023 | (1,197) | (4,065) | 177,565 | 121,927 | (1,969) | (4,795) |
| Share of profit of equity accounted investees (net of income tax) | 208,543 | 185,533 | 127,252 | 128,661 | 394,161 | 340,641 | 248,050 | 228,043 |
| Gain/(loss) on derivative financial instrument | - | 4,242 | - | 4,242 | - | 4,242 | - | 4,242 |
| Gain/(loss) on available for sale financial assets | - | (10,909) | - | (10,909) | - | (5,312) | - | (5,312) |
| Finance cost | (35,328) | (55,976) | (1,785) | (1,520) | (71,303) | (103,276) | (3,783) | (3,393) |
| Profit/(loss) before income tax | 270,882 | 205,913 | 124,271 | 116,409 | 500,423 | 358,222 | 242,298 | 218,785 |
| Income tax expense | (34,064) | (19,048) | - | (158) | (45,059) | (22,082) | - | (397) |
| Profit/(loss) for the period | 236,818 | 186,865 | 124,271 | 116,250 | 455,364 | 336,140 | 242,298 | 218,388 |
| Profit/(loss) attributable to: | | | | | | | | |
| Equity holders of the company | 124,271 | 116,250 | 124,271 | 116,250 | 242,298 | 218,388 | 242,298 | 218,388 |
| Non-controlling interest | 112,547 | 70,615 | - | - | 213,066 | 117,752 | - | - |
| Profit/(loss) for the period | 236,818 | 186,865 | 124,271 | 116,250 | 455,364 | 336,140 | 242,298 | 218,388 |
| Other comprehensive income, net of income tax | | | | | | | | |
| Foreign operations - foreign currency translation difference | 116,773 | (26,565) | 66,554 | (19,071) | 145,311 | (18,897) | 82,824 | (13,567) |
| Other comprehensive income for the period, net of income tax | 116,773 | (26,565) | 66,554 | (19,071) | 145,311 | (18,897) | 82,824 | (13,567) |
| Total comprehensive income for the period | 353,590 | 160,301 | 190,824 | 97,179 | 600,675 | 317,243 | 325,122 | 204,821 |
| Total comprehensive income attributable to: | | | | | | | | |
| Equity holders of the company | 190,824 | 97,179 | 190,824 | 97,179 | 325,122 | 204,821 | 325,122 | 204,821 |
| Non-controlling interest | 162,766 | 63,122 | - | - | 275,553 | 112,422 | - | - |
| Total comprehensive income for the period | 353,590 | 160,301 | 190,824 | 97,179 | 600,675 | 317,243 | 325,122 | 204,821 |
| Basic earnings per share (Rs.) | 2.49 | 2.33 | 2.49 | 2.33 | 4.85 | 4.37 | 4.85 | 4.37 |

LANKA VENTURES PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Unaudited)

(All amounts in Sri Lanka Rupees thousands)

| | Group As at 30 Sep 2018 | Company As at 30 Sep 2018 | Group As at 31 March 2018 Audited | Company As at 31 March 2018 Audited |
|---|--|--|--|--|
| Assets | | | | |
| Non current assets | | | | |
| Property, plant and equipment | 997,236 | 961 | 1,018,310 | 1,062 |
| Investment in subsidiary | - | 2,299,327 | - | 1,968,453 |
| Investment in associates | 3,310,404 | 45,000 | 2,888,606 | 45,000 |
| Intangible assets | 61,986 | - | 63,028 | - |
| Derivative financial instrument | 1,795 | 1,795 | 5,088 | 5,088 |
| Other long term investments | 36,409 | 36,409 | 33,116 | 33,116 |
| Total non current assets | 4,407,830 | 2,383,492 | 4,008,148 | 2,052,719 |
| Current assets | | | | |
| Loans and receivables | 124,989 | 4,360 | 40,112 | 5,740 |
| Amounts due from related parties | 4,350 | 280 | 3,333 | 3,066 |
| Other receivables | 107,868 | 1,563 | 46,396 | 134,048 |
| Income tax receivables | 3,010 | 1,091 | 6,500 | 1,443 |
| Cash and cash equivalents | 805,906 | 134,010 | 972,661 | 28,313 |
| Total current assets | 1,046,123 | 141,304 | 1,069,002 | 172,610 |
| Total assets | 5,453,953 | 2,524,796 | 5,077,150 | 2,225,329 |
| Equity | | | | |
| Stated capital | 631,638 | 631,638 | 631,638 | 631,638 |
| Revaluation reserve | 5,960 | 5,960 | 5,960 | 5,960 |
| Translation reserve | 121,788 | 121,075 | 38,964 | 38,251 |
| Retained earnings | 1,560,649 | 1,569,666 | 1,457,067 | 1,464,868 |
| Total equity attributable to equity holders of the Company | 2,320,034 | 2,328,339 | 2,133,629 | 2,140,717 |
| Non controlling interest | 1,899,910 | - | 1,648,277 | - |
| Total equity | 4,219,944 | 2,328,339 | 3,781,906 | 2,140,717 |
| Liabilities | | | | |
| Non current liabilities | | | | |
| Defined benefit obligation | 2,248 | 2,248 | 5,162 | 5,162 |
| Deferred tax liability | 48,775 | - | 42,050 | - |
| Cumulative redeemable preference shares | 367,500 | - | 415,000 | - |
| Interest bearing borrowings | 264,600 | 33,750 | 404,991 | 42,750 |
| Total non current liabilities | 683,123 | 35,998 | 867,203 | 47,912 |
| Current liabilities | | | | |
| Cumulative redeemable preference shares | 85,000 | - | 75,000 | - |
| Interest bearing borrowings | 262,983 | 14,598 | 225,146 | 25,683 |
| Other payables | 196,807 | 145,861 | 120,114 | 10,387 |
| Income tax payables | 6,095 | - | 7,781 | 630 |
| Total current liabilities | 550,886 | 160,459 | 428,041 | 36,700 |
| Total liabilities | 1,234,009 | 196,457 | 1,295,244 | 84,612 |
| Total equity and liabilities | 5,453,953 | 2,524,796 | 5,077,150 | 2,225,329 |
| | 46.40 | 46.57 | 42.67 | 42.81 |

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.
J D N Kekulawala
Director

Sgd.
T W De Silva
Director

12 November 2018

LANKA VENTURES PLC
STATEMENT OF CHANGES IN EQUITY (Unaudited)
(All amounts in Sri Lanka Rupees thousands)

Group

| | Stated capital | Revaluation reserve | Translation reserve | Retained earnings | Non controlling interest | Total |
|---|----------------|---------------------|---------------------|-------------------|--------------------------|------------------|
| Balance as at 01 April 2017 | 631,638 | 5,960 | 59,246 | 1,036,604 | 813,188 | 2,546,636 |
| Profit/(loss) for the period | - | - | - | 218,388 | 117,752 | 336,140 |
| Foreign operations - foreign currency translation difference | - | - | (13,567) | - | (5,330) | (18,897) |
| Total comprehensive income for the period | - | - | (13,567) | 218,388 | 112,422 | 317,243 |
| Transactions with equity holders recognized directly in equity | | | | | | |
| Dividend payable | - | - | - | (125,000) | (27,062) | (152,062) |
| | - | - | - | (125,000) | (27,062) | (152,062) |
| Balance as at 30 September 2017 | 631,638 | 5,960 | 45,680 | 1,129,992 | 898,548 | 2,711,817 |
| Balance as at 01 April 2018 | 631,638 | 5,960 | 38,964 | 1,457,067 | 1,648,277 | 3,781,906 |
| Profit/(loss) for the period | - | - | - | 242,298 | 213,066 | 455,364 |
| Foreign operations - foreign currency translation difference | - | - | 82,824 | - | 62,487 | 145,311 |
| Total comprehensive income for the period | - | - | 82,824 | 242,298 | 275,553 | 600,675 |
| Transactions with equity holders recognized directly in equity | | | | | | |
| Change in ownership without change in control in subsidiary | - | - | - | (1,217) | (918) | (2,134) |
| Dividend payable | - | - | - | (137,500) | (23,002) | (160,502) |
| | - | - | - | (138,717) | (23,920) | (162,636) |
| Balance as at 30 September 2018 | 631,638 | 5,960 | 121,788 | 1,560,649 | 1,899,910 | 4,219,944 |

Company

| | Stated Capital | Revaluation reserve | Translation reserve | Retained earnings | Total |
|---|----------------|---------------------|---------------------|-------------------|------------------|
| Balance as at 01 April 2017 | 631,638 | 5,960 | 58,533 | 1,044,405 | 1,740,536 |
| Profit/(loss) for the period | - | - | - | 218,388 | 218,388 |
| Foreign operations - foreign currency translation difference | - | - | (13,567) | - | (13,567) |
| Total comprehensive income for the period | - | - | (13,567) | 218,388 | 204,821 |
| Transactions with equity holders recognized directly in equity | | | | | |
| Dividend payable | - | - | - | (125,000) | (125,000) |
| | - | - | - | (125,000) | (125,000) |
| Balance as at 30 September 2017 | 631,638 | 5,960 | 44,966 | 1,137,793 | 1,820,357 |
| Balance as at 01 April 2018 | 631,638 | 5,960 | 38,251 | 1,464,868 | 2,140,717 |
| Profit/(loss) for the period | - | - | - | 242,298 | 242,298 |
| Foreign operations - foreign currency translation difference | - | - | 82,824 | - | 82,824 |
| Total comprehensive income for the period | - | - | 82,824 | 242,298 | 325,122 |
| Transactions with equity holders recognized directly in equity | | | | | |
| Dividend payable | - | - | - | (137,500) | (137,500) |
| | - | - | - | (137,500) | (137,500) |
| Balance as at 30 September 2018 | 631,638 | 5,960 | 121,075 | 1,569,666 | 2,328,339 |

LANKA VENTURES PLC
CONSOLIDATED STATEMENT OF CASHFLOWS (Unaudited)
(All amounts in Sri Lanka Rupees thousands)

| For the Period ended 30 September | Group | | Company | |
|---|------------------|------------------|-----------------|------------------|
| | 2018 | 2017 | 2018 | 2017 Restated |
| Cash flows from operating activities | | | | |
| Profit/(loss) before income tax | 500,423 | 358,222 | 242,298 | 218,785 |
| Adjustments for: | | | | |
| Amortization of staff cost | 76 | 59 | 76 | 59 |
| Depreciation | 21,076 | 20,043 | 99 | 82 |
| Amortization of land rights | 1,160 | 993 | - | - |
| Share of earnings | (394,161) | (340,641) | (248,050) | (228,043) |
| Interest income on staff loan | (249) | (229) | (249) | (229) |
| Provision for defined benefit obligation | 425 | 409 | 425 | 409 |
| Interest income on investments | (43,659) | (9,298) | (6,773) | (5,968) |
| Dividend income | (2,373) | (2,292) | (2,373) | (2,292) |
| Gain / (loss) on derivative financial instrument | - | (4,242) | - | (4,242) |
| Gain / (loss) on available for sale financial assets | - | 5,312 | - | 5,312 |
| Dividend on preference shares | 33,847 | 49,292 | - | - |
| Interest expense | 37,288 | 52,638 | 3,744 | 3,372 |
| | 153,854 | 130,265 | (10,803) | (12,755) |
| Changes in | | | | |
| Loans and receivables | (84,705) | (72,279) | 1,552 | 1,387 |
| Related party receivables | (1,017) | (335) | 2,786 | 30,250 |
| Other receivables | 43,481 | 86,256 | (268) | 4,678 |
| Other payables | (98,859) | 13,062 | (2,025) | (2,097) |
| Cash generated from operating activities | 12,753 | 156,968 | (8,758) | 21,464 |
| Gratuity paid | (3,339) | - | (3,339) | - |
| Taxes paid | (9,345) | (4,612) | (277) | (423) |
| Interest paid | (37,913) | (54,446) | (3,829) | (3,410) |
| Net cash from operating activities | (37,844) | 97,911 | (16,203) | 17,630 |
| Cash flows from investing activities | | | | |
| Dividend received | 2,373 | 2,292 | 135,127 | 2,292 |
| Interest received | 43,659 | 9,298 | 6,773 | 5,968 |
| Additions to intangible assets | (117) | (100) | - | - |
| Acquisition of property, plant and equipment | - | (6,301) | - | (242) |
| Investment in equity accounted investees | - | (140,000) | - | - |
| Disposal of investment | - | 13,750 | - | 13,750 |
| Net cash from investing activities | 45,914 | (121,061) | 141,900 | 21,768 |
| Cash flows from financing activities | | | | |
| Preference dividend paid | (33,260) | (67,602) | - | - |
| Net change in cumulative redeemable preference shares | (37,500) | (217,500) | - | - |
| Net change in interest bearing borrowings | (101,930) | 422,891 | (20,000) | (20,000) |
| Share issue expenses | (2,134) | - | - | - |
| Net cash from financing activities | (174,824) | 137,788 | (20,000) | (20,000) |
| Net increase/(decrease) in cash and cash equivalents | (166,755) | 114,638 | 105,697 | 19,398 |
| Cash and cash equivalent as at 01 April | 972,661 | 204,766 | 28,313 | 121,450 |
| Cash and cash equivalent as at 30 September | 805,906 | 319,403 | 134,010 | 140,848 |

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 SLFRS 9 - Financial Instruments is applicable for financial periods beginning on or after 01 January 2018. Accordingly this standard will be applicable for the Company from 01 April 2018. This Standard replaces LKAS 39 - Financial Instruments: Recognition and Measurement. However the Institute of Chartered Accountants of Sri Lanka has granted the option to prepare interim financial statements continuing the application of LKAS 39 through "Statement of Alternative Treatment" (SoAT). Accordingly these financial statements have been prepared by applying the guidelines of LKAS 39 in accordance with the said option granted.
Company does not expect significant impact to the Statement of Comprehensive Income and net assets with the application of SLFRS 9.
- 4 The interim financial statements have been prepared in accordance with LKAS 34 - Interim Financial Reporting.
- 5 Where items have been regrouped, comparative information in relation to previous year have been presented in line with information pertaining to the current period.
- 6 The stated capital comprises 50,000,000 Ordinary Shares.
- 7 A final dividend of Rs. 2.75 per ordinary share for the financial year ended 31 March 2018 was declared on 13 August 2018 and was paid on 09 October 2018.
- 8 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.
- 9 There were no liabilities for management fees or any other similar expenditure not provided for in interim financial statements.
- 10 There were no contingent liabilities during the period under review that require disclosure in interim financial statements.
- 11 The market price per share:

| for the quarter ended 30 September | 2018 | 2017 |
|------------------------------------|-----------|-------|
| Highest price | Rs. 45.50 | 57.00 |
| Lowest price | Rs. 40.00 | 48.00 |
| Market price as at 30 September | Rs. 41.00 | 50.00 |

- 12 Twenty major shareholders of the Company as at 30 September 2018 :

| 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 | 484,429 | 0.97 |
| 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 | 243,732 | 0.49 |
| 9 Mr. H. A. Cabraal | 200,000 | 0.40 |
| Mr. R. Veerasuntharam | 200,000 | 0.40 |
| 10 Mrs. F. S. Sabry | 172,700 | 0.35 |
| 11 Mr. M. U. M. A. Sabry | 162,100 | 0.32 |
| 12 Mr. A. P. Somasiri | 146,133 | 0.29 |
| 13 Dr. W. S. E. Fernando | 114,800 | 0.23 |
| 14 Mr. K. C. Vignarajah | 114,000 | 0.23 |
| 15 Peoples Leasing & Finance PLC / Dr. H. S. D. Soysa & Mrs. G. Soysa | 111,106 | 0.22 |
| 16 Mrs. M. L. De Silva | 110,000 | 0.22 |
| 17 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 |
| 18 Merchant Bank of Sri Lanka & Finance PLC / R. R. S. Ananda | 92,700 | 0.19 |
| 19 Commercial Bank of Ceylon PLC / M. H. Densil | 88,502 | 0.18 |
| 20 Mr. K. S. D. Senaweera | 88,000 | 0.18 |
| Total | 44,431,832 | 88.86 |

- 13 Percentage of shares held by public as at 30 September 2018 : 20.48%
No. of public shareholders as at 30 September : 1,272

- 14 Float adjusted market capitalization as at 30 September 2018 was Rs. 41,984,000,000/-. In terms of the rule 7.13.1(a) of the Listing Rules of the Colombo Stock Exchange, the Company complies under option 5 with the minimum public holding requirement.

- 15 Shareholding of Directors:

| | | No. of Shares |
|-----------------|----------|---------------|
| Mr. A. J. Alles | Director | 100 |