

FINANCIAL STATEMENTS

For the Period Ended
31 March 2019



LANKA VENTURES PLC

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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 12 Months			
	Group		Company		Group		Company	
	Period ended 31 March		Period ended 31 March		Period ended 31 March		Period ended 31 March	
	2019	2018	2019	2018	2019	2018	2019	2018
Revenue								
Investment income	261	(17)	1,090	955	3,803	3,243	6,733	6,525
Interest income	19,152	15,066	2,836	506	83,417	29,079	10,661	6,806
Subsidiary company income	46,159	15,070	-	-	355,323	326,238	-	-
Other income	83	159	885	159	448	468	1,250	468
	65,654	30,277	4,811	1,620	442,990	359,028	18,643	13,799
Operating expenses								
Administrative expenses	(9,060)	(8,240)	(6,262)	(6,254)	(31,384)	(31,503)	(20,488)	(21,959)
Sales and establishment expenses	(1,812)	(1,853)	(1,765)	(1,713)	(7,449)	(7,133)	(7,178)	(6,943)
Other operating expenses	(5,586)	(2,317)	(792)	(809)	(12,358)	(7,665)	(3,673)	(3,467)
Direct expenses - other subsidiaries	(29,561)	(21,658)	-	-	(124,027)	(111,327)	-	-
	19,635	(3,791)	(4,009)	(7,155)	267,772	201,400	(12,696)	(18,570)
Results from operating activities								
Share of profit of equity accounted investees (net of income tax)	60,604	56,693	24,024	314	513,783	468,468	299,449	285,938
Gain on disposal of financial asset	-	-	-	-	12,735	-	12,735	-
Gain/(loss) on derivative financial instrument	-	(1,673)	-	(1,673)	-	5,088	-	5,088
Gain/(loss) on available for sale financial assets	-	1,673	-	1,673	-	(6,158)	-	(6,158)
Finance cost	(37,176)	(36,857)	(1,529)	(1,463)	(146,143)	(196,850)	(6,880)	(6,037)
	43,064	16,045	18,487	(8,305)	648,147	471,948	292,608	260,261
Profit/(loss) before income tax								
Income tax expense	(1,509)	(33,585)	-	(952)	(86,365)	(58,896)	-	(630)
	41,555	(17,539)	18,487	(9,256)	561,782	413,052	292,608	259,631
Profit/(loss) for the period								
Profit/(loss) attributable to:								
Equity holders of the company	18,487	(9,256)	18,487	(9,256)	292,608	259,631	292,608	259,631
Non-controlling interest	23,068	(8,283)	-	-	269,174	153,421	-	-
	41,555	(17,539)	18,487	(9,256)	561,782	413,052	292,608	259,631
Other comprehensive income, net of income tax								
Defined benefit plan actuarial gains/(losses) net of tax	-	59	-	59	-	59	-	59
Foreign operations - foreign currency translation difference	(83,601)	10,780	(47,650)	6,144	213,280	(26,029)	121,565	(20,282)
	(83,601)	10,839	(47,650)	6,203	213,280	(25,970)	121,565	(20,223)
Other comprehensive income for the period, net of income tax								
Total comprehensive income for the period	(42,046)	(6,700)	(29,164)	(3,053)	775,062	387,082	414,173	239,408
Total comprehensive income attributable to:								
Equity holders of the company	(29,164)	(3,053)	(29,164)	(3,053)	414,173	239,408	414,173	239,408
Non-controlling interest	(12,882)	(3,647)	-	-	360,889	147,674	-	-
	(42,046)	(6,700)	(29,164)	(3,053)	775,062	387,082	414,173	239,408
Total comprehensive income for the period								
Basic earnings per share (Rs.)	0.37	(0.19)	0.37	(0.19)	5.85	5.19	5.85	5.19

LANKA VENTURES PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Unaudited)

(All amounts in Sri Lanka Rupees thousands)

	Group As at 31 March 2019	Company As at 31 March 2019	Group As at 31 March 2018 Audited	Company As at 31 March 2018 Audited
Assets				
Non current assets				
Property, plant and equipment	976,153	855	1,018,310	1,062
Investment in subsidiary	-	2,275,580	-	1,968,453
Investment in associates	3,399,801	42,747	2,888,606	45,000
Intangible assets	60,826	-	63,028	-
Derivative financial instrument	-	-	5,088	5,088
Other long term investments	-	-	33,116	33,116
Total non current assets	4,436,779	2,319,182	4,008,148	2,052,719
Current assets				
Loans and receivables	53,134	7,075	40,112	5,740
Amounts due from related parties	303	340	3,333	3,066
Other receivables	97,645	1,405	46,396	134,048
Income tax receivables	7,134	1,091	6,500	1,443
Cash and cash equivalents	930,218	142,680	972,661	28,313
Total current assets	1,088,433	152,591	1,069,002	172,610
Total assets	5,525,213	2,471,772	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	160,529	159,816	38,964	38,251
Retained earnings	1,608,876	1,616,679	1,457,067	1,464,868
Total equity attributable to equity holders of the Company	2,407,003	2,414,092	2,133,629	2,140,717
Non controlling interest	1,898,542	-	1,648,277	-
Total equity	4,305,545	2,414,092	3,781,906	2,140,717
Liabilities				
Non current liabilities				
Defined benefit obligation	2,248	2,248	5,162	5,162
Deferred tax liability	47,591	-	42,050	-
Cumulative redeemable preference shares	250,000	-	415,000	-
Interest bearing borrowings	503,687	36,000	404,991	42,750
Total non current liabilities	803,526	38,248	867,203	47,912
Current liabilities				
Cumulative redeemable preference shares	75,000	-	75,000	-
Interest bearing borrowings	304,302	9,000	225,146	25,683
Other payables	25,772	10,432	120,114	10,387
Income tax payables	11,068	-	7,781	630
Total current liabilities	416,142	19,432	428,041	36,700
Total liabilities	1,219,668	57,680	1,295,244	84,612
Total equity and liabilities	5,525,213	2,471,772	5,077,150	2,225,329
Net assets per share (Rs.)	48.14	48.28	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 Wijsekara
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.
A R Munasinghe
Director

29 May 2019

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	-	-	-	259,631	153,421	413,052
Foreign operations - foreign currency translation difference	-	-	(20,282)	-	(5,747)	(26,029)
Defined benefit plan actuarial gains/(losses) net of tax	-	-	-	59	-	59
Total comprehensive income for the period	-	-	(20,282)	259,690	147,674	387,082
Transactions with equity holders recognized directly in equity						
Change in ownership without change in control in subsidiary	-	-	-	285,773	867,358	1,153,131
Dividend paid	-	-	-	(125,000)	(79,786)	(204,786)
Dividend payable	-	-	-	-	(100,157)	(100,157)
	-	-	-	160,773	687,415	848,188
Balance as at 31 March 2018	631,638	5,960	38,964	1,457,067	1,648,277	3,781,906
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	-	-	-	292,608	269,174	561,782
Foreign operations - foreign currency translation difference	-	-	121,565	-	91,715	213,280
Total comprehensive income for the period	-	-	121,565	292,608	360,889	775,062
Transactions with equity holders recognized directly in equity						
Preference dividend - equity accounted investees	-	-	-	(2,164)	(1,633)	(3,798)
Change in ownership without change in control in subsidiary	-	-	-	(1,134)	(856)	(1,990)
Dividend paid	-	-	-	(137,500)	(108,135)	(245,635)
	-	-	-	(140,799)	(110,624)	(251,423)
Balance as at 31 March 2019	631,638	5,960	160,529	1,608,876	1,898,542	4,305,545

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	-	-	-	259,631	259,631
Foreign operations - foreign currency translation difference	-	-	(20,282)	-	(20,282)
Defined Benefit plan actuarial gains / (losses) net of tax	-	-	-	59	59
Total comprehensive income for the period	-	-	(20,282)	259,690	239,408
Transactions with equity holders recognized directly in equity					
Shares issued during the period by the subsidiary	-	-	-	285,773	285,773
Dividend paid	-	-	-	(125,000)	(125,000)
	-	-	-	160,773	160,773
Balance as at 31 March 2018	631,638	5,960	38,251	1,464,868	2,140,717
Balance as at 01 April 2018	631,638	5,960	38,251	1,464,868	2,140,717
Profit/(loss) for the period	-	-	-	292,608	292,608
Foreign operations - foreign currency translation difference	-	-	121,565	-	121,565
Total comprehensive income for the period	-	-	121,565	292,608	414,173
Transactions with equity holders recognized directly in equity					
Dividend paid	-	-	-	(137,500)	(137,500)
Preference dividend - equity accounted investees of subsidiary	-	-	-	(2,164)	(2,164)
Share issue expenses of subsidiary	-	-	-	(1,134)	(1,134)
	-	-	-	(140,798)	(140,798)
Balance as at 31 March 2019	631,638	5,960	159,816	1,616,679	2,414,092

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

For the period ended 31 March	Group		Company	
	2019	2018	2019	2018
Cash flows from operating activities				
Profit/(loss) before income tax	648,147	471,948	292,608	260,261
Adjustments for:				
Amortization of staff cost	413	111	413	111
Depreciation	42,243	42,226	288	225
Amortization of land rights	2,320	2,153	-	-
Share of earnings	(513,783)	(468,468)	(299,449)	(285,938)
Interest income on staff loan	(448)	(419)	(448)	(419)
Provision for defined benefit obligation	410	879	410	879
Interest income on investments	(83,417)	(29,490)	(10,661)	(7,218)
Dividend income	(2,373)	(2,292)	(2,373)	(2,292)
Gain on disposal of a financial asset	(12,735)	-	(12,735)	-
Gain / (loss) on derivative financial instrument	-	(5,088)	-	(5,088)
Gain / (loss) on available for sale financial assets	-	6,158	-	6,158
Dividend on preference shares	68,400	86,469	-	-
Interest expense	77,947	108,322	6,816	5,388
	227,124	212,509	(25,129)	(27,933)
Changes in				
Loans and receivables	(12,987)	12,913	(1,300)	(736)
Related party receivables	3,030	(769)	2,726	(467)
Other receivables	(75,635)	115,861	(26)	4,821
Other payables	(94,342)	3,753	45	(39)
Cash generated from operating activities	47,189	344,268	(23,686)	(24,355)
Gratuity paid	(3,490)	-	(3,490)	-
Taxes paid	(19,429)	(9,981)	(277)	(579)
Interest paid	(81,502)	(112,119)	(6,916)	(5,519)
Net cash from operating activities	(57,233)	222,168	(34,368)	(30,452)
Cash flows from investing activities				
Dividend received	2,373	2,292	247,968	81,945
Dividend received from equity accounted investees	307,802	255,168	-	-
Interest received	83,417	29,490	10,661	7,218
Additions to intangible assets	(117)	(1,050)	-	-
Acquisition of property, plant and equipment	-	(11,277)	-	(1,015)
Disposal of property, plant and equipment	-	418	-	418
Investment in equity accounted investees	(132,639)	(185,000)	-	(45,000)
Disposal of investment	50,939	13,750	50,939	13,750
Net cash from investing activities	311,775	103,791	309,568	57,316
Cash flows from financing activities				
Dividend paid to the minority shareholders	(108,135)	(79,786)	-	-
Dividend paid	(137,500)	(125,000)	(137,500)	(125,000)
Preference dividend paid	(65,766)	(104,779)	-	-
Cash repayments of cumulative redeemable preference shares	(165,000)	(255,000)	-	-
Cash proceeds of interest bearing borrowings	444,000	624,653	-	45,000
Cash repayments of interest bearing borrowings	(262,593)	(771,282)	(23,333)	(40,000)
Proceeds from issue of ordinary shares by subsidiary subscribed by minority shareholders	-	1,200,000	-	-
Share issue expenses	(1,990)	(46,869)	-	-
Net cash from financing activities	(296,984)	441,937	(160,833)	(120,000)
Net increase/(decrease) in cash and cash equivalents	(42,443)	767,895	114,367	(93,137)
Cash and cash equivalent as at 01 April	972,661	204,766	28,313	121,450
Cash and cash equivalent as at 31 March	930,218	972,661	142,680	28,313

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 other than the items disclosed in note no. 2.1 and 2.2 below.
 - 2 SLFRS 9 - Financial Instruments
SLFRS 9 is applicable for financial periods beginning on or after 01 January 2018. Accordingly this standard is applicable to 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 financial statements for the first three quarters of the financial year 2018/19 have been prepared by applying the guidelines of LKAS 39 in accordance with the said option granted.
However, the financial statements for the 12 months ended 31 March 2019 have been prepared by applying SLFRS 9 guidelines. There is no impact to the financial statements due to application of SLFRS 9.
 - 2 SLFRS 15 - Revenue from Contracts with Customers
SLFRS 15 is applicable for financial periods beginning on or after 01 January 2018. Accordingly this standard is applicable for the Company from 01 April 2018. This Standard replaces LKAS 18 - Revenue and LKAS 11 - Construction Contracts. There is no impact to the financial statements due to application of SLFRS 15.
- 3 SLFRS 16 - Leases is applicable for financial periods beginning on or after 01 January 2019. Accordingly this standard will be applicable for the Company from 01 April 2019.
Company is in the process of analysing the impact to the financial statements and does not expect significant impact to the financial statements with the application of SLFRS 16.
- 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 31 March	2019	2018
Highest price	Rs. 45.10	55.00
Lowest price	Rs. 35.70	46.00
Last traded price	Rs. 38.90	48.40

- 12 Twenty major shareholders of the Company as at 31 March 2019 :

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	146,127	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. S. Ananda	92,700	0.19
19 DFCC Bank PLC / Mr. K. S. D. Senaweera	87,260	0.17
20 Commercial Bank of Ceylon PLC / M. H. Densil	87,000	0.17
Total	44,429,584	88.86

13 Percentage of shares held by public as at 31 March 2019 : 20.42%
No. of public shareholders as at 31 March 2019 : 1,265

14 Float adjusted market capitalization as at 31 March 2019 was Rs. 39,716,900,000/-. 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 / CEO :

No. of Shares

Mr. A. J. Alles Director

100