

FINANCIAL STATEMENTS

For the Period Ended
31 DECEMBER 2023



LANKA VENTURES PLC

Ocean Lines Building
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Colombo 02.

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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 3 Months				Accumulated 9 Months			
	Group		Company		Group		Company	
	Period ended 31 December	Period ended 31 December	Period ended 31 December	Period ended 31 December	Period ended 31 December	Period ended 31 December	Period ended 31 December	Period ended 31 December
	2023	2022	2023	2022	2023	2022	2023	2022
Revenue								
Interest income	5,950	8,412	3,046	3,102	21,023	22,804	12,390	6,710
Subsidiary company income	139,892	75,877	-	-	305,031	225,016	-	-
Other income	3,805	96	12,886	2,142	6,575	592	38,611	10,791
	149,647	84,385	15,931	5,244	332,629	248,412	51,000	17,501
Operating expenses								
Administrative expenses	(7,551)	(10,135)	(5,643)	(8,497)	(31,111)	(29,622)	(24,981)	(23,106)
Sales and establishment expenses	(926)	(852)	(817)	(622)	(2,852)	(2,395)	(2,460)	(1,910)
Other operating expenses	(3,198)	(2,759)	(1,487)	(874)	(9,852)	(9,760)	(3,688)	(3,312)
Direct expenses - other subsidiaries	(55,113)	(46,063)	-	-	(143,595)	(135,453)	-	-
	82,860	24,575	7,984	(4,749)	145,220	71,182	19,871	(10,827)
Results from operating activities								
Share of earnings from equity accounted investees	(54,928)	1,827,034	(66,102)	957,691	241,610	642,849	(28,339)	81,162
Finance cost	(110,066)	(188,137)	(1,662)	(1,342)	(392,142)	(475,983)	(8,221)	(3,810)
Profit/(loss) before income tax	(82,134)	1,663,472	(59,780)	951,600	(5,312)	238,049	(16,689)	66,525
Tax expense	(9,271)	(730)	-	-	(18,628)	(135,332)	-	-
Profit/(loss) for the period	(91,405)	1,662,742	(59,780)	951,600	(23,940)	102,717	(16,689)	66,525
Profit/(loss) attributable to:								
Equity holders of the company	(59,780)	951,600	(59,780)	951,600	(16,689)	66,525	(16,689)	66,525
Non-controlling interest	(31,625)	711,142	-	-	(7,251)	36,193	-	-
Profit/(loss) for the period	(91,405)	1,662,742	(59,780)	951,600	(23,940)	102,717	(16,689)	66,525
Other comprehensive income, net of income tax								
Items that are or may be re-classified subsequently to profit or loss								
Foreign operations - foreign currency translation difference	13,106	(102,295)	7,470	(58,306)	(178,791)	198,861	(101,907)	113,346
Share of other comprehensive income from equity accounted investees	154,307	(963,261)	87,952	(549,037)	(108,469)	(963,261)	(61,825)	(549,037)
Total other comprehensive income that are or may be re-classified to profit or loss in subsequent period	167,413	(1,065,556)	95,422	(607,343)	(287,260)	(764,400)	(163,732)	(435,691)
Items that will not be re-classified subsequently to profit or loss								
Defined benefit plan actuarial gains/(losses) net of tax	(717)	(129)	(717)	(129)	(717)	(129)	(717)	(129)
Total other comprehensive income that not will be re-classified to profit or loss in subsequent period	(717)	(129)	(717)	(129)	(717)	(129)	(717)	(129)
Total other comprehensive income for the period, net of income tax	166,695	(1,065,685)	94,705	(607,473)	(287,978)	(764,529)	(164,449)	(435,820)
Total comprehensive income for the period	75,290	597,057	34,925	344,128	(311,918)	(661,812)	(181,138)	(369,296)
Total comprehensive income attributable to:								
Equity holders of the company	34,925	344,128	34,925	344,128	(181,138)	(369,296)	(181,138)	(369,296)
Non-controlling interest	40,365	252,929	-	-	(130,780)	(292,516)	-	-
Total comprehensive income for the period	75,290	597,057	34,925	344,128	(311,918)	(661,812)	(181,138)	(369,296)
Basic earnings per share (Rs.)	(1.20)	19.03	(1.20)	19.03	(0.33)	1.33	(0.33)	1.33

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

	Group As at 31 December 2023	Group As at 31 March 2023 Audited	Company As at 31 December 2023	Company As at 31 March 2023 Audited
Assets				
Non current assets				
Property, plant and equipment	1,551,956	1,609,263	455	710
Right-of-use assets	2,662	6,047	-	3,245
Investment in equity accounted investees	6,974,990	7,131,459	3,275,187	3,467,258
Intangible assets	121,580	125,307	-	-
Financial assets measured at fair value through OCI	11,752	7,500	11,752	7,500
Total non current assets	8,662,940	8,879,575	3,287,393	3,478,713
Current assets				
Loans and receivables	216,131	307,167	5,201	2,643
Amounts due from related parties	7,551	1,711	1,820	13,238
Trade and other receivables	619,141	564,325	547	-
Income tax receivables	7,276	8,327	1,515	1,514
Cash and cash equivalents	229,870	218,684	61,126	51,960
Total current assets	1,079,969	1,100,213	70,210	69,355
Total assets	9,742,909	9,979,789	3,357,603	3,548,068
Equity				
Stated capital	631,638	631,638	631,638	631,638
Revaluation reserve	6,416	6,416	6,416	6,416
Translation reserve	1,428,000	1,529,907	1,428,001	1,529,908
Cashflow hedge reserve	(708,836)	(647,011)	(708,836)	(647,011)
Retained earnings	1,975,063	1,992,469	1,978,440	1,995,846
Total equity attributable to equity holders of the Company	3,332,281	3,513,420	3,335,659	3,516,798
Non controlling interest	2,630,303	2,769,503	-	-
Total equity	5,962,584	6,282,923	3,335,659	3,516,798
Liabilities				
Non current liabilities				
Defined benefit obligation	4,402	3,477	4,402	3,477
Deferred tax liability	76,029	80,128	-	-
Interest bearing borrowings	3,055,160	3,068,342	-	-
Total non current liabilities	3,135,591	3,151,947	4,402	3,477
Current liabilities				
Interest bearing borrowings	583,414	495,056	2,250	9,000
Lease liability	-	2,971	-	2,971
Other payables	53,370	45,782	15,292	15,822
Income tax payables	7,950	1,110	-	-
Total current liabilities	644,734	544,919	17,542	27,793
Total liabilities	3,780,325	3,696,866	21,944	31,270
Total equity and liabilities	9,742,909	9,979,789	3,357,603	3,548,068
Net assets per share (Rs.)	66.65	70.27	66.71	70.34

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.

M R Abeywardena
Director

Sgd.

R A Dassanayake
Director

14 February 2024

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

Group

	Stated capital	Revaluation reserve	Translation reserve	Cashflow hedge reserve	Retained earnings	Non controlling interest	Total
Balance as at 01 April 2022	631,638	6,416	1,971,875	-	2,148,239	3,779,824	8,537,992
Profit/(loss) for the period	-	-	-	-	66,525	36,193	102,717
Share of OCI from equity accounted investees	-	-	-	(549,037)	-	(414,224)	(963,261)
Foreign operations - foreign currency translation difference	-	-	113,346	-	-	85,515	198,861
Defined benefit plan actuarial gains /(losses)	-	-	-	-	(129)	-	(129)
Total comprehensive income for the period	-	-	113,346	(549,037)	66,395	(292,516)	(661,812)
Transactions with equity holders recognized directly in equity							
Change in ownership without change in control in subsidiary	-	-	-	-	1,400	17,246	18,646
Dividend paid	-	-	-	-	-	(56,395)	(56,395)
	-	-	-	-	1,400	(39,149)	(37,749)
Balance as at 31 December 2022	631,638	6,416	2,085,221	(549,037)	2,216,034	3,448,159	7,838,431
Balance as at 01 April 2023	631,638	6,416	1,529,907	(647,011)	1,992,469	2,769,503	6,282,923
Profit/(loss) for the period	-	-	-	-	(16,689)	(7,251)	(23,940)
Foreign operations - foreign currency translation difference	-	-	(101,907)	-	-	(76,884)	(178,791)
Share of other comprehensive income from equity accounted investees	-	-	-	(61,825)	-	(46,644)	(108,469)
Defined benefit plan actuarial gains /(losses)	-	-	-	-	(717)	-	(717)
Total comprehensive income for the period	-	-	(101,907)	(61,825)	(17,406)	(130,780)	(311,918)
Transactions with equity holders recognized directly in equity							
Dividend paid	-	-	-	-	-	(8,420)	(8,420)
	-	-	-	-	-	(8,420)	(8,420)
Balance as at 31 December 2023	631,638	6,416	1,428,000	(708,836)	1,975,063	2,630,303	5,962,584

Company

	Stated Capital	Revaluation reserve	Translation reserve	Cash flow hedge reserve	Retained earnings	Total
Balance as at 01 April 2022	631,638	6,416	1,971,876	-	2,156,780	4,766,710
Profit/(loss) for the period	-	-	-	-	66,525	66,525
Foreign operations - foreign currency translation difference	-	-	113,346	-	-	113,346
Share of OCI from equity accounted investees	-	-	-	(549,037)	-	(549,037)
Defined benefit plan actuarial gains /(losses)	-	-	-	-	(129)	(129)
Total comprehensive income for the period	-	-	113,346	(549,037)	66,395	(369,296)
Transactions with equity holders recognized directly in equity						
Dividend paid	-	-	-	-	-	-
Change in ownership without change in control	-	-	-	-	1,400	1,400
	-	-	-	-	1,400	1,400
Balance as at 31 December 2022	631,638	6,416	2,085,222	(549,037)	2,224,575	4,398,814
Balance as at 01 April 2023	631,638	6,416	1,529,908	(647,011)	1,995,846	3,516,798
Profit/(loss) for the period	-	-	-	-	(16,689)	(16,689)
Foreign operations - foreign currency translation difference	-	-	(101,907)	-	-	(101,907)
Share of other comprehensive income from equity accounted investees	-	-	-	(61,825)	-	(61,825)
Defined benefit plan actuarial gains /(losses)	-	-	-	-	(717)	(717)
Total comprehensive income for the period	-	-	(101,907)	(61,825)	(17,406)	(181,138)
Transactions with equity holders recognized directly in equity						
Dividend paid	-	-	-	-	-	-
	-	-	-	-	-	-
Balance as at 31 December 2023	631,638	6,416	1,428,001	(708,836)	1,978,440	3,335,659

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

For the period ended 31 December	Group		Company	
	2023	2022	2023	2022
Cash flows from operating activities				
Profit/(loss) before income tax	(5,312)	238,049	(16,689)	66,525
Adjustments for:				
Amortization of staff cost	112	175	112	175
Depreciation	61,943	61,055	255	170
Amortization of ROUA	3,245	2,971	3,245	2,971
Amortization of intangible assets	3,867	2,301	-	-
Share of earnings	(241,610)	(642,849)	28,339	(81,162)
Interest income on staff loan	(271)	(255)	(271)	(255)
Provision for defined benefit obligation	615	795	615	795
Interest income on investments	(21,023)	(22,804)	(12,390)	(6,710)
Dividend on preference shares	-	-	-	-
Interest expense on lease	1,287	1,287	1,287	1,287
Interest expense	386,091	472,306	804	2,461
	188,944	113,030	5,307	(13,743)
Changes in				
Loans and receivables	90,924	(54,352)	(2,670)	2,184
Amounts due from related parties	(60,655)	391	525	63,207
Other receivables	51,556	569,810	10,346	-
Other payables	7,582	19,188	(531)	(1,959)
Cash generated from operating activities	278,351	648,068	12,977	49,689
Gratuity paid	(407)	(1,677)	(407)	(297)
Taxes paid	(1,450)	(17,407)	-	-
Interest paid	(218,044)	(381,158)	(2,091)	(3,748)
Net cash from operating activities	58,451	247,826	10,478	45,644
Cash flows from investing activities				
Dividend received	45,688	11,760	-	-
Additions to intangible assets	-	(18,563)	-	-
Interest received	21,294	23,059	12,661	6,965
Investment in equity accounted investees	-	-	-	-
Investment in financial assets	(4,252)	-	(4,252)	-
Additions to property, plant & equipment	(4,636)	(13,225)	-	(315)
Net cash from investing activities	58,094	3,031	8,409	6,650
Cash flows from financing activities				
Dividend paid	-	(56,395)	-	-
Lease rental paid	(2,971)	(2,971)	(2,971)	(2,971)
Shares issued to minority shareholders	-	18,646	-	-
Cash proceeds of interest bearing borrowings	680,400	244,689	-	-
Cash repayments of interest bearing borrowings	(774,367)	(405,639)	(6,750)	(6,750)
Net cash from financing activities	(105,359)	(201,670)	(9,721)	(9,721)
Net increase/(decrease) in cash and cash equivalents	11,186	49,187	9,166	42,573
Cash and cash equivalent as at 01 April	218,684	86,262	51,960	15,610
Cash and cash equivalent as at 31 December	229,870	135,449	61,126	58,183

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 Two of our investee companies in Bangladesh namely Lakdhanavi Bangla Power Limited and Feni Lanka Power Limited have USD borrowings as well as a USD revenue component as per the Power Purchase Agreement (PPA) signed with the Bangladesh Power Development Board. Both companies have sufficient USD cash inflows to cover the USD loan repayments. According to IFRS 9 Financial Instruments, the respective investee companies have treated the said transaction as a “Cash Flow Hedge” in the financial statements and the two companies expect to hedge the variability in the cash flows corresponding to the loan repayments attributable to changes in exchange rates over the period.

In this situation, USD borrowing was recognized as the Hedge Instrument and the USD revenue from the PPA is identified as the Hedged Item and both meet the recognition criteria set out in IFRS 9. Further, Hedge Effectiveness appears to be 100%. Accordingly, respective investee companies have applied hedge accounting principles in their financial statements.

Since both these investments are associates, as per the guidelines of LKAS 28 Investments in Associates and Joint Ventures, Company has applied equity method of accounting and recognized relevant share of the profit or loss, other comprehensive income and net assets in its financial statements in respect of these investments.

- 6 LVL Energy Fund PLC (LEF), Subsidiary Company of the Company has restructured the loan facilities taken from DFCC Bank PLC (DFCC) and National Development Bank PLC (NDB) considering the delay in expected dividend from one of the investee companies.

According to the restructured terms, interest to be paid on 25 November 2023 amounted to Rs. 176 Mn in respect of the borrowings of DFCC. Due to further delay in the expected dividend, LEF is negotiating a short term funding facility to meet this obligation. NDB loan is due in April 2024 and LEF expect the dividend to be received before the due date.

- 7 The stated capital comprises 50,000,000 Ordinary Shares.
- 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 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.
- 11 The market price per share:

for the quarter ended 31 December	2023	2022
Highest price	Rs. 41.90	41.00
Lowest price	Rs. 31.00	28.50
Last traded price	Rs. 35.00	32.60

12 Twenty major shareholders of the Company as at 31 December 2023:

Name of shareholder / company name	No. of Shares	% of issued Capital
1 Acuity Partners (Pvt) Ltd	39,790,393	79.58
2 Hatton National Bank PLC-Senfin Growth Fund	943,223	1.89
3 Peoples Leasing & Finance PLC / Mr. L. P. Hapangama	548,269	1.10
4 Hallsville Frontier Equities Ltd.	517,176	1.03
5 E. W. Balasuriya & Co. (Pvt) Ltd A/C NO. 01	438,444	0.88
6 Mr. H. A. Cabraal	308,338	0.62
7 Union Investments (Pvt) Ltd	279,700	0.56
8 Akbar Brothers (Pvt) Ltd A/C No. 01	256,517	0.51
9 Peoples Leasing & Finance PLC / Dr. H. S. D. Soysa & Mrs. G. Soysa	205,895	0.41
10 Mr. G. D. M. Ranasinghe	160,000	0.32
11 Mr. D. A. Cabraal	155,000	0.31
12 Mr. C. R. Perera	122,030	0.24
13 Mr. S. S. Sithambaranathan	121,634	0.24
14 Mr. K. C. Vignarajah	120,682	0.24
15 Peoples Leasing & Finance PLC / Mr. J. M. S. Brito & Mrs. B. S. Brito	120,000	0.24
16 Peoples Leasing & Finance PLC / L. H. L. M. P. Haradasa	118,537	0.24
17 Mrs. M. L. De Silva	110,000	0.22
18 Mr. K. D. S. De Silva	105,000	0.21
19 Dr. W. S. E. Fernando	100,321	0.20
20 Mr. U. D. Wickremesooriya	100,000	0.20
Total	44,621,159	89.25

13 Percentage of shares held by public as at 31 December 2023: 20.42%

No. of public shareholders as at 31 December 2023: 1,269

- 1 14 Float adjusted market capitalization as at 31 December 2023 was Rs. 357,350,000/-. In terms of the rule 7.14.1(a) of the Listing Rules of the Colombo Stock Exchange relating to Main Board Listing, the Company complies with the minimum public holding pertaining to option 5.

15 Shareholding of Directors / CEO as at 31 December 2023

		No. of Shares
Mr. P. G. D. B. Pallewatte	Chairman	-
Mr. R. A. Dassanayake	Director	1
Mr. M. R. Abeywardena	Director	-
Mr. J. D. N. Kekulawala	Director	-
Mr. A. G. R. Dissanayake	Director	-
Mr. T. Perera	Director	-
Mr. K. Jayawardana	Director	-
Mr. J. P. I. Gamage	CEO	-