

FINANCIAL STATEMENTS

For the Period Ended
30 SEPTEMBER 2023



LANKA VENTURES PLC

Ocean Lines Building
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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 6 Months			
	Group		Company		Group		Company	
	Period ended 30 September		Period ended 30 September		Period ended 30 September		Period ended 30 September	
	2023	2022	2023	2022	2023	2022	2023	2022
Revenue								
Interest income	7,224	13,419	4,494	3,550	15,073	14,392	9,344	3,608
Subsidiary company income	83,190	78,909	-	-	165,139	149,139	-	-
Other income	1,614	258	12,889	3,479	2,770	496	25,725	8,649
	92,029	92,585	17,383	7,029	182,982	164,027	35,069	12,257
Operating expenses								
Administrative expenses	(11,918)	(7,993)	(9,729)	(6,371)	(23,560)	(19,486)	(19,338)	(14,609)
Sales and establishment expenses	(775)	(782)	(741)	(821)	(1,926)	(1,543)	(1,643)	(1,288)
Other operating expenses	(3,520)	(4,084)	(1,211)	(1,518)	(6,654)	(7,001)	(2,201)	(2,438)
Direct expenses - other subsidiaries	(46,816)	(54,103)	-	-	(88,482)	(89,390)	-	-
Results from operating activities	29,000	25,623	5,702	(1,682)	62,360	46,607	11,887	(6,079)
Share of earnings from equity accounted investees	251,336	(997,167)	79,439	(720,577)	296,538	(1,184,185)	37,763	(876,529)
Finance cost	(129,610)	(176,414)	(2,688)	(1,560)	(282,076)	(287,845)	(6,559)	(2,468)
Profit/(loss) before income tax	150,726	(1,147,957)	82,453	(723,819)	76,822	(1,425,423)	43,091	(885,076)
Tax expense	(10,692)	(134,805)	-	-	(9,357)	(134,602)	-	-
Profit/(loss) for the period	140,034	(1,282,763)	82,453	(723,819)	67,465	(1,560,025)	43,091	(885,076)
Profit/(loss) attributable to:								
Equity holders of the company	82,453	(723,819)	82,453	(723,819)	43,091	(885,076)	43,091	(885,076)
Non-controlling interest	57,581	(558,944)	-	-	24,374	(674,949)	-	-
Profit/(loss) for the period	140,034	(1,282,763)	82,453	(723,819)	67,465	(1,560,025)	43,091	(885,076)
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	171,325	(470,619)	97,652	(268,243)	(191,897)	301,156	(109,377)	171,652
Share of other comprehensive income from equity accounted investees	(117,845)	-	(67,170)	-	(262,776)	-	(149,777)	-
Total other comprehensive income that are or may be re-classified to profit or loss in subsequent period	53,480	(470,619)	30,482	(268,243)	(454,673)	301,156	(259,154)	171,652
Items that will not be re-classified subsequently to profit or loss								
Defined benefit plan actuarial gains/(losses) net of tax	-	-	-	-	-	-	-	-
Total other comprehensive income that not will be re-classified to profit or loss in subsequent period	-	-	-	-	-	-	-	-
Total other comprehensive income for the period, net of income tax	53,480	(470,619)	30,482	(268,243)	(454,673)	301,156	(259,154)	171,652
Total comprehensive income for the period	193,514	(1,753,382)	112,935	(992,061)	(387,208)	(1,258,868)	(216,063)	(713,423)
Total comprehensive income attributable to:								
Equity holders of the company	112,935	(992,061)	112,935	(992,061)	(216,063)	(713,423)	(216,063)	(713,423)
Non-controlling interest	80,579	(761,321)	-	-	(171,145)	(545,445)	-	-
Total comprehensive income for the period	193,514	(1,753,382)	112,935	(992,061)	(387,208)	(1,258,868)	(216,063)	(713,423)
Basic earnings per share (Rs.)	1.65	(14.48)	1.65	(14.48)	0.86	(17.70)	0.86	(17.70)

LANKA VENTURES PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Unaudited)

(All amounts in Sri Lanka Rupees thousands)

	Group As at 30 September 2023	Group As at 31 March 2023 Audited	Company As at 30 September 2023	Company As at 31 March 2023 Audited
Assets				
Non current assets				
Property, plant and equipment	1,570,026	1,609,263	540	710
Right-of-use assets	3,974	6,047	1,265	3,245
Investment in equity accounted investees	6,923,321	7,131,459	3,245,867	3,467,258
Intangible assets	122,822	125,307	-	-
Financial assets measured at fair value through OCI	7,500	7,500	7,500	7,500
Total non current assets	8,627,643	8,879,575	3,255,172	3,478,713
Current assets				
Loans and receivables	247,071	307,167	5,600	2,643
Amounts due from related parties	3,351	1,711	1,275	13,238
Trade and other receivables	614,857	564,325	-	-
Income tax receivables	7,312	8,327	1,515	1,514
Cash and cash equivalents	175,516	218,684	105,698	51,960
Total current assets	1,048,107	1,100,213	114,088	69,355
Total assets	9,675,750	9,979,789	3,369,260	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	1,420,530	1,529,907	1,420,531	1,529,908
Cashflow hedge reserve	(796,788)	(647,011)	(796,788)	(647,011)
Retained earnings	2,035,560	1,992,469	2,038,937	1,995,846
Total equity attributable to equity holders of the Company	3,297,356	3,513,420	3,300,734	3,516,798
Non controlling interest	2,598,357	2,769,503	-	-
Total equity	5,895,713	6,282,923	3,300,734	3,516,798
Liabilities				
Non current liabilities				
Defined benefit obligation	3,846	3,477	3,846	3,477
Deferred tax liability	77,399	80,128	-	-
Interest bearing borrowings	3,030,428	3,068,342	-	-
Total non current liabilities	3,111,673	3,151,947	3,846	3,477
Current liabilities				
Interest bearing borrowings	604,788	495,056	4,500	9,000
Lease liability	990	2,971	990	2,971
Other payables	51,545	45,782	59,190	15,822
Income tax payables	11,041	1,110	-	-
Total current liabilities	668,364	544,919	64,680	27,793
Total liabilities	3,780,037	3,696,866	68,526	31,270
Total equity and liabilities	9,675,750	9,979,789	3,369,260	3,548,068
Net assets per share (Rs.)	65.95	70.27	66.01	70.34

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.

M R Abeywardena
Director

Sgd.

R A Dassanayake
Director

14 November 2023

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	-	-	-	-	(885,076)	(674,949)	(1,560,025)
Foreign operations - foreign currency translation difference	-	-	171,652	-	-	129,504	301,156
Total comprehensive income for the period	-	-	171,652	-	(885,076)	(545,445)	(1,258,868)
Transactions with equity holders recognized directly in equity							
Share issue expenses of subsidiary	-	-	-	-	-	18,646	18,646
Dividend paid	-	-	-	-	-	(56,395)	(56,395)
	-	-	-	-	-	(37,749)	(37,749)
Balance as at 30 September 2022	631,638	6,416	2,143,527	-	1,263,163	3,196,630	7,241,374
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	-	-	-	-	43,091	24,374	67,465
Foreign operations - foreign currency translation difference	-	-	(109,377)	-	-	(82,520)	(191,897)
Share of other comprehensive income from equity accounted investees	-	-	-	(149,777)	-	(113,000)	(262,776)
Total comprehensive income for the period	-	-	(109,377)	(149,777)	43,091	(171,146)	(387,208)
Transactions with equity holders recognized directly in equity							
Dividend paid	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Balance as at 30 September 2023	631,638	6,416	1,420,530	(796,788)	2,035,560	2,598,357	5,895,713

Company

	Stated Capital	Revaluation reserve	Translation reserve	Cashflow 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	-	-	-	-	(885,076)	(885,076)
Foreign operations - foreign currency translation difference	-	-	171,652	-	-	171,652
Total comprehensive income for the period	-	-	171,652	-	(885,076)	(713,423)
Transactions with equity holders recognized directly in equity						
Dividend paid	-	-	-	-	-	-
	-	-	-	-	-	-
Balance as at 30 September 2022	631,638	6,416	2,143,528	-	1,271,704	4,053,287
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	-	-	-	-	43,091	43,091
Foreign operations - foreign currency translation difference	-	-	(109,377)	-	-	(109,377)
Share of other comprehensive income from equity accounted investees	-	-	-	(149,777)	-	(149,777)
Total comprehensive income for the period	-	-	(109,377)	(149,777)	43,091	(216,063)
Transactions with equity holders recognized directly in equity						
Dividend paid	-	-	-	-	-	-
	-	-	-	-	-	-
Balance as at 30 September 2023	631,638	6,416	1,420,531	(796,788)	2,038,937	3,300,734

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

For the period ended 30 September	Group		Company	
	2023	2022	2023	2022
Cash flows from operating activities				
Profit/(loss) before income tax	76,822	(1,425,423)	43,091	(885,076)
Adjustments for:				
Amortization of staff cost	74	130	74	130
Depreciation	41,274	40,718	170	170
Amortization of ROUA	1,981	1,981	1,981	1,981
Amortization of intangible assets	2,578	1,533	-	-
Share of earnings	(296,538)	1,184,185	(37,763)	876,529
Interest income on staff loan	(166)	(203)	(166)	(203)
Provision for defined benefit obligation	600	475	600	475
Interest income on investments	(15,073)	(14,392)	(9,344)	(3,608)
Interest expense on lease	858	858	858	858
Interest expense	279,471	286,469	688	1,595
	91,881	76,331	189	(7,149)
Changes in				
Loans and receivables	60,019	(67,668)	(2,957)	572
Amounts due from related parties	(52,171)	404	1,050	63,044
Other receivables	50,000	548,857	10,913	-
Other payables	5,757	49,424	43,291	(2,463)
Cash generated from operating activities	155,486	607,348	52,486	54,003
Gratuity paid	(232)	(1,677)	(232)	(297)
Taxes paid	(1,133)	(17,359)	-	-
Interest paid	(113,331)	(214,887)	(1,546)	(2,453)
Net cash from operating activities	40,790	373,426	50,708	51,253
Cash flows from investing activities				
Dividend received	-	11,760	-	-
Additions to intangible assets	-	(18,563)	-	-
Interest received	15,239	14,594	9,510	3,811
Investment in equity accounted investees	-	-	-	-
Additions to property, plant & equipment	(2,037)	(13,202)	-	(315)
Net cash from investing activities	13,202	(5,411)	9,510	3,496
Cash flows from financing activities				
Dividend paid	-	(56,395)	-	-
Lease rental paid	(1,981)	(1,981)	(1,981)	(1,981)
Shares issued to minority shareholders	-	18,646	-	-
Cash repayments of cumulative redeemable preference shares	-	-	-	-
Cash proceeds of interest bearing borrowings	-	159,544	-	-
Cash repayments of interest bearing borrowings	(95,179)	(326,416)	(4,500)	(4,500)
Net cash from financing activities	(97,160)	(206,602)	(6,481)	(6,481)
Net increase/(decrease) in cash and cash equivalents	(43,168)	161,413	53,737	48,269
Cash and cash equivalent as at 01 April	218,684	86,262	51,960	15,610
Cash and cash equivalent as at 30 September	175,516	247,675	105,697	63,879

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 could not 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 30 September	2023	2022
Highest price	Rs. 44.00	49.50
Lowest price	Rs. 35.00	38.10
Last traded price	Rs. 39.00	40.60

12 Twenty major shareholders of the Company as at 30 September 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 30 September 2023: 20.42%

No. of public shareholders as at 30 September 2023: 1,269

14 Float adjusted market capitalization as at 30 September 2023 was Rs. 398,190,000/-. 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 30 September 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	-