

**LVL ENERGY FUND PLC**



**FINANCIAL STATEMENTS**

For the period ended 30 September 2020

Ocean Lines Building  
46/12, Nawam Mawatha  
Colombo 02.  
Tel : 2 439 201 Fax : 2 439 203

## LVL ENERGY FUND PLC

### **Review of provisional financial results for the 6-month period ended 30<sup>th</sup> Sep 2020**

Group revenue increased to LKR 187 million from LKR 170 million during the corresponding period last year mainly due to improvement in subsidiary company income by LKR 34 million to LKR 182 million from LKR 147 million amidst a drop in interest income by LKR 17 million to LKR 5 million from LKR 22 million.

Operating expenses for the period remained essentially static at LKR 72 million compared to the same period last year. Accordingly operating profit for the period was LKR 115 million compared to LKR 97 million last year.

Share of profit from associate companies for the period increased by LKR 131 million to LKR 537 million from LKR 406 million last year mainly due to higher contribution from thermal power plants in Bangladesh. Significant reduction in contribution from wind power plants was observed due to equipment failure at Norochcholai grid substation. Contribution from hydro power plants was considerably higher than in the previous year.

Profit before interest and tax for the period increased by LKR 149 million to LKR 652 million from LKR 503 million last year. Interest cost for the period was LKR 149 million compared to LKR 154 million last year.

Accordingly profit before tax for the period increased to LKR 504 million compared to LKR 349 million during the same period last year.

The tax charge for the period was LKR 13 million compared to LKR 50 million last year. Accordingly profit for the period was LKR 490 million compared to LKR 299 million last year an increase of LKR 191 million. Profit attributable to equity holders of the company for the period was LKR 459 million compared to LKR 282 million during the same period last year reflecting an increase in EPS to LKR 79 cents from LKR 48 cents.

Due to favourable weather conditions that prevailed during the period compared to the same period last year, overall power generation in hydro power plants increased to 28.4 million units from 24.5 million units last year. However power generation in wind power plants during the period recorded a considerable decline to 8.6 million units from 29.5 million units last year due to the inability to dispatch electricity to the grid following equipment failure at Norochcholai grid substation on 25<sup>th</sup> July 2020. From 16<sup>th</sup> September 2020 Pawan Danavi plant was allowed to dispatch electricity to the grid through a temporary connection up to a maximum capacity of 1.5 MW compared to its installed capacity of 10.2 MW. Nala Danavi plant of 5.1 MW installed capacity on the other hand remains idle to date. It is unlikely that normalcy will be restored before April 2021.



D Sumith Arangala  
Chief Executive Officer  
10<sup>th</sup> October 2020

## LVL ENERGY FUND 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	
	2020	2019	2020	2019	2020	2019	2020	2019
<b>Revenue</b>								
Investment income	165	260	-	-	235	348	-	-
Interest income	1,426	5,497	417	4,278	5,267	22,215	3,733	19,211
Subsidiary company income	125,120	113,351	-	-	181,500	147,258	-	-
Other income	-	-	356	753	50	-	1,244	1,398
	<b>126,711</b>	<b>119,109</b>	<b>773</b>	<b>5,031</b>	<b>187,052</b>	<b>169,821</b>	<b>4,977</b>	<b>20,609</b>
<b>Operating expenses</b>								
Administrative expenses	(2,214)	(2,541)	(2,214)	(2,541)	(4,388)	(4,688)	(4,388)	(4,688)
Sales and establishment expenses	-	(77)	-	(77)	-	(81)	-	(77)
Other operating expenses	(4,695)	(4,082)	(1,734)	(2,280)	(8,345)	(8,022)	(3,269)	(3,541)
Direct expenses - subsidiaries	(34,296)	(35,093)	-	-	(59,409)	(60,023)	-	-
<b>Results from operating activities</b>	<b>85,505</b>	<b>77,315</b>	<b>(3,175)</b>	<b>133</b>	<b>114,909</b>	<b>97,007</b>	<b>(2,680)</b>	<b>12,303</b>
Share of profit of equity accounted investees (net of income tax)	277,809	213,656	317,184	249,188	537,179	406,036	583,990	428,056
Finance cost	(72,698)	(82,361)	(57,810)	(66,003)	(148,587)	(153,934)	(121,175)	(120,041)
<b>Profit/(loss) before income tax</b>	<b>290,616</b>	<b>208,611</b>	<b>256,199</b>	<b>183,319</b>	<b>503,501</b>	<b>349,109</b>	<b>460,135</b>	<b>320,319</b>
Tax expense	(10,717)	(19,851)	(1,628)	(14,000)	(13,140)	(50,127)	(1,628)	(38,374)
<b>Profit/(loss) for the period</b>	<b>279,899</b>	<b>188,760</b>	<b>254,571</b>	<b>169,319</b>	<b>490,361</b>	<b>298,982</b>	<b>458,507</b>	<b>281,945</b>
<b>Profit/(loss) attributable to:</b>								
Equity holders of the company	254,571	169,319	254,571	169,319	458,507	281,945	458,507	281,945
Non-controlling interest	25,327	19,441	-	-	31,853	17,037	-	-
<b>Profit/(loss) for the period</b>	<b>279,899</b>	<b>188,760</b>	<b>254,571</b>	<b>169,319</b>	<b>490,361</b>	<b>298,982</b>	<b>458,507</b>	<b>281,945</b>
<b>Other comprehensive income, net of income tax</b>								
<b>Items that are or may be re-classified subsequently to profit or loss</b>								
Share of other comprehensive income from equity accounted investees	-	-	-	-	-	-	-	-
Foreign operations - foreign currency translation difference	(20,101)	53,171	(20,101)	53,171	(72,378)	47,968	(72,378)	47,968
<b>Total other comprehensive income that are or may be re-classified to profit or loss in subsequent period</b>	<b>(20,101)</b>	<b>53,171</b>	<b>(20,101)</b>	<b>53,171</b>	<b>(72,378)</b>	<b>47,968</b>	<b>(72,378)</b>	<b>47,968</b>
<b>Items that will not be re-classified subsequently to profit or loss</b>								
<b>Total other comprehensive income that will not be re-classified to profit or loss in subsequent period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total other comprehensive income for the period</b>	<b>(20,101)</b>	<b>53,171</b>	<b>(20,101)</b>	<b>53,171</b>	<b>(72,378)</b>	<b>47,968</b>	<b>(72,378)</b>	<b>47,968</b>
<b>Total comprehensive income for the period</b>	<b>259,798</b>	<b>241,931</b>	<b>234,470</b>	<b>222,490</b>	<b>417,983</b>	<b>346,950</b>	<b>386,129</b>	<b>329,913</b>
<b>Total comprehensive income attributable to:</b>								
Equity holders of the company	234,470	222,490	234,470	222,490	386,129	329,913	386,129	329,913
Non-controlling interest	25,327	19,441	-	-	31,853	17,037	-	-
<b>Total comprehensive income for the period</b>	<b>259,798</b>	<b>241,931</b>	<b>234,470</b>	<b>222,490</b>	<b>417,983</b>	<b>346,950</b>	<b>386,129</b>	<b>329,913</b>
Basic earnings per share (Rs.)	0.44	0.29	0.44	0.29	0.79	0.48	0.79	0.48

LVL ENERGY FUND PLC  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Unaudited)**

(All amounts in Sri Lanka Rupees thousands)

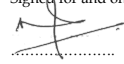
	Group As at 30 September 2020	Company As at 30 September 2020	Group As at 31 March 2020 Audited	Company As at 31 March 2020 Audited
<b>Assets</b>				
<b>Non current assets</b>				
Property, plant and equipment	1,062,845	7,561	941,982	8,616
Right-to-use land	3,273	-	3,366	-
Investment in equity accounted investees	6,117,563	6,802,806	5,683,434	6,211,459
Intangible assets	63,469	-	55,352	-
<b>Total non current assets</b>	<b>7,247,150</b>	<b>6,810,367</b>	<b>6,684,134</b>	<b>6,220,075</b>
<b>Current assets</b>				
Loans and receivables	163,569	235	129,981	118
Amounts due from related parties	-	22,201	3,009	57,831
Income tax receivables	6,232	5,235	6,371	5,236
Other receivables	104,390	105,330	220,718	125,423
Cash and cash equivalents	262,818	34,207	320,952	283,962
<b>Total current assets</b>	<b>537,009</b>	<b>167,210</b>	<b>681,031</b>	<b>472,570</b>
<b>Total assets</b>	<b>7,784,159</b>	<b>6,977,576</b>	<b>7,365,165</b>	<b>6,692,645</b>
<b>Equity</b>				
Stated capital	2,906,472	2,906,472	2,906,472	2,906,472
Revaluation reserve	9,112	9,112	9,112	9,112
Translation reserve	397,146	397,147	469,524	469,525
Retained earnings	1,351,525	1,366,512	997,828	1,012,815
<b>Total equity attributable to equity holders of the Company</b>	<b>4,664,255</b>	<b>4,679,243</b>	<b>4,382,936</b>	<b>4,397,924</b>
Non controlling interest	205,198	-	173,345	-
<b>Total equity</b>	<b>4,869,453</b>	<b>4,679,243</b>	<b>4,556,281</b>	<b>4,397,924</b>
<b>Liabilities</b>				
<b>Non current liabilities</b>				
Interest bearing borrowings	1,597,558	1,251,429	2,324,605	2,069,762
Cumulative redeemable preference shares	85,000	-	80,000	-
Deferred tax liability	43,668	-	44,923	-
<b>Total non current liabilities</b>	<b>1,726,226</b>	<b>1,251,429</b>	<b>2,449,528</b>	<b>2,069,762</b>
<b>Current liabilities</b>				
Interest bearing borrowings	1,142,785	1,037,695	264,110	182,221
Cumulative redeemable preference shares	15,000	-	59,806	39,806
Other payables	21,525	9,210	25,046	2,932
Income tax payable	9,170	-	10,394	-
<b>Total current liabilities</b>	<b>1,188,479</b>	<b>1,046,904</b>	<b>359,356</b>	<b>224,959</b>
<b>Total liabilities</b>	<b>2,914,706</b>	<b>2,298,333</b>	<b>2,808,884</b>	<b>2,294,721</b>
<b>Total equity and liabilities</b>	<b>7,784,159</b>	<b>6,977,576</b>	<b>7,365,165</b>	<b>6,692,645</b>
Net assets per share (Rs.)	8.01	8.04	7.53	7.55

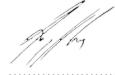
I certify that the financial statements comply with the requirements of the Companies Act No. 07 of 2007.

  
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.

  
J D N Kekulawala  
Director

  
M R Abeywardena  
Director

10. November 2020

LVL ENERGY FUND 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
<b>Balance as at 01 April 2019</b>	2,906,472	9,112	269,076	814,238	164,097	4,162,995
Profit/(loss) for the period	-	-	-	281,945	17,037	298,982
Foreign operations - foreign currency translation difference	-	-	47,968	-	-	47,968
<b>Total comprehensive income for the period</b>	-	-	47,968	281,945	17,037	346,950
<b>Transactions with equity holders recognized directly in equity</b>						
Dividend paid	-	-	-	(180,506)	(13,548)	(194,054)
	-	-	-	(180,506)	(13,548)	(194,054)
<b>Balance as at 30 September 2019</b>	<b>2,906,472</b>	<b>9,112</b>	<b>317,044</b>	<b>915,677</b>	<b>167,586</b>	<b>4,315,892</b>
<b>Balance as at 01 April 2020</b>	2,906,472	9,112	469,524	997,828	173,345	4,556,281
Profit/(loss) for the period	-	-	-	458,507	31,853	490,361
Foreign operations - foreign currency translation difference	-	-	(72,378)	-	-	(72,378)
<b>Total comprehensive income for the period</b>	-	-	(72,378)	458,507	31,853	417,982
<b>Transactions with equity holders recognized directly in equity</b>						
Dividend paid	-	-	-	(104,810)	-	(104,810)
	-	-	-	(104,810)	-	(104,810)
<b>Balance as at 30 September 2020</b>	<b>2,906,472</b>	<b>9,112</b>	<b>397,146</b>	<b>1,351,525</b>	<b>205,198</b>	<b>4,869,453</b>

Company	Stated capital	Revaluation reserve	Translation reserve	Retained earnings	Total
<b>Balance as at 01 April 2019</b>	2,906,472	9,112	269,077	829,225	4,013,886
Profit/(loss) for the period	-	-	-	281,945	281,945
Foreign operations - foreign currency translation difference	-	-	47,968	-	47,968
<b>Total comprehensive income for the period</b>	-	-	47,968	281,945	329,913
<b>Transactions with equity holders recognized directly in equity</b>					
Dividend paid	-	-	-	(180,506)	(180,506)
	-	-	-	(180,506)	(180,506)
<b>Balance as at 30 September 2019</b>	<b>2,906,472</b>	<b>9,112</b>	<b>317,045</b>	<b>930,664</b>	<b>4,163,293</b>
<b>Balance as at 01 April 2020</b>	2,906,472	9,112	469,525	1,012,815	4,397,924
Profit/(loss) for the period	-	-	-	458,507	458,507
Foreign operations - foreign currency translation difference	-	-	(72,378)	-	(72,378)
<b>Total comprehensive income for the period</b>	-	-	(72,378)	458,507	386,129
<b>Transactions with equity holders recognized directly in equity</b>					
Dividend paid	-	-	-	(104,810)	(104,810)
	-	-	-	(104,810)	(104,810)
<b>Balance as at 30 September 2020</b>	<b>2,906,472</b>	<b>9,112</b>	<b>397,147</b>	<b>1,366,512</b>	<b>4,679,243</b>

**LVL ENERGY FUND PLC**  
**CONSOLIDATED STATEMENT OF CASHFLOWS (Unaudited)**

(All amounts in Sri Lanka Rupees thousands)

For the period ended 30 September	Group		Company	
	2020	2019	2020	2019
<b>Cash flows from operating activities</b>				
Profit/(loss) before income tax	503,501	349,109	460,135	320,319
<b>Adjustments for:</b>				
Depreciation	22,121	21,950	1,055	879
Amortization of intangible assets	531	531	-	-
Share of profit from equity accounted investees	(537,179)	(406,036)	(583,990)	(428,056)
Interest income on investments	(5,267)	(22,215)	(3,733)	(19,211)
Other income	(50)	-	(1,244)	(1,398)
Dividend on preference shares	5,905	16,947	-	5,260
Interest expense	140,397	131,877	121,149	110,191
	<b>129,960</b>	<b>92,162</b>	<b>(6,628)</b>	<b>(12,016)</b>
<b>Changes in</b>				
Loans and receivables	(33,588)	(54,080)	(117)	5,149
Amounts due from related parties	3,009	-	35,630	(14,080)
Other receivables	64,548	(913)	63,843	2,671
Other payables	(3,521)	26,258	6,278	16,619
<b>Cash generated from operating activities</b>	<b>160,407</b>	<b>63,427</b>	<b>99,005</b>	<b>(1,657)</b>
Taxes paid	(13,849)	(38,807)	-	(1,182)
Interest paid	(104,412)	(93,768)	(82,763)	(69,362)
<b>Net cash from operating activities</b>	<b>42,146</b>	<b>(69,148)</b>	<b>16,242</b>	<b>(72,201)</b>
<b>Cash flows from investing activities</b>				
Interest received	5,267	22,215	3,733	19,211
Dividend received	106,458	29,396	10,000	194,105
Additions to intangible assets	(8,648)	-	-	-
Investment in equity accounted investees	(26,100)	(1,715,700)	(135,115)	(1,715,700)
Additions to property plant & equipment	(142,890)	(10,550)	-	(10,550)
<b>Net cash from investing activities</b>	<b>(65,913)</b>	<b>(1,674,638)</b>	<b>(121,382)</b>	<b>(1,512,934)</b>
<b>Cash flows from financing activities</b>				
Preference dividend paid	(8,211)	(16,211)	(2,306)	(4,523)
Cash repayments of cumulative redeemable preference shares	(37,500)	(187,500)	(37,500)	(37,500)
Cash proceeds of interest bearing borrowings	157,099	1,661,250	-	1,485,000
Cash repayments of interest bearing borrowings	(40,945)	(101,814)	-	(37,500)
Dividend paid	(104,810)	(180,506)	(104,810)	(180,506)
Dividend paid to minority share holders by subsidiary	-	(13,548)	-	-
Share issue expenses	-	-	-	-
<b>Net cash from financing activities</b>	<b>(34,367)</b>	<b>1,161,671</b>	<b>(144,615)</b>	<b>1,224,972</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(58,134)</b>	<b>(582,116)</b>	<b>(249,755)</b>	<b>(360,164)</b>
<b>Cash and cash equivalent as at 01 April</b>	<b>320,952</b>	<b>787,370</b>	<b>283,962</b>	<b>521,659</b>
<b>Cash and cash equivalent as at 30 September</b>	<b>262,818</b>	<b>205,254</b>	<b>34,207</b>	<b>161,495</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 582,278,117 ordinary shares.
- 6 For the financial year ended 31 March 2020, Company has declared ordinary dividend of Rs. 0.18 per share amounting to Rs. 104,810,061/- on 14 May 2020 and paid on 04 June 2020.  
The Board of Directors have proposed a final dividend of Rs. 0.17 per share for the year ended 31 March 2020 which is to be approved by the shareholders at the Annual General Meeting.
- 7 The Company disbursed Rs. 26.1 Mn and Rs. 23.6 Mn on 10 July 2020 and on 02 October 2020 respectively, in respect of its investment in Makari Gad Hydro Power project in Nepal.
- 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 The company is charged Rs. 1.0 Mn per annum as management fees by its parent company, Lanka Ventures PLC.
- 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	2020	2019
Highest price	10.30	8.50
Lowest price	6.20	7.50
Last traded price	9.30	7.60

- 12 Twenty major shareholders of the Company as at 30 September 2020

Name of shareholder /company name	No. of shares	% of issued capital
1 Lanka Ventures PLC	331,885,609	57.00
2 Mr. M. A. Wijetunge	67,911,668	11.66
3 Sri Lanka Insurance Corporation Limited-General Fund	50,000,000	8.59
4 Phoenix Ventures (Private) Limited	24,001,460	4.12
5 Guardian Capital Partners PLC	10,312,500	1.77
6 Equity Investments Lanka Limited	6,600,000	1.13
7 National Savings Bank	4,606,600	0.79
8 J.B. Cocoshell (Private) Limited	4,598,609	0.79
9 Mr. D. S. Arangala	4,455,000	0.77
10 Mr. M. M. Wijetunge	3,746,104	0.64
11 Mr. K. Maheshwaran	2,974,895	0.51
12 Mrs. F. S. Sabry	2,970,000	0.51
13 Merchant Bank of Sri Lanka & Finance PLC 01	2,500,000	0.43
14 Mr. K. T. Konesh	2,425,000	0.42
15 Mr. C. R. Perera	2,340,000	0.40
16 Peoples Bank	2,305,979	0.40
17 Mr. P. H. D. Waidyatilaka	2,150,273	0.37
18 Peoples Leasing & Finance PLC / Mr. D. M. P. Dissanayke	1,894,708	0.33
19 Guardian Fund Management Limited / The Aitken Spence and Associated Companies Executive Staff Provident Fund	1,378,900	0.24
Hatton National Bank PLC A/C No. 4 (HNB Retirement Pension Fund)	1,378,900	0.24
20 Mr. J. D. N. Kekulawala	1,375,000	0.24
<b>Total</b>	<b>531,811,205</b>	<b>91.33</b>

- 13 Percentage of shares held by public as at 30 September 2020 : 29.65%  
No. of public shareholders as at 30 September 2020 : 1,155
- 14 Float adjusted market capitalization as at 30 September 2020 was Rs. 1,605,602,793.69. In terms of the rule 7.13.1(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 2020

	No. of Shares
Mr. L. H. A. L. Silva	Director 10,000
Mr. M. A. Wijetunge	Director 67,911,668
Mr. M. M. Wijetunge	Director 3,746,104
Mr. J. D. N. Kekulawala	Director 1,375,000
Mr. D. S. Arangala	CEO 4,455,000

**IPO PROCEEDS UTILIZATION AS AT 30 SEPTEMBER 2020**

<b>Objective number</b>	<b>Objective as per prospectus</b>	<b>Amount allocated as per prospectus in LKR</b>	<b>Proposed date of utilization as per prospectus</b>	<b>Amount allocated from proceeds in LKR (A)</b>	<b>% of total proceeds</b>	<b>Amount utilized in LKR (B)</b>	<b>% of utilization against allocation (B/A)</b>	<b>Clarification if not fully utilized including where the funds are invested (e.g. whether lent to related party/s etc.)</b>
1	Settlement of bridge finance loan of DFCC Bank PLC in terms of loan agreement dated 6 April 2016	300,000,000	31 Dec 2017	300,000,000	25.00%	300,000,000	100.00%	Not applicable
2	Settlement of short term loan borrowed for the purpose of redeeming the preference shares issued to DFCC bank PLC	180,000,000	30 Sep 2017	180,000,000	15.00%	180,000,000	100.00%	Not applicable
3	Equity investment in following hydro power projects <b><u>Bambarapana Hydro Power Project</u></b> Settlement of LKR 140 Mn short term bridge loan obtained from DFCC Bank PLC for the purpose of equity investment in Bambarapana Hydro Power (Private) Limited	140,000,000	Nov 2017	140,000,000	11.67%	140,000,000	100.00%	Not applicable
	<b><u>Pupulaketiya Hydro Power Project</u></b> Equity investment in Pupulaketiya Hydro Power (Private) Limited	115,000,000	Apr 2018 to Oct 2019	115,000,000	9.58%	-	0.00%	Not applicable
	<b><u>Revision of objective as per ordinary resolution passed at the AGM on 27.09.2019</u></b> <b><u>Makari Gad Hydro Power Project (Nepal)</u></b>  Equity investment in LTL Energy (Private) Limited	70,000,000		70,000,000	5.83%	70,000,000	100.00%	Not applicable
	Redemption of cumulative redeemable preference shares issued to DFCC Bank PLC	45,000,000		45,000,000	3.75%	45,000,000	100.00%	Not applicable
	<b><u>Makari Gad Hydro Power Project (Nepal)</u></b> Equity investment in LTL Energy (Private) Limited	465,000,000	Sept 2017 to Jun 2019	465,000,000	38.75%	465,000,000	100.00%	Not applicable