

LVL ENERGY FUND PLC



FINANCIAL STATEMENTS

For the period ended 31 December 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 9-month period ended 31st Dec 2020

Group revenue declined to LKR 295 million from LKR 324 million during the corresponding period last year mainly due to drop in interest income by LKR 17 million to LKR 8 million from LKR 25 million and drop in subsidiary company income by LKR 11 million to LKR 287 million from LKR 298 million.

Operating expenses for the period decreased by LKR 5 million to LKR 114 million from LKR 119 million. Accordingly operating profit for the period was LKR 181 million compared to LKR 205 million last year.

Share of profit from associate companies for the period increased by LKR 232 million to LKR 684 million from LKR 452 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 did not show an improvement from last year.

Profit before interest and tax for the period increased by LKR 208 million to LKR 865 million from LKR 657 million last year. Interest cost for the period was LKR 212 million compared to LKR 235 million last year.

Accordingly profit before tax for the period increased by LKR 231 million to LKR 653 million compared to LKR 422 million during the same period last year.

The tax charge for the period was LKR 38 million compared to LKR 72 million last year. Accordingly profit for the period was LKR 615 million compared to LKR 350 million last year an increase of LKR 265 million. Profit attributable to equity holders of the company for the period was LKR 562 million compared to LKR 305 million during the same period last year reflecting an increase in EPS to LKR 97 cents from LKR 52 cents.

During the period overall power generation in hydro power plants decreased to 43.2 million units from 31.9 million units last year. Power generation in wind power plants during the period also recorded a considerable decline to 9.4 million units from 31.3 million units last year due to equipment failure at Norochcholai grid substation since 25th July 2020. From 16th 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 end April 2021.

Sgd.

D Sumith Arangala

Chief Executive Officer

02nd February 2021

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(Unaudited)**

(All amounts in Sri Lanka Rupees thousands)

	Interim period of 03 Months				Accumulated 09 Months			
	Group		Company		Group		Company	
	Period ended 31 December 2020	Period ended 31 December 2019	Period ended 31 December 2020	Period ended 31 December 2019	Period ended 31 December 2020	Period ended 31 December 2019	Period ended 31 December 2020	Period ended 31 December 2019
Revenue								
Investment income	151	352	-	-	386	700	-	-
Interest income	2,613	3,182	500	2,284	7,880	25,397	4,233	21,495
Subsidiary company income	105,280	150,378	-	-	286,780	297,636	-	-
Other income	45	-	-	636	95	-	1,244	2,034
	108,090	153,913	500	2,920	295,142	323,734	5,477	23,529
Operating expenses								
Administrative expenses	(1,445)	(2,147)	(1,445)	(2,147)	(5,833)	(6,835)	(5,833)	(6,835)
Sales and establishment expenses	-	(150)	-	-	-	(231)	-	(77)
Other operating expenses	(4,672)	(3,608)	(1,933)	(1,525)	(13,017)	(11,630)	(5,202)	(5,066)
Direct expenses - subsidiaries	(35,474)	(40,004)	-	-	(94,883)	(100,027)	-	-
Results from operating activities	66,499	108,004	(2,878)	(752)	181,409	205,011	(5,558)	11,551
Share of profit of equity accounted investees (net of income tax)	146,599	46,167	157,845	86,571	683,778	452,203	741,835	514,627
Finance cost	(63,732)	(81,435)	(52,806)	(63,210)	(212,319)	(235,369)	(173,981)	(183,251)
Profit/(loss) before income tax	149,366	72,736	102,161	22,608	652,868	421,845	562,296	342,926
Tax expense	(24,831)	(22,036)	1,628	(9)	(37,972)	(72,163)	-	(38,383)
Profit/(loss) for the period	124,536	50,700	103,789	22,598	614,896	349,682	562,296	304,543
Profit/(loss) attributable to:								
Equity holders of the company	103,789	22,598	103,789	22,598	562,296	304,543	562,296	304,543
Non-controlling interest	20,747	28,102	-	-	52,600	45,139	-	-
Profit/(loss) for the period	124,536	50,700	103,789	22,598	614,896	349,682	562,296	304,543
Other comprehensive income, net of income tax								
Items that are or may be re-classified subsequently to profit or loss								
Share of other comprehensive income from equity accounted investees	-	(201)	-	(201)	-	(201)	-	(201)
Foreign operations - foreign currency translation difference	44,619	15,907	44,619	15,907	(27,759)	63,875	(27,759)	63,875
Total other comprehensive income that are or may be re-classified to profit or loss in subsequent period	44,619	15,706	44,619	15,706	(27,759)	63,674	(27,759)	63,674
Items that will not be re-classified subsequently to profit or loss								
Total other comprehensive income that will not be re-classified to profit or loss in subsequent period	-	-	-	-	-	-	-	-
Total other comprehensive income for the period	44,619	15,706	44,619	15,706	(27,759)	63,674	(27,759)	63,674
Total comprehensive income for the period	169,155	66,406	148,408	38,305	587,137	413,356	534,537	368,218
Total comprehensive income attributable to:								
Equity holders of the company	148,408	38,305	148,408	38,305	534,537	368,218	534,537	368,218
Non-controlling interest	20,747	28,102	-	-	52,600	45,139	-	-
Total comprehensive income for the period	169,155	66,406	148,408	38,305	587,137	413,356	534,537	368,218
Basic earnings per share (Rs.)	0.18	0.04	0.18	0.04	0.97	0.52	0.97	0.52

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

(All amounts in Sri Lanka Rupees thousands)

	Group As at 31 December 2020	Company As at 31 December 2020	Group As at 31 March 2020 Audited	Company As at 31 March 2020 Audited
Assets				
Non current assets				
Property, plant and equipment	1,082,121	7,033	941,982	8,616
Right-to-use land	3,226	-	3,366	-
Investment in equity accounted investees	6,144,129	6,827,133	5,683,434	6,211,459
Intangible assets	64,824	-	55,352	-
Total non current assets	7,294,300	6,834,166	6,684,134	6,220,075
Current assets				
Loans and receivables	196,418	105	129,981	118
Amounts due from related parties	-	22,224	3,009	57,831
Income tax receivables	6,220	5,235	6,371	5,236
Other receivables	199,278	123,135	220,718	125,423
Cash and cash equivalents	352,744	241,491	320,952	283,962
Total current assets	754,659	392,189	681,031	472,570
Total assets	8,048,959	7,226,355	7,365,165	6,692,645
Equity				
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	441,766	441,766	469,524	469,525
Retained earnings	1,356,327	1,371,314	997,828	1,012,815
Total equity attributable to equity holders of the Company	4,713,677	4,728,664	4,382,936	4,397,924
Non controlling interest	206,988	-	173,345	-
Total equity	4,920,665	4,728,664	4,556,281	4,397,924
Liabilities				
Non current liabilities				
Interest bearing borrowings	2,530,786	2,193,246	2,324,605	2,069,762
Cumulative redeemable preference shares	75,000	-	80,000	-
Deferred tax liability	43,053	-	44,923	-
Total non current liabilities	2,648,839	2,193,246	2,449,528	2,069,762
Current liabilities				
Interest bearing borrowings	422,739	302,183	264,110	182,221
Cumulative redeemable preference shares	20,000	-	59,806	39,806
Other payables	25,440	2,263	25,046	2,932
Income tax payable	11,274	-	10,394	-
Total current liabilities	479,455	304,444	359,356	224,959
Total liabilities	3,128,294	2,497,690	2,808,884	2,294,721
Total equity and liabilities	8,048,959	7,226,355	7,365,165	6,692,645
Net assets per share (Rs.)	8.10	8.12	7.53	7.55

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.
A R Munasinghe
Director

02 February 2021

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
Balance as at 01 April 2019	2,906,472	9,112	269,076	814,238	164,097	4,162,995
Profit/(loss) for the period	-	-	-	304,543	45,139	349,682
Foreign operations - foreign currency translation difference	-	-	63,875	-	-	63,875
Share of OCI - Equity Accounted Investees	-	(201)	-	-	-	(201)
Total comprehensive income for the period	-	(201)	63,875	304,543	45,139	413,356
Transactions with equity holders recognized directly in equity						
Dividend paid	-	-	-	(180,506)	(13,548)	(194,054)
	-	-	-	(180,506)	(13,548)	(194,054)
Balance as at 31 December 2019	2,906,472	8,911	332,951	938,275	195,688	4,382,297
Balance as at 01 April 2020	2,906,472	9,112	469,524	997,828	173,345	4,556,281
Profit/(loss) for the period	-	-	-	562,296	52,600	614,896
Foreign operations - foreign currency translation difference	-	-	(27,759)	-	-	(27,759)
Total comprehensive income for the period	-	-	(27,759)	562,296	52,600	587,137
Transactions with equity holders recognized directly in equity						
Dividend paid	-	-	-	(203,797)	(18,957)	(222,754)
	-	-	-	(203,797)	(18,957)	(222,754)
Balance as at 31 December 2020	2,906,472	9,112	441,766	1,356,327	206,988	4,920,665

Company	Stated capital	Revaluation reserve	Translation reserve	Retained earnings	Total
Balance as at 01 April 2019	2,906,472	9,112	269,077	829,225	4,013,886
Profit/(loss) for the period	-	-	-	304,543	304,543
Foreign operations - foreign currency translation difference	-	-	63,875	-	63,875
Share of OCI -Equity Accounted Investees	-	(201)	-	-	(201)
Total comprehensive income for the period	-	(201)	63,875	304,543	368,218
Transactions with equity holders recognized directly in equity					
Dividend paid	-	-	-	(180,506)	(180,506)
	-	-	-	(180,506)	(180,506)
Balance as at 31 December 2019	2,906,472	8,911	332,952	953,262	4,201,598
Balance as at 01 April 2020	2,906,472	9,112	469,525	1,012,815	4,397,924
Profit/(loss) for the period	-	-	-	562,296	562,296
Foreign operations - foreign currency translation difference	-	-	(27,759)	-	(27,759)
Total comprehensive income for the period	-	-	(27,759)	562,296	534,537
Transactions with equity holders recognized directly in equity					
Dividend paid	-	-	-	(203,797)	(203,797)
	-	-	-	(203,797)	(203,797)
Balance as at 31 December 2020	2,906,472	9,112	441,766	1,371,314	4,728,664

LVL ENERGY FUND PLC
CONSOLIDATED STATEMENT OF CASHFLOWS (Unaudited)

(All amounts in Sri Lanka Rupees thousands)

For the period ended 31 December	Group		Company	
	2020	2019	2020	2019
Cash flows from operating activities				
Profit/(loss) before income tax	652,868	421,845	562,296	342,926
Adjustments for:				
Depreciation	33,181	33,014	1,582	1,407
Amortization of intangible assets	796	796	-	-
Share of profit from equity accounted investees	(683,778)	(452,203)	(741,835)	(514,627)
Interest income on investments	(7,880)	(22,397)	(4,233)	(21,495)
Other income	-	-	(1,244)	(2,034)
Dividend on preference shares	8,250	21,385	-	6,274
Interest expense	201,775	208,260	173,872	172,378
	205,212	210,700	(9,562)	(15,171)
Changes in				
Loans and receivables	(66,437)	(121,390)	13	5,292
Amounts due from related parties	3,009	-	35,607	(20,777)
Other receivables	66,336	(36,055)	18,288	(22)
Other payables	394	26,260	(669)	(1,676)
Cash generated from operating activities	208,514	79,515	43,677	(32,354)
Taxes paid	(16,931)	(18,594)	-	(1,182)
Interest paid	(145,537)	(134,880)	(115,292)	(110,850)
Net cash from operating activities	46,045	(73,959)	(71,614)	(144,386)
Cash flows from investing activities				
Interest received	7,880	22,397	4,233	21,495
Dividend received	179,669	47,009	202,126	211,718
Additions to intangible assets	(10,563)	-	-	-
Investment in equity accounted investees	(49,725)	(1,750,800)	(119,725)	(1,750,800)
Additions to property plant & equipment	(173,179)	(10,550)	-	(10,550)
Net cash from investing activities	(45,919)	(1,691,944)	86,634	(1,528,137)
Cash flows from financing activities				
Preference dividend paid	(10,556)	(20,370)	(2,306)	(4,524)
Cash repayments of cumulative redeemable preference shares	(42,500)	(187,500)	(37,500)	(37,500)
Cash proceeds of interest bearing borrowings	384,449	1,736,250	200,000	1,560,000
Cash repayments of interest bearing borrowings	(76,973)	(146,202)	(13,889)	(56,250)
Dividend paid	(203,797)	(180,506)	(203,797)	(180,506)
Dividend paid to minority share holders by subsidiary	(18,957)	(13,548)	-	-
Share issue expenses	-	-	-	-
Net cash from financing activities	31,666	1,188,124	(57,492)	1,281,221
Net increase/(decrease) in cash and cash equivalents	31,792	(577,779)	(42,471)	(391,302)
Cash and cash equivalent as at 01 April	320,952	787,370	283,962	521,659
Cash and cash equivalent as at 31 December	352,744	209,591	241,491	130,357

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 paid ordinary dividend of Rs. 0.35 per share amounting to Rs. 203,797,340/-.
- 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 31 December	2020	2019
Highest price	10.90	7.90
Lowest price	7.60	7.30
Last traded price	10.20	7.50

- 12 Twenty major shareholders of the Company as at 31 December 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	49,000,000	8.42
4 Phoenix Ventures (Private) Limited	24,001,460	4.12
5 National Savings Bank	4,606,600	0.79
6 Mr. M. M. Wijetunge	3,746,104	0.64
7 Equity Investments Lanka Limited	3,500,000	0.60
8 Peoples Leasing & Finance PLC / Mr. D. M. P. Dissanayke	3,360,579	0.58
9 Seylan Bank PLC/Senthilvel Holdings (Private) Limited	2,570,513	0.44
10 Merchant Bank of Sri Lanka & Finance PLC 01	2,500,000	0.43
11 Mr. K. T. Konesh	2,425,000	0.42
12 Seylan Bank PLC/S.R. Fernando	2,331,286	0.40
13 Mr. C. R. Perera	2,060,000	0.35
14 Mr. P. H. D. Waidyatilaka	1,598,938	0.27
15 Mr. G. D. M. Ranasinghe	1,500,000	0.26
16 Hatton National Bank PLC A/C No. 4 (HNB Retirement Pension Fund)	1,378,900	0.24
17 Peoples Bank	1,305,979	0.22
18 Rubber Investment Trust Limited A/C NO 01	1,257,100	0.22
19 Mr. H. A. Cabraal	1,200,000	0.21
Mr. K. Maheshwaran	1,200,000	0.21
Mr. U. D. Wickremesooriya	1,200,000	0.21
20 Bank of Ceylon A/C Ceybank Unit Trust	1,116,653	0.19
Total	511,656,389	87.87

- 13 Percentage of shares held by public as at 31 December 2020 : 30.35%
- No. of public shareholders as at 31 December 2020 : 1,762

- 14 Float adjusted market capitalization as at 31 December 2020 was Rs. 1,802,558,366.80. 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 31 December 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	1,025,000
Mr. D. S. Arangala	CEO	1,000,000