

LVL ENERGY FUND PLC



FINANCIAL STATEMENTS
For the period ended 30 June 2021

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 3-month period ended 30th June 2021

Group revenue increased to LKR 109 million compared to LKR 60 million in the corresponding period last year primarily due to substantial increase in subsidiary company income to LKR 105 million from LKR 56 million last year. All three subsidiary companies engaged in hydropower generation recorded better results owing to favourable weather conditions that prevailed over the period compared to last year. The 1 MW solar power project in Matugama that was connected to the grid on 22nd January 2021 also made a small contribution towards subsidiary company income during the quarter.

Operating expenses in the 3-month period increased to LKR 42 million compared to LKR 31 million during the same period last year largely due to expenses such as the lease rental on estate land leased for hydropower projects that are directly linked to revenue. Accordingly operating profit for the period was LKR 66 million compared to LKR 29 million last year.

Share of profit from associate companies for the period was LKR 225 million compared to LKR 259 million during the same period last year mainly due to negative contribution from Pawan Danavi wind power plant and lesser contribution from Nala Danavi wind power plant due to their inability to supply electricity to the grid at their maximum installed capacity for the reason that Narochcholai grid substation had remained out of order since 25th July 2020. Overall contribution from Bangladeshi thermal power plants remained static at LKR 217 million during the comparable periods. Two power plants recorded a higher contribution whilst the other made a negative contribution.

Profit before interest and tax for the period was LKR 291 million compared to LKR 289 million during the same period last year. Interest cost for the period was LKR 63 million compared to LKR 76 million last year. Accordingly profit before tax for the period was LKR 228 million compared to LKR 213 million during the same period last year.

The tax charge for the period was LKR 16 million compared to LKR 2 million during the same period last year resulting in profit for the period of LKR 212 million compared to LKR 210 million last year. Profit attributable to equity holders of the company for the period was LKR 202 million compared to LKR 204 million last year. Accordingly EPS remained static at LKR 0.35 between the two periods.

During the period overall power generation in hydro power plants was 15.9 million units compared to 11.4 million units during the same period last year as a result of higher rainfall in catchment areas. The solar power project contributed 0.34 million units during the quarter.

On the other hand power generation in wind power plants during the period was only 4.3 million units compared to 5.7 million units during the same period last year due to equipment failure at Norochcholai grid substation. Grid connectivity of Pawan Danavi wind power plant was enhanced to 3.1 MW on 25th April 2021 and further enhanced to 4.4 MW from 29th May 2021 through temporary connections. The plant had limited connectivity up to 1.5 MW since 16th September 2020. Nala Danavi wind power plant was allowed to connect up to 1.5 MW from 25th April 2021 and increased to 2.0 MW from 29th May 2021 through a temporary connection. It remained idle during the period 25th July 2020 and 25th April 2021. As at the time of this writing it is expected that the installation of repaired equipment at the substation will be completed by 15th August 2021 enabling full connectivity of the plants.

Sgd.

D Sumith Arangala

Chief Executive Officer

30th July 2021

LVL ENERGY FUND PLC

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

(All amounts in Sri Lanka Rupees thousands)

	Group		Company	
	Period ended 30 June		Period ended 30 June	
	2021	2020	2021	2020
Revenue				
Investment income	152	70	-	-
Interest income	3,354	3,841	464	3,316
Subsidiary company income	104,874	56,380	-	-
Other income	171	50	43	888
	108,551	60,341	506	4,204
Operating expenses				
Administrative expenses	(2,341)	(2,174)	(2,341)	(2,174)
Sales and establishment expenses	(53)	-	-	-
Other operating expenses	(5,581)	(3,650)	(2,824)	(1,535)
Direct expenses - subsidiaries	(34,404)	(25,113)	-	-
Results from operating activities	66,172	29,403	(4,658)	496
Share of profit of equity accounted investees (net of income tax)	225,197	259,370	259,123	266,806
Finance cost	(63,230)	(75,889)	(52,604)	(63,365)
Profit/(loss) before income tax	228,140	212,885	201,861	203,936
Tax expense	(16,230)	(2,423)	-	-
Profit/(loss) for the period	211,910	210,462	201,861	203,936
Profit/(loss) attributable to:				
Equity holders of the company	201,861	203,936	201,861	203,936
Non-controlling interest	10,049	6,526	-	-
Profit/(loss) for the period	211,910	210,462	201,861	203,936
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	-	-	-	-
Foreign operations - foreign currency translation difference	50,107	(52,277)	50,107	(52,277)
Total other comprehensive income that are or may be re-classified to profit or loss in subsequent period	50,107	(52,277)	50,107	(52,277)
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	50,107	(52,277)	50,107	(52,277)
Total comprehensive income for the period	262,017	158,186	251,968	151,660
Total comprehensive income attributable to:				
Equity holders of the company	251,968	151,660	251,968	151,660
Non-controlling interest	10,049	6,526	-	-
Total comprehensive income for the period	262,017	158,186	251,968	151,660
Basic earnings per share (Rs.)	0.35	0.35	0.35	0.35

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

(All amounts in Sri Lanka Rupees thousands)

	Group As at 30 June 2021	Company As at 30 June 2021	Group As at 31 March 2021	Company As at 31 March 2021
Assets				
Non current assets				
Property, plant and equipment	1,550,993	5,978	1,143,176	6,506
Right-to-use land	3,132	-	3,178	-
Investment in equity accounted investees	6,787,180	7,519,996	6,539,210	7,281,205
Intangible assets	71,254	-	70,787	-
Total non current assets	8,412,558	7,525,974	7,756,351	7,287,711
Current assets				
Loans and receivables	134,103	2,767	135,262	155
Amounts due from related parties	-	22,224	-	22,224
Other receivables	87,975	96,919	73,780	77,793
Income tax receivables	5,849	5,235	6,378	5,236
Cash and cash equivalents	254,278	12,136	391,129	93,196
Total current assets	482,203	139,281	606,549	198,604
Total assets	8,894,761	7,665,255	8,362,900	7,486,315
Equity				
Stated capital	2,906,472	2,906,472	2,906,472	2,906,472
Revaluation reserve	9,101	9,101	9,101	9,101
Translation reserve	772,719	772,719	722,612	722,612
Retained earnings	1,629,115	1,644,102	1,427,254	1,442,241
Total equity attributable to equity holders of the Company	5,317,407	5,332,394	5,065,439	5,080,426
Non controlling interest	181,569	-	207,631	-
Total equity	5,498,976	5,332,394	5,273,070	5,080,426
Liabilities				
Non current liabilities				
Interest bearing borrowings	2,888,318	2,027,633	1,729,799	1,350,532
Cumulative redeemable preference shares	-	-	75,000	-
Deferred tax liability	41,786	-	42,413	-
Total non current liabilities	2,930,104	2,027,633	1,847,212	1,350,532
Current liabilities				
Interest bearing borrowings	432,337	301,592	1,181,371	1,048,441
Cumulative redeemable preference shares	-	-	20,000	-
Other payables	17,152	3,635	22,032	6,916
Income tax payable	16,192	-	19,215	-
Total current liabilities	465,681	305,227	1,242,618	1,055,357
Total liabilities	3,395,785	2,332,860	3,089,830	2,405,889
Total equity and liabilities	8,894,761	7,665,255	8,362,900	7,486,315
Net assets per share (Rs.)	9.13	9.16	8.70	8.73

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

30 July 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 2020	2,906,472	9,112	469,524	997,828	173,345	4,556,281
Profit/(loss) for the period	-	-	-	203,936	6,526	210,462
Foreign operations - foreign currency translation difference	-	-	(52,277)	-	-	(52,277)
Share of OCI - Equity Accounted Investees	-	-	-	-	-	-
Total comprehensive income for the period	-	-	(52,277)	203,936	6,526	158,186
Transactions with equity holders recognized directly in equity						
Dividend paid	-	-	-	(104,810)	-	(104,810)
	-	-	-	(104,810)	-	(104,810)
Balance as at 30 June 2020	2,906,472	9,112	417,247	1,096,954	179,871	4,609,656
Balance as at 01 April 2021	2,906,472	9,101	722,612	1,427,254	207,631	5,273,070
Profit/(loss) for the period	-	-	-	201,861	10,049	211,910
Foreign operations - foreign currency translation difference	-	-	50,107	-	-	50,107
Share of OCI - Equity Accounted Investees	-	-	-	-	-	-
Total comprehensive income for the period	-	-	50,107	201,861	10,049	262,017
Transactions with equity holders recognized directly in equity						
Dividend paid	-	-	-	-	(36,110)	(36,110)
	-	-	-	-	(36,110)	(36,110)
Balance as at 30 June 2021	2,906,472	9,101	772,719	1,629,115	181,569	5,498,976

Company	Stated capital	Revaluation reserve	Translation reserve	Retained earnings	Total
Balance as at 01 April 2020	2,906,472	9,112	469,525	1,012,815	4,397,924
Profit/(loss) for the period	-	-	-	203,936	203,936
Foreign operations - foreign currency translation difference	-	-	(52,277)	-	(52,277)
Share of OCI - Equity Accounted Investees	-	-	-	-	-
Total comprehensive income for the period	-	-	(52,277)	203,936	151,660
Transactions with equity holders recognized directly in equity					
Dividend paid	-	-	-	(104,810)	(104,810)
	-	-	-	(104,810)	(104,810)
Balance as at 30 June 2020	2,906,472	9,112	417,248	1,111,941	4,444,774
Balance as at 01 April 2021	2,906,472	9,101	722,612	1,442,241	5,080,426
Profit/(loss) for the period	-	-	-	201,861	201,861
Foreign operations - foreign currency translation difference	-	-	50,107	-	50,107
Share of OCI - Equity Accounted Investees	-	-	-	-	-
Total comprehensive income for the period	-	-	50,107	201,861	251,968
Transactions with equity holders recognized directly in equity					
Dividend paid	-	-	-	-	-
	-	-	-	-	-
Balance as at 30 June 2021	2,906,472	9,101	772,719	1,644,102	5,332,394

LVL ENERGY FUND PLC
CONSOLIDATED STATEMENT OF CASHFLOWS (Unaudited)

(All amounts in Sri Lanka Rupees thousands)

For the period ended 30 June	Group		Company	
	2021	2020	2021	2020
Cash flows from operating activities				
Profit/(loss) before income tax	228,140	212,885	201,861	203,936
Adjustments for:				
Depreciation	12,424	11,016	528	527
Amortization of intangible assets	352	(772)	-	-
Share of profit from equity accounted investees	(225,197)	(259,370)	(259,123)	(266,806)
Interest income on investments	(3,354)	(3,841)	(464)	(3,316)
Other income	(171)	(50)	(43)	(888)
Dividend on preference shares	274	3,121	-	-
Interest expense	60,783	72,367	51,789	63,001
	73,251	35,356	(5,452)	(3,545)
Changes in				
Loans and receivables	1,159	28,993	(2,612)	(247)
Amounts due from related parties	-	3,009	-	6,440
Other receivables	(62)	91	(4,993)	(1,037)
Other payables	(4,875)	(14,509)	(3,280)	379
Cash generated from operating activities	69,473	52,939	(16,337)	1,990
Taxes paid	(19,354)	(8,720)	-	-
Interest paid	(56,301)	(54,497)	(47,647)	(43,849)
Net cash from operating activities	(6,182)	(10,279)	(63,984)	(41,859)
Cash flows from investing activities				
Interest received	3,524	3,891	506	4,204
Dividend received	13,200	-	56,307	-
Additions to intangible assets	(772)	-	-	-
Additions to property plant & equipment	(420,241)	-	-	-
Net cash from investing activities	(404,289)	3,891	56,813	4,204
Cash flows from financing activities				
Preference dividend paid	(274)	(5,427)	-	(2,306)
Cash repayments of cumulative redeemable preference shares	(95,000)	(37,500)	-	(37,500)
Cash proceeds of interest bearing borrowings	1,335,283	-	750,000	-
Cash repayments of interest bearing borrowings	(930,279)	(20,856)	(823,889)	-
Dividend paid	-	(104,810)	-	(104,810)
Dividend paid to minority share holders by subsidiary	(36,110)	-	-	-
Net cash from financing activities	273,620	(168,593)	(73,889)	(144,616)
Net increase/(decrease) in cash and cash equivalents	(136,851)	(174,981)	(81,060)	(182,270)
Cash and cash equivalent as at 01 April	391,129	320,952	93,196	283,962
Cash and cash equivalent as at 30 June	254,278	145,971	12,136	101,692

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 During the period Company replaced the term loans of Rs. 375 Mn each obtained from DFCC Bank PLC and Hatton National Bank PLC with 5-year deep discount bond issued to Sampath Bank PLC.
- 8 The company is charged Rs. 1.0 Mn per annum as management fees by its parent company, Lanka Ventures PLC.
- 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 June	2021	2020
Highest price	10.80	7.10
Lowest price	9.20	4.50
Last traded price	10.40	6.90

- 12 Twenty major shareholders of the Company as at 30 June 2021

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 Seylan Bank PLC/Senthilveri Holdings (Private) Limited	5,085,633	0.87
6 National Savings Bank	4,606,600	0.79
7 Mr. M. M. Wijetunge	3,746,104	0.64
8 Peoples Leasing & Finance PLC / Mr. D. M. P. Dissanayke	3,363,879	0.58
9 Equity Investments Lanka Limited	2,500,000	0.43
Merchant Bank of Sri Lanka & Finance PLC 01	2,500,000	0.43
10 Mr. K. T. Konesh	2,425,000	0.42
11 Mr. C. R. Perera	1,947,000	0.33
12 Peoples Leasing & Finance PLC / L. P. Hapangama	1,845,893	0.32
13 Mr. G. D. M. Ranasinghe	1,500,000	0.26
14 Hatton National Bank PLC A/C No. 4 (HNB Retirement Pension Fund)	1,378,900	0.24
15 Rubber Investment Trust Limited A/C NO 01	1,257,100	0.22
16 Mr. S. S. Sithambaranathan	1,223,990	0.21
17 Mr. D. A. Cabraal	1,200,000	0.21
Mr. H. A. Cabraal	1,200,000	0.21
Mr. U. D. Wickremesooriya	1,200,000	0.21
18 Bank of Ceylon A/C Ceybank Unit Trust	1,116,653	0.19
19 Deutsche Bank AG as Trustee for Guardian Acuity Equity Fund	1,100,000	0.19
20 Mr. K. Maheshwaran	1,030,620	0.18
Total	513,026,109	88.11

- 13 Percentage of shares held by public as at 30 June 2021 : 30.41%
- No. of public shareholders as at 30 June 2021 : 1,500

- 14 Float adjusted market capitalization as at 30 June 2021 was Rs. 1,841,536,063.95. 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 June 2021

		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	650,000
Mr. D. S. Arangala	CEO	1,000,000