

LVL ENERGY FUND PLC



FINANCIAL STATEMENTS

For the period ended 31 March 2021

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Colombo 02.
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LVL ENERGY FUND PLC

Review of provisional financial results for the year ended 31st Mar 2021

Group revenue remained static at LKR 345 million despite drop in interest income by LKR 17 million to LKR 13 million from LKR 30 million last year, due to increase in subsidiary company income by LKR 18 million to LKR 333 million from LKR 315 million last year.

Operating expenses for the year increased by LKR 11 million to LKR 140 million from LKR 129 million. Accordingly operating profit for the year was LKR 206 million compared to LKR 217 million last year.

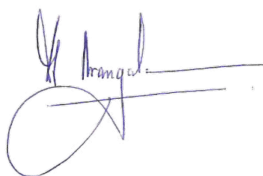
Share of profit from associate companies for the year increased by LKR 261 million to LKR 837 million from LKR 576 million last year largely due to higher contribution from thermal power plants in Bangladesh. Contribution from hydro power plants was also higher compared to previous year. However contribution from wind power plants was negative due to their inability supply electricity to the grid following equipment failure at Norochcholai grid substation.

Profit before interest and tax for the year increased by LKR 251 million to LKR 1,044 million from LKR 793 million last year. Interest cost for the year was LKR 248 million compared to LKR 306 million last year.

Accordingly profit before tax for the year increased by LKR 308 million to LKR 795 million compared to LKR 487 million last year.

The tax charge for the year was LKR 48 million compared to LKR 68 million last year. Accordingly profit for the year was LKR 747 million compared to LKR 419 million last year an increase of LKR 328 million. Profit attributable to equity holders of the company for the year was LKR 691 million compared to LKR 375 million last year reflecting an increase in EPS to LKR 1.19 from LKR 64 cents.

During the year overall power generation in hydro power plants decreased marginally to 54.1 million units from 54.9 million units last year. Power generation in wind power plants during the period recorded a considerable decline to 10 million units from 35 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. The date for restoring normalcy is now pushed back to July from April 2021.



D Sumith Arangala
Chief Executive Officer
28th May 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 12 Months			
	Group		Company		Group		Company	
	Period ended 31 March		Period ended 31 March		Period ended 31 March		Period ended 31 March	
	2021	2020	2021	2020	2021	2020	2021	2020
Revenue								
Investment income	51	22	-	-	437	722	-	-
Interest income	4,740	4,123	2,409	3,048	12,620	29,520	6,642	24,543
Subsidiary company income	45,818	17,418	-	-	332,598	315,054	-	-
Other income	-	9	-	1,503	95	9	1,245	3,537
	50,609	21,571	2,409	4,551	345,749	345,305	7,887	28,080
Operating expenses								
Administrative expenses	(2,295)	(2,147)	(2,295)	(2,148)	(8,128)	(8,982)	(8,128)	(8,983)
Sales and establishment expenses	(185)	-	-	-	(185)	(231)	-	(77)
Other operating expenses	(2,954)	(4,016)	(1,964)	(1,435)	(15,971)	(15,646)	(7,166)	(6,501)
Direct expenses - subsidiaries	(20,306)	(3,855)	-	-	(115,189)	(103,882)	-	-
Results from operating activities	24,868	11,553	(1,849)	969	206,276	216,564	(7,407)	12,520
Share of profit of equity accounted investees (net of income tax)	153,632	124,015	164,428	115,128	837,410	576,218	906,263	629,755
Finance cost	(35,849)	(70,156)	(33,406)	(57,004)	(248,168)	(305,525)	(207,387)	(240,255)
Profit/(loss) before income tax	142,652	65,411	129,172	59,094	795,519	487,256	691,469	402,020
Tax expense	(10,452)	4,061	-	11,140	(48,424)	(68,102)	-	(27,243)
Profit/(loss) for the period	132,200	69,472	129,173	70,234	747,094	419,154	691,469	374,777
Profit/(loss) attributable to:								
Equity holders of the company	129,173	70,234	129,173	70,234	691,469	374,777	691,469	374,777
Non-controlling interest	3,027	(762)	-	-	55,625	44,377	-	-
Profit/(loss) for the period	132,200	69,472	129,173	70,234	747,094	419,154	691,469	374,777
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	(11)	(10,480)	(11)	(10,480)	(11)	(10,681)	(11)	(10,681)
Foreign operations - foreign currency translation difference	273,912	136,573	273,912	136,573	246,153	200,448	246,153	200,448
Total other comprehensive income that are or may be re-classified to profit or loss in subsequent period	273,902	126,093	273,902	126,093	246,143	189,767	246,143	189,767
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	273,902	126,093	273,902	126,093	246,143	189,767	246,143	189,767
Total comprehensive income for the period	406,102	195,564	403,075	196,326	993,237	608,921	937,612	564,544
Total comprehensive income attributable to:								
Equity holders of the company	403,075	196,326	403,075	196,326	937,612	564,544	937,612	564,544
Non-controlling interest	3,027	(762)	-	-	55,625	44,377	-	-
Total comprehensive income for the period	406,102	195,564	403,075	196,326	993,237	608,921	937,612	564,544
Basic earnings per share (Rs.)	0.22	0.12	0.22	0.12	1.19	0.64	1.19	0.64

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

(All amounts in Sri Lanka Rupees thousands)

	Group As at 31 March 2021	Company As at 31 March 2021	Group As at 31 March 2020 Audited	Company As at 31 March 2020 Audited
Assets				
Non current assets				
Property, plant and equipment	1,143,570	6,506	941,982	8,616
Right-to-use land	3,179	-	3,366	-
Investment in equity accounted investees	6,594,931	7,332,517	5,683,434	6,211,459
Intangible assets	70,813	-	55,352	-
Total non current assets	7,812,492	7,339,023	6,684,134	6,220,075
Current assets				
Loans and receivables	131,112	155	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	73,780	77,794	220,718	125,423
Cash and cash equivalents	389,195	93,196	320,952	283,962
Total current assets	600,305	198,603	681,031	472,570
Total assets	8,412,798	7,537,626	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	715,678	715,678	469,524	469,525
Retained earnings	1,485,489	1,500,476	997,828	1,012,815
Total equity attributable to equity holders of the Company	5,116,751	5,131,738	4,382,936	4,397,924
Non controlling interest	207,947	-	173,345	-
Total equity	5,324,697	5,131,738	4,556,281	4,397,924
Liabilities				
Non current liabilities				
Interest bearing borrowings	1,729,799	1,350,532	2,324,605	2,069,762
Cumulative redeemable preference shares	75,000	-	80,000	-
Deferred tax liability	42,413	-	44,923	-
Total non current liabilities	1,847,212	1,350,532	2,449,528	2,069,762
Current liabilities				
Interest bearing borrowings	1,181,371	1,048,441	264,110	182,221
Cumulative redeemable preference shares	20,000	-	59,806	39,806
Other payables	21,058	6,913	25,046	2,932
Income tax payable	18,459	-	10,394	-
Total current liabilities	1,240,888	1,055,354	359,356	224,959
Total liabilities	3,088,101	2,405,887	2,808,884	2,294,721
Total equity and liabilities	8,412,798	7,537,626	7,365,165	6,692,645
Net assets per share (Rs.)	8.79	8.81	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

28 May 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	-	-	-	374,777	44,377	419,154
Foreign operations - foreign currency translation difference	-	-	200,448	-	-	200,448
Share of OCI - Equity Accounted Investees	-	-	-	(10,681)	-	(10,681)
Total comprehensive income for the period	-	-	200,448	364,096	44,376	608,921
Transactions with equity holders recognized directly in equity						
Dividend paid	-	-	-	(180,506)	(35,128)	(215,634)
	-	-	-	(180,506)	(35,128)	(215,634)
Balance as at 31 March 2020	2,906,472	9,112	469,524	997,828	173,345	4,556,281
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	-	-	-	691,469	55,625	747,094
Foreign operations - foreign currency translation difference	-	-	246,153	-	-	246,153
Share of OCI - Equity Accounted Investees	-	-	-	(11)	-	(11)
Total comprehensive income for the period	-	-	246,153	691,458	55,625	993,237
Transactions with equity holders recognized directly in equity						
Dividend paid	-	-	-	(203,797)	(21,023)	(224,820)
	-	-	-	(203,797)	(21,023)	(224,820)
Balance as at 31 March 2021	2,906,472	9,112	715,678	1,485,489	207,947	5,324,697

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	-	-	-	374,777	374,777
Foreign operations - foreign currency translation difference	-	-	200,448	-	200,448
Share of OCI - Equity Accounted Investees	-	-	-	(10,681)	(10,681)
Total comprehensive income for the period	-	-	200,448	364,096	564,544
Transactions with equity holders recognized directly in equity					
Dividend paid	-	-	-	(180,506)	(180,506)
	-	-	-	(180,506)	(180,506)
Balance as at 31 March 2020	2,906,472	9,112	469,525	1,012,815	4,397,924
Balance as at 01 April 2020	2,906,472	9,112	469,525	1,012,815	4,397,924
Profit/(loss) for the period	-	-	-	691,469	691,469
Foreign operations - foreign currency translation difference	-	-	246,153	-	246,153
Share of OCI - Equity Accounted Investees	-	-	-	(11)	(11)
Total comprehensive income for the period	-	-	246,153	691,458	937,612
Transactions with equity holders recognized directly in equity					
Dividend paid	-	-	-	(203,797)	(203,797)
	-	-	-	(203,797)	(203,797)
Balance as at 31 March 2021	2,906,472	9,112	715,678	1,500,476	5,131,738

LVL ENERGY FUND PLC
CONSOLIDATED STATEMENT OF CASHFLOWS (Unaudited)

(All amounts in Sri Lanka Rupees thousands)

For the period ended 31 March	Group		Company	
	2021	2020	2021	2020
Cash flows from operating activities				
Profit/(loss) before income tax	795,519	487,256	691,469	402,020
Adjustments for:				
Depreciation	44,053	43,877	2,110	1,934
Amortization of intangible assets	1,249	1,249	-	-
Share of profit from equity accounted investees	(837,410)	(576,218)	(906,263)	(629,755)
Interest income on investments	(12,620)	(29,520)	(6,642)	(24,544)
Other income	(95)	(9)	(1,245)	(3,537)
Dividend on preference shares	10,329	25,901	-	7,566
Interest expense	237,016	273,857	207,022	227,533
	238,041	226,393	(13,549)	(18,783)
Changes in				
Loans and receivables	(1,131)	(64,807)	(37)	5,286
Amounts due from related parties	3,009	(3,009)	35,607	(16,944)
Other receivables	64,375	(33,355)	60,829	(1,641)
Other payables	(3,989)	8,749	3,983	(684)
Cash generated from operating activities	300,305	133,972	86,834	(32,768)
Taxes paid	(20,014)	(21,493)	-	(446)
Interest paid	(178,219)	(203,906)	(147,770)	(155,024)
Net cash from operating activities	102,072	(91,427)	(60,935)	(188,238)
Cash flows from investing activities				
Interest received	12,620	29,529	6,642	28,080
Dividend received	309,712	102,062	216,636	292,281
Additions to intangible assets	(16,523)	-	-	-
Investment in equity accounted investees	(78,490)	(1,821,000)	(198,490)	(1,821,000)
Additions to property plant & equipment	(245,642)	(10,550)	-	(10,550)
Net cash from investing activities	(18,323)	(1,699,959)	24,788	(1,511,189)
Cash flows from financing activities				
Preference dividend paid	(12,635)	(23,595)	(2,306)	(5,263)
Cash repayments of cumulative redeemable preference shares	(42,500)	(187,500)	(37,500)	(37,500)
Cash proceeds of interest bearing borrowings	459,021	1,936,250	200,000	1,760,000
Cash repayments of interest bearing borrowings	(194,573)	(184,823)	(111,016)	(75,000)
Dividend paid	(203,797)	(180,506)	(203,797)	(180,506)
Dividend paid to minority share holders by subsidiary	(21,023)	(34,858)	-	-
Net cash from financing activities	(15,507)	1,324,968	(154,619)	1,461,731
Net increase/(decrease) in cash and cash equivalents	68,243	(466,418)	(190,766)	(237,697)
Cash and cash equivalent as at 01 April	320,952	787,370	283,962	521,659
Cash and cash equivalent as at 31 March	389,195	320,952	93,196	283,962

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, Rs. 23.6 Mn and Rs. 28.8 Mn on 10 July 2020 , 02 October 2020 and on 26 March 2021 respectively, in respect of its investment in Makari Gad Hydro Power project in Nepal.
- 8 Interest bearing borrowings of Rs. 1,048.4 Mn of the Company classified under current liabilities include Rs. 750.0 Mn replaced with a 5-year deep discount bond on 29 April 2021 the particulars of which were set out in Corporate Disclosure dated 16th April 2021. Accordingly this amount is now classified as non-current liability.
- 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 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.
- 12 The market price per share:

for the quarter ended 31 March	2021	2020
Highest price	10.50	7.70
Lowest price	9.00	4.20
Last traded price	9.70	4.20

- 13 Twenty major shareholders of the Company as at 31 March 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 Equity Investments Lanka Limited	3,500,000	0.60
9 Peoples Leasing & Finance PLC / Mr. D. M. P. Dissanayke	3,360,579	0.58
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 Mr. C. R. Perera	2,055,000	0.35
13 Mr. P. H. D. Waidyatilaka	1,598,938	0.27
14 Mr. G. D. M. Ranasinghe	1,500,000	0.26
15 Hatton National Bank PLC A/C No. 4 (HNB Retirement Pension Fund)	1,378,900	0.24
16 Peoples Bank	1,305,979	0.22
17 Rubber Investment Trust Limited A/C NO 01	1,257,100	0.22
18 Mr. S. S. Sithambaranathan	1,223,990	0.21
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 Miss. L. A. Pieris	1,132,329	0.19
Total	513,074,889	88.12

- 14 Percentage of shares held by public as at 31 March 2021 : 30.35%
No. of public shareholders as at 31 March 2021 : 1,577

- 15 Float adjusted market capitalization as at 31 March 2021 was Rs. 1,714,197,662.54. 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.

- 16 Shareholding of Directors/CEO as at 31 March 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 1,025,000
Mr. D. S. Arangala	CEO 1,000,000