

LVL ENERGY FUND PLC



FINANCIAL STATEMENTS

For the period ended 30 September 2021

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LVL ENERGY FUND PLC

Review of provisional financial results for the 6-month period ended 30th Sept 2021

Group revenue increased to LKR 266 million compared to LKR 187 million in the corresponding period last year primarily due to increase in subsidiary company income to LKR 251 million from LKR 182 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. Contribution from the solar power plant in Matugama that was commissioned on 22nd January 2021 also led to the increase in subsidiary company income.

Operating expenses in the 6-month period increased to LKR 86 million compared to LKR 72 million last year mainly due to increase in lease rental attributable to estate land of hydropower projects that are linked to revenue. Accordingly operating profit for the period stood at LKR 180 million compared to LKR 115 million last year.

Share of profit from associate companies for the period was LKR 520 million compared to LKR 537 million during the same period last year. The decline was due to negative contribution from Pawan Danavi wind power plant and lesser contribution from Nala Danavi wind power plant. These plants were not in a position to supply electricity to the grid at their maximum capacity until 23rd August 2021 due to the failure of transformer at Narochochulai grid substation in July 2020. Overall contribution from Bangladeshi thermal power plants was LKR 492 million compared LKR 477 million last year. The plant that recorded a negative contribution in the previous quarter returned to profitability.

Profit before interest and tax for the period was LKR 700 million compared to LKR 652 million last year. Interest cost for the period was LKR 127 million compared to LKR 149 million last year. Accordingly profit before tax for the period was LKR 573 million compared to LKR 504 million during the same period last year.

Tax charge for the period was LKR 112 million compared to LKR 13 million last year resulting in a net profit of LKR 462 million compared to LKR 490 million last year. LKR 98 million or 88% of the tax charge of LKR 112 represented dividend tax. Profit attributable to equity holders of the Company for the period was LKR 422 million compared to LKR 459 million last year. Hence EPS for the period declined to LKR 0.72 from LKR 0.79 last year.

During the period overall power generation in hydro power plants was 33.0 million units compared to 28.4 million units during the same period last year. The solar power project contributed 0.7 million units during the period. Power generation in wind power plants during the period was only 13.6 million units compared to 8.6 million units last year.

Sgd.

D Sumith Arangala

Chief Executive Officer

09 November 2021

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	
	2021	2020	2021	2020	2021	2020	2021	2020
Revenue								
Investment income	274	165	-	-	426	235	-	-
Interest income	3,209	1,426	1,003	417	6,563	5,267	1,509	3,733
Subsidiary company income	145,838	125,120	-	-	250,713	181,500	-	-
Other income	8,202	-	-	356	8,373	50	-	1,244
	157,524	126,711	1,003	773	266,075	187,052	1,509	4,977
Operating expenses								
Administrative expenses	(1,719)	(2,214)	(1,719)	(2,214)	(4,060)	(4,388)	(4,060)	(4,388)
Sales and establishment expenses	-	-	-	-	(53)	-	-	-
Other operating expenses	(4,421)	(4,695)	(2,211)	(1,734)	(10,002)	(8,345)	(5,035)	(3,269)
Direct expenses - subsidiaries	(37,240)	(34,296)	-	-	(71,645)	(59,409)	-	-
Results from operating activities	114,143	85,505	(2,928)	(3,175)	180,315	114,909	(7,586)	(2,680)
Share of profit of equity accounted investees	294,556	277,809	277,433	317,184	519,753	537,179	536,556	583,990
Finance cost	(63,375)	(72,698)	(54,410)	(57,810)	(126,604)	(148,587)	(107,013)	(121,175)
Profit/(loss) before income tax	345,325	290,616	220,096	256,199	573,464	503,501	421,957	460,135
Tax expense	(95,649)	(10,717)	-	(1,628)	(111,879)	(13,140)	-	(1,628)
Profit/(loss) for the period	249,676	279,899	220,096	254,571	461,586	490,361	421,957	458,507
Profit/(loss) attributable to:								
Equity holders of the company	220,096	254,571	220,096	254,571	421,957	458,507	421,957	458,507
Non-controlling interest	29,580	25,327	-	-	39,629	31,853	-	-
Profit/(loss) for the period	249,676	279,899	220,096	254,571	461,586	490,361	421,957	458,507
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	(65,239)	(20,101)	(65,239)	(20,101)	(15,133)	(72,378)	(15,133)	(72,378)
Total other comprehensive income that are or may be re-classified to profit or loss in subsequent period	(65,239)	(20,101)	(65,239)	(20,101)	(15,133)	(72,378)	(15,133)	(72,378)
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	(65,239)	(20,101)	(65,239)	(20,101)	(15,133)	(72,378)	(15,133)	(72,378)
Total comprehensive income for the period	184,437	259,798	154,856	234,470	446,453	417,983	406,824	386,129
Total comprehensive income attributable to:								
Equity holders of the company	154,856	234,470	154,856	234,470	406,824	386,129	406,824	386,129
Non-controlling interest	29,580	25,327	-	-	39,629	31,853	-	-
Total comprehensive income for the period	184,437	259,798	154,856	234,470	446,453	417,983	406,824	386,129
Basic earnings per share (Rs.)	0.38	0.44	0.38	0.44	0.72	0.79	0.72	0.79

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

(All amounts in Sri Lanka Rupees thousands)

	Group As at 30 September 2021	Company As at 30 September 2021	Group As at 31 March 2021 Audited	Company As at 31 March 2021 Audited
Assets				
Non current assets				
Property, plant and equipment	1,619,547	5,451	1,143,176	6,506
Right-to-use land	3,085	-	3,178	-
Investment in equity accounted investees	6,419,490	7,502,099	6,539,210	7,281,206
Intangible assets	75,624	-	70,787	-
Total non current assets	8,117,746	7,507,550	7,756,351	7,287,712
Current assets				
Loans and receivables	196,452	262	135,262	155
Amounts due from related parties	27,424	29,573	580	26,817
Other receivables	430,361	60,000	73,200	73,200
Income tax receivables	6,289	5,235	6,378	5,236
Cash and cash equivalents	424,291	329,926	391,129	93,196
Total current assets	1,084,817	424,995	606,549	198,604
Total assets	9,202,562	7,932,545	8,362,900	7,486,316
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	707,479	707,479	722,612	722,612
Retained earnings	1,645,414	1,660,402	1,427,254	1,442,242
Total equity attributable to equity holders of the Company	5,268,466	5,283,455	5,065,439	5,080,427
Non controlling interest	208,503	-	207,631	-
Total equity	5,476,970	5,283,455	5,273,070	5,080,427
Liabilities				
Non current liabilities				
Interest bearing borrowings	2,908,427	2,041,112	1,729,799	1,350,532
Cumulative redeemable preference shares	-	-	75,000	-
Deferred tax liability	41,158	-	42,413	-
Total non current liabilities	2,949,585	2,041,112	1,847,212	1,350,532
Current liabilities				
Interest bearing borrowings	535,859	401,497	1,181,371	1,048,441
Cumulative redeemable preference shares	-	-	20,000	-
Amounts due to related parties	-	151	4,103	4,103
Other payables	221,549	206,331	17,929	2,813
Income tax payable	18,598	-	19,215	-
Total current liabilities	776,007	607,979	1,242,618	1,055,357
Total liabilities	3,725,592	2,649,090	3,089,830	2,405,889
Total equity and liabilities	9,202,562	7,932,545	8,362,900	7,486,316
Net assets per share (Rs.)	9.05	9.07	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

09 November 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	-	-	-	458,507	31,853	490,361
Foreign operations - foreign currency translation difference	-	-	(72,378)	-	-	(72,378)
Total comprehensive income for the period	-	-	(72,378)	458,507	31,853	417,983
Transactions with equity holders recognized directly in equity						
Dividend paid	-	-	-	(104,810)	-	(104,810)
	-	-	-	(104,810)	-	(104,810)
Balance as at 30 September 2020	2,906,472	9,112	397,146	1,351,525	205,198	4,869,453
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	-	-	-	421,957	39,629	461,586
Foreign operations - foreign currency translation difference	-	-	(15,133)	-	-	(15,133)
Total comprehensive income for the period	-	-	(15,133)	421,957	39,629	446,453
Transactions with equity holders recognized directly in equity						
Dividend paid	-	-	-	-	(38,756)	(38,756)
Dividend payable	-	-	-	(203,797)	-	(203,797)
	-	-	-	(203,797)	(38,756)	(242,553)
Balance as at 30 September 2021	2,906,472	9,101	707,479	1,645,414	208,503	5,476,970

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	-	-	-	458,507	458,507
Foreign operations - foreign currency translation difference	-	-	(72,378)	-	(72,378)
Total comprehensive income for the period	-	-	(72,378)	458,507	386,129
Transactions with equity holders recognized directly in equity					
Dividend paid	-	-	-	(104,810)	(104,810)
	-	-	-	(104,810)	(104,810)
Balance as at 30 September 2020	2,906,472	9,112	397,147	1,366,512	4,679,243
Balance as at 01 April 2021	2,906,472	9,101	722,612	1,442,242	5,080,427
Profit/(loss) for the period	-	-	-	421,957	421,957
Foreign operations - foreign currency translation difference	-	-	(15,133)	-	(15,133)
Total comprehensive income for the period	-	-	(15,133)	421,957	406,824
Transactions with equity holders recognized directly in equity					
Dividend payable	-	-	-	(203,797)	(203,797)
	-	-	-	(203,797)	(203,797)
Balance as at 30 September 2021	2,906,472	9,101	707,479	1,660,402	5,283,455

LVL ENERGY FUND PLC
CONSOLIDATED STATEMENT OF CASHFLOWS (Unaudited)

(All amounts in Sri Lanka Rupees thousands)

For the period ended 30 September	Group		Company	
	2021	2020	2021	2020
Cash flows from operating activities				
Profit/(loss) before income tax	573,464	503,501	421,957	460,135
Adjustments for:				
Depreciation	24,870	22,121	1,055	1,055
Amortization of intangible assets	704	531	-	-
Share of profit from equity accounted investees	(519,753)	(537,179)	(536,556)	(583,990)
Interest income on investments	(6,563)	(5,267)	(1,509)	(3,733)
Other income	(8,373)	(50)	-	(1,244)
Dividend on preference shares	274	5,905	-	-
Interest expense	123,584	140,397	106,016	121,149
	188,208	129,960	(9,038)	(6,628)
Changes in				
Loans and receivables	(61,190)	(33,588)	(107)	(117)
Amounts due from related parties	(26,844)	3,009	(2,756)	35,630
Other receivables	99,227	64,548	14,995	63,843
Amounts due to related parties	(4,103)	-	(3,952)	-
Other payables	(177)	(3,521)	(279)	6,278
Cash generated from operating activities	195,122	160,407	(1,137)	99,005
Taxes paid	(27,641)	(13,849)	-	-
Interest paid	(88,655)	(104,412)	(74,601)	(82,763)
Net cash from operating activities	78,826	42,146	(75,737)	16,242
Cash flows from investing activities				
Interest received	14,936	5,267	1,509	3,733
Dividend received	64,053	106,458	368,736	10,000
Additions to intangible assets	(5,448)	(8,648)	-	-
Investment in equity accounted investees	-	(26,100)	(70,000)	(135,115)
Additions to property plant & equipment	(501,242)	(142,890)	-	-
Net cash from investing activities	(427,701)	(65,913)	300,245	(121,382)
Cash flows from financing activities				
Preference dividend paid	(274)	(8,211)	-	(2,306)
Cash repayments of cumulative redeemable preference shares	(95,000)	(37,500)	-	(37,500)
Cash proceeds of interest bearing borrowings	1,483,172	157,099	850,000	-
Cash repayments of interest bearing borrowings	(967,106)	(40,945)	(837,778)	-
Dividend paid	-	(104,810)	-	(104,810)
Dividend paid to minority share holders by subsidiary	(38,756)	-	-	-
Net cash from financing activities	382,037	(34,367)	12,222	(144,616)
Net increase/(decrease) in cash and cash equivalents	33,162	(58,134)	236,730	(249,755)
Cash and cash equivalent as at 01 April	391,129	320,952	93,196	283,962
Cash and cash equivalent as at 30 September	424,291	262,818	329,926	34,207

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 A final dividend of Rs. 0.35 per ordinary share for the financial year ended 31 March 2021 was declared on 20 August 2021 and was paid on 15 October 2021.
- 7 During the period Company capitalised in the form of shares Rs. 50 Mn and Rs. 20 Mn in its subsidiaries namely Solar Energy Investments (Private) Limited and Pupalaketiya Hydro Power (Private) Limited respectively.
- 8 During the period Company replaced the loans of Rs. 375 Mn each from DFCC Bank PLC and Hatton National Bank PLC with 5-year deep discount bond with Sampath Bank PLC and obtained a short-term director/shareholder loan of Rs. 100 Mn from Mr. M. A. Wijetunge.
- 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 30 September	2021	2020
Highest price	11.20	10.30
Lowest price	10.20	6.20
Last traded price	10.70	9.30

- 13 Twenty major shareholders of the Company as at 30 September 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 Mr. M. M. Wijetunge	3,746,104	0.64
6 National Savings Bank	3,597,704	0.62
7 Peoples Leasing & Finance PLC / L. P. Hapangama	2,952,595	0.51
8 Merchant Bank of Sri Lanka & Finance PLC 01	2,500,000	0.43
9 Mr. K. T. Konesh	2,425,000	0.42
10 Commercial Bank of Ceylon PLC/ Andaradeniya Estate (Pvt) Ltd	2,000,999	0.34
11 Seylan Bank PLC/Senthilveril Holdings (Pvt) Ltd	2,000,000	0.34
12 Equity Investments Lanka Limited	1,750,000	0.30
13 Mr. C.R. Perera	1,707,000	0.29
14 Mr. G.D.M. Ranasinghe	1,700,000	0.29
15 Mr. S. S. Sithambaranathan	1,533,890	0.26
16 Mr. D. A. Cabraal	1,500,000	0.26
Mr. H. A. Cabraal	1,500,000	0.26
17 Little Smile Organic (Pvt) Ltd	1,315,955	0.23
18 Rubber Investment Trust Ltd A/C No 01	1,257,100	0.22
19 Mr. U. D. Wickremesooriya	1,200,000	0.21
20 Bank Of Ceylon A/C Ceybank Unit Trust	1,116,653	0.19
Total	506,601,737	87.00

- 14 Percentage of shares held by public as at 30 September 2021 : 30.41%
No. of public shareholders as at 30 September 2021 : 1,394

- 15 Float adjusted market capitalization as at 30 September 2021 was Rs. 1,894,657,296.59. 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 30 September 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