

**LVL ENERGY FUND PLC**



**FINANCIAL STATEMENTS**

For the period ended 30 September 2022

Ocean Lines Building  
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Colombo 02.  
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## **LVL ENERGY FUND PLC**

### **Review of provisional financial results for the 6-month ended 30<sup>th</sup> September 2022**

Group revenue declined to LKR 160 million compared to LKR 266 million during the first half of last financial year mainly due to the decline in subsidiary company income to LKR 149 million from LKR 251 million caused by the drop in revenue of Kadawala hydro power plant. The plant had to be shut down on 17th May 2022 for some urgent repairs to the turbines. Before the repair work could be completed, on 01st August 2022 the penstock of the plant suffered damage due to a flash flood and earth slip. As a result the plant remains shutdown to date. However, the repair work is nearing completion and the plant is expected to be operational soon. Sapthakanya hydro power plant also recorded a lower income due to some repairs being undertaken to one of the turbines in the plant which is yet to be completed. Contribution from solar power plants was higher than in the previous year due to the contribution from Pallekele and Maho plants that were commissioned in March this year.

Operating expenses for the period increased to LKR 104 million in comparison to LKR 86 million recorded during the same period last year owing to the commencement of Solar Power projects mentioned above. Operating profit for the period declined to LKR 56 million from LKR 180 million last year in line with the decline in Group revenue.

Share of earnings for the period from equity accounted investee companies recorded negative LKR 1,184 million compared to positive LKR 520 million during the same period last year. While overall contribution from local equity accounted investee companies engaged in hydro and wind power generation was considerably higher at LKR 106 million compared to LKR 28 million last year, contribution from companies based in Bangladesh engaged in thermal power generation was a loss of LKR 1,290 million compared to a profit of LKR 492 million last year.

Primary reason for the overall negative contribution was the loss recorded by all three plants after accounting for the translation loss following the re-statement of their USD denominated debt as well as transaction losses incurred from settlement of LCs obtained to fund oil purchases. Bangladeshi Taka (BDT) suffered a major depreciation against the USD during the quarter ended 30<sup>th</sup> September 2022. In relation to the aforesaid translation losses, as the capacity charge payments received by these project companies are linked to USD, they enjoy a natural cash flow hedge which will insulate them from adverse ex-rate movements. Therefore, these losses are expected to reverse over the tenures of the said debt facilities. However the transaction losses which arose due to exchange rate differential at the time of issuing the bill of lading of shipments and the LC settlement cannot be recovered as the project companies currently do not have a mechanism to recover these losses despite fuel being a pass through cost.

With increased interest rates Group interest cost increased to LKR 289 million compared to LKR 127 million last year. Tax charge for the period at LKR 135 million increased marginally compared to LKR 112 million last year. Accordingly the loss for the period was LKR 1,551 million compared to a profit of LKR 461 million last year.

Amidst disruption to power generation on account of repairs being undertaken at two hydro power plants, hydro power generation declined to 28 million units compared to 33 million units last year.

Following the availability of full connectivity to the grid of wind power plants their overall generation was considerably higher at 28 million units compared to just 14 million units last year. Solar power plants generated 3.9 million units during the period compared to 0.7 million units last year. Only one solar power plant of 1 MW was operational during the period last year.

Cash-flow position of local companies supplying electricity to Ceylon Electricity Board continues to be tight with November 2021 invoices being settled in November 2022, a time lag of 12 months. Further, increased interest rates are also having a major impact on their profitability.

Sgd.

D. C. E. De Mel

Acting Chief Executive Officer – Lanka Ventures PLC

15<sup>th</sup> November 2022

## 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		Period ended 30		Period ended 30		Period ended 30	
	September		September		September		September	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>Revenue</b>								
Investment income	-	274	-	-	47	426	-	-
Interest income	9,868	3,209	8,726	1,003	10,783	6,563	9,188	1,509
Subsidiary company income	78,909	145,838	-	-	149,139	250,713	-	-
Other income	136	8,202	918	-	196	8,373	1,397	-
	<u>88,913</u>	<u>157,524</u>	<u>9,644</u>	<u>1,003</u>	<u>160,165</u>	<u>266,075</u>	<u>10,585</u>	<u>1,509</u>
<b>Operating expenses</b>								
Administrative expenses	1,717	(1,719)	1,717	(1,719)	(480)	(4,060)	(480)	(4,060)
Sales and establishment expenses	-	-	-	-	(50)	(53)	-	-
Other operating expenses	(8,964)	(4,421)	(3,565)	(2,211)	(13,786)	(10,002)	(5,451)	(5,035)
Direct expenses - subsidiaries	(54,104)	(37,240)	-	-	(89,390)	(71,645)	-	-
<b>Results from operating activities</b>	<u>27,562</u>	<u>114,143</u>	<u>7,796</u>	<u>(2,928)</u>	<u>56,459</u>	<u>180,315</u>	<u>4,653</u>	<u>(7,586)</u>
Share of profit of equity accounted investees	(997,166)	294,556	(1,173,694)	277,433	(1,184,185)	519,753	(1,354,494)	536,556
Finance cost	(175,112)	(63,375)	(98,322)	(54,410)	(289,151)	(126,604)	(187,990)	(107,013)
<b>Profit/(loss) before income tax</b>	<u>(1,144,716)</u>	<u>345,325</u>	<u>(1,264,220)</u>	<u>220,096</u>	<u>(1,416,876)</u>	<u>573,464</u>	<u>(1,537,830)</u>	<u>421,957</u>
Tax expense	(134,805)	(95,649)	-	-	(134,602)	(111,879)	-	-
<b>Profit/(loss) for the period</b>	<u>(1,279,521)</u>	<u>249,676</u>	<u>(1,264,220)</u>	<u>220,096</u>	<u>(1,551,478)</u>	<u>461,586</u>	<u>(1,537,830)</u>	<u>421,957</u>
<b>Profit/(loss) attributable to:</b>								
Equity holders of the company	(1,264,220)	220,096	(1,264,220)	220,096	(1,537,830)	421,957	(1,537,830)	421,957
Non-controlling interest	(15,301)	29,580	-	-	(13,648)	39,629	-	-
<b>Profit/(loss) for the period</b>	<u>(1,279,521)</u>	<u>249,676</u>	<u>(1,264,220)</u>	<u>220,096</u>	<u>(1,551,478)</u>	<u>461,586</u>	<u>(1,537,830)</u>	<u>421,957</u>
<b>Other comprehensive income, net of income tax</b>								
<b>Items that are or may be re-classified subsequently to profit or loss</b>								
Foreign operations - foreign currency translation difference	(470,619)	(65,239)	(470,619)	(65,239)	301,156	(15,133)	301,156	(15,133)
<b>Total other comprehensive income that are or may be re-classified to profit or loss in subsequent period</b>	<u>(470,619)</u>	<u>(65,239)</u>	<u>(470,619)</u>	<u>(65,239)</u>	<u>301,156</u>	<u>(15,133)</u>	<u>301,156</u>	<u>(15,133)</u>
<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>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total other comprehensive income for the period</b>	<u>(470,619)</u>	<u>(65,239)</u>	<u>(470,619)</u>	<u>(65,239)</u>	<u>301,156</u>	<u>(15,133)</u>	<u>301,156</u>	<u>(15,133)</u>
<b>Total comprehensive income for the period</b>	<u>(1,750,141)</u>	<u>184,437</u>	<u>(1,734,839)</u>	<u>154,856</u>	<u>(1,250,322)</u>	<u>446,453</u>	<u>(1,236,674)</u>	<u>406,824</u>
<b>Total comprehensive income attributable to:</b>								
Equity holders of the company	(1,734,839)	154,856	(1,734,839)	154,856	(1,236,674)	406,824	(1,236,674)	406,824
Non-controlling interest	(15,302)	29,580	-	-	(13,648)	39,629	-	-
<b>Total comprehensive income for the period</b>	<u>(1,750,141)</u>	<u>184,437</u>	<u>(1,734,839)</u>	<u>154,856</u>	<u>(1,250,322)</u>	<u>446,453</u>	<u>(1,236,674)</u>	<u>406,824</u>
Basic earnings per share (Rs.)	(2.17)	0.38	(2.17)	0.38	(2.64)	0.72	(2.64)	0.72

LVL ENERGY FUND PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Unaudited)

(All amounts in Sri Lanka Rupees thousands)

	Group As at 30 September 2022	Company As at 30 September 2022	Group As at 31 March 2022 Audited	Company As at 31 March 2022 Audited
<b>Assets</b>				
<b>Non current assets</b>				
Property, plant and equipment	1,650,011	3,341	1,677,672	4,396
Right-to-use land	2,897	-	2,990	-
Investment in equity accounted investees	7,533,274	9,081,948	9,264,278	10,660,905
Intangible assets	105,429	-	88,305	-
<b>Total non current assets</b>	<b>9,291,611</b>	<b>9,085,289</b>	<b>11,033,245</b>	<b>10,665,301</b>
<b>Current assets</b>				
Loans and receivables	312,944	2,078	244,704	1,826
Amounts due from related parties	954	36,437	847	56,079
Other receivables	837,845	80,998	719,475	92,758
Income tax receivables	6,589	5,235	6,378	5,236
Cash and cash equivalents	183,796	160,570	70,653	988
<b>Total current assets</b>	<b>1,342,127</b>	<b>285,317</b>	<b>1,042,057</b>	<b>156,887</b>
<b>Total assets</b>	<b>10,633,738</b>	<b>9,370,606</b>	<b>12,075,302</b>	<b>10,822,188</b>
<b>Equity</b>				
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	3,748,088	3,748,088	3,446,932	3,446,932
Retained earnings	341,061	356,049	1,878,891	1,893,879
<b>Total equity attributable to equity holders of the Company</b>	<b>7,004,722</b>	<b>7,019,710</b>	<b>8,241,396</b>	<b>8,256,384</b>
Non controlling interest	184,447	-	235,844	-
<b>Total equity</b>	<b>7,189,169</b>	<b>7,019,710</b>	<b>8,477,240</b>	<b>8,256,384</b>
<b>Liabilities</b>				
<b>Non current liabilities</b>				
Interest bearing borrowings	2,901,647	1,981,803	2,900,650	2,031,594
Deferred tax liability	38,648	-	39,903	-
<b>Total non current liabilities</b>	<b>2,940,295</b>	<b>1,981,803</b>	<b>2,940,553</b>	<b>2,031,594</b>
<b>Current liabilities</b>				
Interest bearing borrowings	419,385	366,285	546,601	463,465
Amounts due to related parties	-	-	66,285	66,285
Other payables	82,126	2,808	27,010	4,460
Income tax payable	2,763	-	17,613	-
<b>Total current liabilities</b>	<b>504,274</b>	<b>369,093</b>	<b>657,509</b>	<b>534,210</b>
<b>Total liabilities</b>	<b>3,444,569</b>	<b>2,350,896</b>	<b>3,598,062</b>	<b>2,565,804</b>
<b>Total equity and liabilities</b>	<b>10,633,738</b>	<b>9,370,606</b>	<b>12,075,302</b>	<b>10,822,188</b>
Net assets per share (Rs.)	12.03	12.06	14.15	14.18

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.  
R A Dassanayake  
Director

15 November 2022

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 2021</b>	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)
<b>Total comprehensive income for the period</b>	-	-	(15,133)	421,957	39,629	446,453
<b>Transactions with equity holders recognized directly in equity</b>						
Dividend paid	-	-	-	-	(38,756)	(38,756)
Dividend payable	-	-	-	(203,797)	-	(203,797)
	-	-	-	(203,797)	(38,756)	(242,553)
<b>Balance as at 30 September 2021</b>	<b>2,906,472</b>	<b>9,101</b>	<b>707,479</b>	<b>1,645,414</b>	<b>208,503</b>	<b>5,476,970</b>
<b>Balance as at 01 April 2022</b>	2,906,472	9,101	3,446,932	1,878,891	235,844	8,477,240
Profit/(loss) for the period	-	-	-	(1,537,830)	(13,648)	(1,551,478)
Foreign operations - foreign currency translation difference	-	-	301,156	-	-	301,156
<b>Total comprehensive income for the period</b>	-	-	301,156	(1,537,830)	(13,648)	(1,250,322)
<b>Transactions with equity holders recognized directly in equity</b>						
Issue of shares by a subsidiary	-	-	-	-	18,646	18,646
Dividend payable	-	-	-	-	(56,395)	(56,395)
	-	-	-	-	(37,749)	(37,749)
<b>Balance as at 30 September 2022</b>	<b>2,906,472</b>	<b>9,101</b>	<b>3,748,088</b>	<b>341,061</b>	<b>184,447</b>	<b>7,189,169</b>

Company	Stated capital	Revaluation reserve	Translation reserve	Retained earnings	Total
<b>Balance as at 01 April 2021</b>	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)
<b>Total comprehensive income for the period</b>	-	-	(15,133)	421,957	406,824
<b>Transactions with equity holders recognized directly in equity</b>					
Dividend payable	-	-	-	(203,797)	(203,797)
	-	-	-	(203,797)	(203,797)
<b>Balance as at 30 September 2021</b>	<b>2,906,472</b>	<b>9,101</b>	<b>707,479</b>	<b>1,660,402</b>	<b>5,283,455</b>
<b>Balance as at 01 April 2022</b>	2,906,472	9,101	3,446,932	1,893,879	8,256,384
Profit/(loss) for the period	-	-	-	(1,537,830)	(1,537,830)
Foreign operations - foreign currency translation difference	-	-	301,156	-	301,156
<b>Total comprehensive income for the period</b>	-	-	301,156	(1,537,830)	(1,236,674)
<b>Transactions with equity holders recognized directly in equity</b>					
Dividend payable	-	-	-	-	-
	-	-	-	-	-
<b>Balance as at 30 September 2022</b>	<b>2,906,472</b>	<b>9,101</b>	<b>3,748,088</b>	<b>356,049</b>	<b>7,019,710</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	
	2022	2021	2022	2021
<b>Cash flows from operating activities</b>				
Profit/(loss) before income tax	(1,416,876)	573,464	(1,537,830)	421,957
<b>Adjustments for:</b>				
Depreciation	40,548	24,870	1,055	1,055
Amortization of intangible assets	1,533	704	-	-
Share of profit from equity accounted investees	1,184,185	(519,753)	1,354,494	(536,556)
Interest income on investments	(10,783)	(6,563)	(9,188)	(1,509)
Other income	(196)	(8,373)	(1,397)	-
Dividend on preference shares	-	274	-	-
Interest expense	284,875	123,584	184,116	106,016
	<b>83,284</b>	<b>188,208</b>	<b>(8,750)</b>	<b>(9,038)</b>
<b>Changes in</b>				
Loans and receivables	(68,240)	(61,190)	(252)	(107)
Amounts due from related parties	(107)	(26,844)	19,642	(2,756)
Other receivables	570,322	99,227	(0)	14,995
Amounts due to related parties	(66,285)	(4,103)	(66,285)	(3,952)
Other payables	55,118	(177)	(273)	(279)
<b>Cash generated from operating activities</b>	<b>574,093</b>	<b>195,122</b>	<b>(55,917)</b>	<b>(1,137)</b>
Taxes paid	(17,359)	(27,641)	-	-
Gratuity paid	(1,380)	-	(1,380)	-
Interest paid	(233,404)	(88,655)	(146,180)	(74,601)
<b>Net cash from operating activities</b>	<b>321,950</b>	<b>78,826</b>	<b>(203,478)</b>	<b>(75,737)</b>
<b>Cash flows from investing activities</b>				
Interest received	10,979	14,936	10,585	1,509
Dividend received	11,760	64,053	537,380	368,736
Additions to intangible assets	(18,563)	(5,448)	-	-
Investment in equity accounted investees	-	-	-	(70,000)
Additions to property plant & equipment	(12,887)	(501,242)	-	-
<b>Net cash from investing activities</b>	<b>(8,711)</b>	<b>(427,701)</b>	<b>547,965</b>	<b>300,245</b>
<b>Cash flows from financing activities</b>				
Preference dividend paid	-	(274)	-	-
Cash repayments of cumulative redeemable preference shares	-	(95,000)	-	-
Cash proceeds of interest bearing borrowings	159,545	1,483,172	85,000	850,000
Cash repayments of interest bearing borrowings	(321,891)	(967,106)	(269,905)	(837,778)
Share Issued to Minority Shareholders	18,646	-	-	-
Dividend paid to minority share holders by subsidiary	(56,395)	(38,756)	-	-
<b>Net cash from financing activities</b>	<b>(200,096)</b>	<b>382,037</b>	<b>(184,905)</b>	<b>12,222</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>113,143</b>	<b>33,162</b>	<b>159,582</b>	<b>236,730</b>
<b>Cash and cash equivalent as at 01 April</b>	<b>70,653</b>	<b>391,129</b>	<b>988</b>	<b>93,196</b>
<b>Cash and cash equivalent as at 30 September</b>	<b>183,796</b>	<b>424,291</b>	<b>160,570</b>	<b>329,926</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 The Company is charged Rs. 1.65 Mn p.a. as management fees by its parent company, Lanka Ventures PLC.
- 7 There were no contingent liabilities during the period under review that require disclosure in interim financial statements.
- 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 market price per share:

for the quarter ended 30 September	2022	2021
Highest price	9.20	11.20
Lowest price	7.00	10.20
Last traded price	7.50	10.70

- 10 Twenty major shareholders of the Company as at 30 September 2022

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	35,500,000	6.10
4 Phoenix Ventures (Private) Limited	22,268,600	3.82
5 Hatton National Bank PLC - Senfin Growth Fund	4,673,096	0.80
6 Peoples Leasing & Finance PLC / L. P. Hapangama	4,044,997	0.69
7 Mr. M. M. Wijetunge	3,746,104	0.64
8 National Savings Bank	3,597,704	0.62
9 J.B. Cocoshell (Pvt) Ltd	2,900,000	0.50
10 Mr. G.D.M. Ranasinghe	2,600,000	0.45
11 Merchant Bank of Sri Lanka & Finance PLC 01	2,500,000	0.43
12 Mr. K. T. Konesh	2,425,000	0.42
13 Mr. D. A. Cabraal	2,200,000	0.38
14 Mr. S. S. Sithambaranathan	2,040,510	0.35
15 Senkadagala Finance PLC	2,037,110	0.35
16 Peoples Leasing & Finance PLC/L.H.L.M.P. Haradasa	1,799,445	0.31
17 Peoples Bank	1,700,000	0.29
18 Mr. C.R. Perera	1,670,000	0.29
19 Peoples Leasing & Finance PLC/Dr. H.S.D. Soysa & Mrs. G. Soysa	1,570,024	0.27
20 Mr. H. A. Cabraal	1,500,000	0.26
<b>Total</b>	<b><u>498,569,867</u></b>	<b><u>85.62</u></b>

- 11 Percentage of shares held by public as at 30 September 2022 : 30.61%  
No. of public shareholders as at 30 September 2022 : 1,453

- 12 Float adjusted market capitalization as at 30 September 2022 was Rs. 1,336,764,987.10. In terms of the rule 7.14.1(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.

- 13 Shareholding of Directors/CEO as at 30 September 2022

		No. of Shares
Mr. M. A. Wijetunge	Director	67,911,668
Mr. M. M. Wijetunge	Director	3,746,104
Mr. J. D. N. Kekulawala	Director	500,000