

LVL ENERGY FUND PLC



FINANCIAL STATEMENTS

For the period ended 31 March 2023

Ocean Lines Building
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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 12 Months			
	Group		Company		Group		Company	
	Period ended 31 March		Period ended 31 March		Period ended 31 March		Period ended 31 March	
	2023	2022	2023	2022	2023	2022	2023	2022
Revenue								
Investment income	127	32	-	-	187	721	-	-
Interest income	2,832	868	200	25	18,926	9,110	13,575	2,165
Subsidiary company income	59,066	33,659	-	-	284,082	428,140	-	-
Other income	-	39	1,108	180	199	8,538	3,711	326
	62,025	34,598	1,307	205	303,394	446,509	17,286	2,491
Operating expenses								
Administrative expenses	-	(2,341)	-	(2,341)	(480)	(8,742)	(480)	(8,742)
Sales and establishment expenses	-	(47)	-	-	(191)	(150)	-	-
Other operating expenses	(18,221)	(8,790)	(12,374)	(2,303)	(37,683)	(22,877)	(19,729)	(8,877)
Direct expenses - subsidiaries	(35,074)	(21,880)	-	-	(170,527)	(134,959)	-	-
Results from operating activities	8,730	1,540	(11,067)	(4,439)	94,513	279,781	(2,923)	(15,128)
Share of profit of equity accounted investees	(36,422)	319,303	(74,126)	266,979	606,427	900,004	361,276	916,123
Finance cost	(167,824)	(89,998)	(98,114)	(77,809)	(643,770)	(285,097)	(399,265)	(243,312)
Profit/(loss) before income tax	(195,516)	230,845	(183,307)	184,731	57,170	894,689	(40,913)	657,683
Tax expense	(14,176)	(46,091)	-	-	(149,508)	(170,407)	-	-
Profit/(loss) for the period	(209,693)	184,754	(183,307)	184,731	(92,338)	724,282	(40,913)	657,683
Profit/(loss) attributable to:								
Equity holders of the company	(183,307)	184,731	(183,307)	184,731	(40,913)	657,683	(40,913)	657,683
Non-controlling interest	(26,385)	23	-	-	(51,425)	66,599	-	-
Profit/(loss) for the period	(209,693)	184,754	(183,307)	184,731	(92,338)	724,282	(40,913)	657,683
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	(171,925)	-	(171,925)	-	(1,135,186)	-	(1,135,186)	-
Foreign operations - foreign currency translation difference	(944,000)	2,739,966	(944,000)	2,739,966	(745,139)	2,724,320	(745,139)	2,724,320
Total other comprehensive income that are or may be re-classified to profit or loss in subsequent period	(1,115,925)	2,739,966	(1,115,925)	2,739,966	(1,880,325)	2,724,320	(1,880,325)	2,724,320
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	(1,115,925)	2,739,966	(1,115,925)	2,739,966	(1,880,325)	2,724,320	(1,880,325)	2,724,320
Total comprehensive income for the period	(1,325,618)	2,924,720	(1,299,233)	2,924,697	(1,972,664)	3,448,602	(1,921,239)	3,382,003
Total comprehensive income attributable to:								
Equity holders of the company	(1,299,233)	2,924,697	(1,299,233)	2,924,697	(1,921,239)	3,382,003	(1,921,239)	3,382,003
Non-controlling interest	(26,385)	23	-	-	(51,425)	66,599	-	-
Total comprehensive income for the period	(1,325,618)	2,924,720	(1,299,233)	2,924,697	(1,972,664)	3,448,602	(1,921,239)	3,382,003
Basic earnings per share (Rs.)	(0.31)	0.32	(0.31)	0.32	(0.07)	1.13	(0.07)	1.13

LVL ENERGY FUND PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Unaudited)

(All amounts in Sri Lanka Rupees thousands)

	Group As at 31 March 2023	Company As at 31 March 2023	Group As at 31 March 2022 Audited	Company As at 31 March 2022 Audited
Assets				
Non current assets				
Property, plant and equipment	1,609,332	2,286	1,677,672	4,396
Right-to-use land	2,803	-	2,990	-
Investment in equity accounted investees	7,323,754	8,497,775	9,264,278	10,660,905
Intangible assets	125,974	-	88,305	-
Total non current assets	9,061,863	8,500,061	11,033,245	10,665,301
Current assets				
Loans and receivables	307,498	2,144	244,704	1,826
Amounts due from related parties	988	40,494	847	56,079
Other receivables	657,572	174,245	719,475	92,758
Income tax receivables	6,589	5,235	6,378	5,236
Cash and cash equivalents	166,812	474	70,653	988
Total current assets	1,139,459	222,592	1,042,057	156,887
Total assets	10,201,322	8,722,653	12,075,302	10,822,188
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	2,701,793	2,701,793	3,446,932	3,446,932
Cash flow hedge reserve	(1,135,186)	(1,135,186)	-	-
Retained earnings	1,843,485	1,855,422	1,878,891	1,893,879
Total equity attributable to equity holders of the Company	6,325,665	6,337,602	8,241,396	8,256,384
Non controlling interest	164,319	-	235,844	-
Total equity	6,489,983	6,337,602	8,477,240	8,256,384
Liabilities				
Non current liabilities				
Interest bearing borrowings	3,012,872	1,973,787	2,900,650	2,031,594
Deferred tax liability	80,128	-	39,903	-
Total non current liabilities	3,093,000	1,973,787	2,940,553	2,031,594
Current liabilities				
Interest bearing borrowings	488,747	398,051	546,601	463,465
Amounts due to related parties	-	-	66,285	66,285
Other payables	126,409	13,213	27,010	4,460
Income tax payable	3,182	-	17,613	-
Total current liabilities	618,338	411,264	657,509	534,210
Total liabilities	3,711,338	2,385,051	3,598,062	2,565,804
Total equity and liabilities	10,201,322	8,722,653	12,075,302	10,822,188
Net assets per share (Rs.)	10.86	10.88	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

31 May 2023

LVL ENERGY FUND PLC
STATEMENT OF CHANGES IN EQUITY (Unaudited)
(All amounts in Sri Lanka Rupees thousands)

Group	Stated capital	Revaluation reserve	Cash Flow Hedge Reserve	Translation reserve	Retained earnings	Non controlling interest	Total
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	-	-	-	-	657,683	66,599	724,282
Foreign operations - foreign currency translation difference	-	-	-	2,724,320	-	-	2,724,320
Total comprehensive income for the period	-	-	-	2,724,320	657,683	66,599	3,448,602
Transactions with equity holders recognized directly in equity							
Change in ownership without change in control in subsidiary	-	-	-	-	(2,249)	12,645	10,396
Dividend paid	-	-	-	-	(203,797)	(51,031)	(254,828)
	-	-	-	-	(206,046)	(38,386)	(244,432)
Balance as at 31 March 2022	2,906,472	9,101	-	3,446,932	1,878,891	235,844	8,477,240
Balance as at 01 April 2022	2,906,472	9,101	-	3,446,932	1,878,891	235,844	8,477,240
Profit/(loss) for the period	-	-	-	-	(40,913)	(51,425)	(92,338)
Share of other comprehensive income from equity accounted investees	-	-	(1,135,186)	-	-	-	(1,135,186)
Foreign operations - foreign currency translation difference	-	-	-	(745,139)	-	-	(745,139)
Total comprehensive income for the period	-	-	(1,135,186)	(745,139)	(40,913)	(51,425)	(1,972,664)
Transactions with equity holders recognized directly in equity							
Change in ownership without change in control	-	-	-	-	5,507	36,295	41,802
Dividend paid	-	-	-	-	-	(56,395)	(56,395)
	-	-	-	-	5,507	(20,100)	(14,593)
Balance as at 31 March 2023	2,906,472	9,101	(1,135,186)	2,701,793	1,843,485	164,319	6,489,983

Company	Stated capital	Revaluation reserve	Cash Flow Hedge Reserve	Translation reserve	Retained earnings	Total
Balance as at 01 April 2021	2,906,472	9,101	-	722,612	1,442,242	5,080,427
Profit/(loss) for the period	-	-	-	-	657,683	657,683
Foreign operations - foreign currency translation difference	-	-	-	2,724,320	-	2,724,320
Total comprehensive income for the period	-	-	-	2,724,320	657,683	3,382,003
Transactions with equity holders recognized directly in equity						
Issue of shares by a subsidiary	-	-	-	-	(2,249)	(2,249)
Dividend paid	-	-	-	-	(203,797)	(203,797)
	-	-	-	-	(206,046)	(206,046)
Balance as at 31 March 2022	2,906,472	9,101	-	3,446,932	1,893,879	8,256,384
Balance as at 01 April 2022	2,906,472	9,101	-	3,446,932	1,893,879	8,256,384
Profit/(loss) for the period	-	-	-	-	(40,913)	(40,913)
Share of other comprehensive income from equity accounted investees	-	-	(1,135,186)	-	-	(1,135,186)
Foreign operations - foreign currency translation difference	-	-	-	(745,139)	-	(745,139)
Total comprehensive income for the period	-	-	(1,135,186)	(745,139)	(40,913)	(1,921,239)
Transactions with equity holders recognized directly in equity						
Change in ownership without change in control	-	-	-	-	2,456	2,456
	-	-	-	-	2,456	2,456
Balance as at 31 March 2023	2,906,472	9,101	(1,135,186)	2,701,793	1,855,422	6,337,602

LVL ENERGY FUND PLC
CONSOLIDATED STATEMENT OF CASHFLOWS (Unaudited)

(All amounts in Sri Lanka Rupees thousands)

For the period ended 31 March	Group		Company	
	2023	2022	2023	2022
Cash flows from operating activities				
Profit/(loss) before income tax	57,170	894,689	(40,913)	657,683
Adjustments for:				
Depreciation	81,223	49,685	2,110	2,110
Amortization of intangible assets	4,227	2,061	-	-
Share of profit from equity accounted investees	(606,427)	(900,004)	(361,276)	(916,123)
Interest income on investments	(18,926)	(9,110)	(13,575)	(2,165)
Other income	(199)	(8,538)	(3,711)	(326)
Dividend on preference shares	-	274	-	-
Interest expense	637,373	281,158	395,092	241,206
	154,440	310,214	(22,273)	(17,615)
Changes in				
Loans and receivables	(62,794)	(109,442)	(318)	(1,671)
Amounts due from related parties	(141)	61,915	15,585	32,920
Other receivables	651,320	99,220	-	-
Amounts due to related parties	-	-	(66,285)	-
Other payables	33,116	9,080	10,132	1,647
Cash generated from operating activities	775,941	370,987	(63,159)	15,281
Taxes paid	(17,543)	(43,257)	-	-
Gratuity paid	(1,380)	-	(1,380)	-
Interest paid	(456,765)	(194,937)	(258,406)	(158,453)
Net cash from operating activities	300,253	132,793	(322,945)	(143,172)
Cash flows from investing activities				
Interest received	19,126	17,648	17,285	2,491
Dividend received	11,760	76,053	565,051	410,374
Additions to intangible assets	(41,708)	(19,392)	-	-
Investment in equity accounted investees	-	(71,437)	-	(171,437)
Disposal / (acquisition) of property plant and equipment	(12,883)	(584,181)	-	-
Net cash from investing activities	(23,706)	(581,309)	582,336	241,428
Cash flows from financing activities				
Preference dividend paid	-	(274)	-	-
Cash repayments of cumulative redeemable preference shares	-	(95,000)	-	-
Cash proceeds of interest bearing borrowings	244,689	1,578,513	85,000	925,000
Cash repayments of interest bearing borrowings	(410,484)	(1,110,768)	(344,905)	(911,667)
Share issued to minority shareholders	41,802	10,396	-	-
Dividend paid	-	(203,797)	-	(203,797)
Dividend paid to minority share holders by subsidiary	(56,395)	(51,031)	-	-
Net cash from financing activities	(180,388)	128,039	(259,905)	(190,464)
Net increase/(decrease) in cash and cash equivalents	96,159	(320,476)	(514)	(92,208)
Cash and cash equivalent as at 01 April	70,653	391,129	988	93,196
Cash and cash equivalent as at 31 March	166,812	70,653	474	988

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 Two of our investee companies in Bangladesh namely Lakdhanavi Bangla Power Limited and Feni Lanka Power Limited have USD borrowings as well as a USD revenue component as per the Power Purchase Agreement (PPA) signed with the Bangladesh Power Development Board. Both companies have sufficient USD cash inflows to cover the USD loan repayments. According to IFRS 9 Financial Instruments, the respective investee companies have treated the said transaction as a "Cash Flow Hedge" in the financial statements and the two companies expect to hedge the variability in the cash flows corresponding to the loan repayments attributable to changes in exchange rates over the period.
In this situation, USD borrowing was recognized as the Hedge Instrument and the USD revenue from the PPA is identified as the Hedged Item and both meet the recognition criteria set out in IFRS 9. Further, Hedge Effectiveness appears to be 100%. Accordingly, respective investee companies have applied hedge accounting principles in their financial statements.
Since both these investments are associates, as per the guidelines of LKAS 28 Investments in Associates and Joint Ventures, Company has applied equity method of accounting and recognized relevant share of the profit or loss, other comprehensive income and net assets in its financial statements in respect of these investments.
- 6 The stated capital comprises 582,278,117 ordinary shares.
- 7 The Company is charged Rs. 11.74 Mn p.a. as management fees by its parent company, Lanka Ventures PLC.
- 8 There were no contingent liabilities during the period under review that require disclosure in interim financial statements.
- 9 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.

10 The market price per share:

for the quarter ended 31 March	2023	2022
Highest price	7.80	11.90
Lowest price	5.70	7.90
Last traded price	6.70	8.50

11 Twenty major shareholders of the Company as at 31 March 2023

Name of shareholder /company name	No. of shares	% of issued capital
1 Lanka Ventures PLC	331,885,609	57.00
2 Mr. Mohandas Ajitha 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 Peoples Leasing & Finance PLC / L. P. Hapangama	4,813,353	0.83
6 Hatton National Bank PLC - Senfin Growth Fund	4,673,096	0.80
7 Mr. Mahal Mathisha Wijetunge	3,746,104	0.64
8 National Savings Bank	3,597,704	0.62
9 J.B. Cocoshell (Private) Limited	2,900,000	0.50
10 Mr. Ranasinghe Gerald Dave Michael	2,765,000	0.47
11 Merchant Bank of Sri Lanka & Finance PLC 01	2,500,000	0.43
12 Mr. Konesh Kandiah Tharmalingam	2,425,000	0.42
13 Mr. Damian Amal Cabraal	2,200,000	0.38
14 Mr. Sinniah Sellathurai 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	1,879,205	0.32
17 Peoples Bank	1,700,000	0.29
18 Peoples Leasing & Finance PLC/Dr. H. S. D. Soysa & Mrs. G. Soysa	1,693,840	0.29
19 Mr. Colombapatabendige Ranjith Perera	1,555,000	0.27
20 Mr. Hiran Anthony Cabraal	1,500,000	0.26
Total	499,591,799	85.80

12 Percentage of shares held by public as at 31 March 2023 : 30.61%
No. of public shareholders as at 31 March 2023 : 1,463

13 Float adjusted market capitalization as at 31 March 2023 was Rs. 1,194,176,722/- 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.

14 Shareholding of Directors/CEO as at 31 March 2023

		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
Mr. R. A. Dassanayake	Director	1