

**LVL ENERGY FUND PLC**



**FINANCIAL STATEMENTS**

For the period ended 31 December 2023

Ocean Lines Building  
46/12, Nawam Mawatha  
Colombo 02.

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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 09 Months			
	Group		Company		Group		Company	
	Period ended 31		Period ended 31		Period ended 31		Period ended 31	
	December		December		December		December	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Revenue</b>								
Investment income	-	13	-	-	-	60	-	-
Interest income	2,904	5,311	952	4,187	8,633	16,094	1,102	13,375
Subsidiary company income	139,892	75,877	-	-	305,031	225,016	-	-
Other income	4,751	3	1,327	1,206	12,246	199	7,508	2,603
	<b>147,547</b>	<b>81,204</b>	<b>2,279</b>	<b>5,394</b>	<b>325,910</b>	<b>241,369</b>	<b>8,610</b>	<b>15,978</b>
<b>Operating expenses</b>								
Administrative expenses	-	-	-	-	-	(480)	-	(480)
Sales and establishment expenses	(65)	(141)	-	-	(155)	(191)	-	-
Other operating expenses	(16,412)	(5,676)	(11,958)	(1,904)	(50,780)	(19,462)	(36,810)	(7,355)
Direct expenses - subsidiaries	(55,113)	(46,063)	-	-	(143,595)	(135,453)	-	-
<b>Results from operating activities</b>	<b>75,957</b>	<b>29,324</b>	<b>(9,679)</b>	<b>3,490</b>	<b>131,380</b>	<b>85,783</b>	<b>(28,200)</b>	<b>8,143</b>
Share of profit of equity accounted investees	(54,928)	1,827,034	(26,169)	1,789,896	241,610	642,849	230,511	435,402
Finance cost	(109,486)	(186,795)	(69,811)	(113,161)	(389,952)	(475,946)	(241,718)	(301,151)
<b>Profit/(loss) before income tax</b>	<b>(88,457)</b>	<b>1,669,563</b>	<b>(105,659)</b>	<b>1,680,225</b>	<b>(16,962)</b>	<b>252,686</b>	<b>(39,407)</b>	<b>142,395</b>
Tax expense	(9,271)	(730)	(10,312)	-	(18,628)	(135,332)	(10,312)	-
<b>Profit/(loss) for the period</b>	<b>(97,728)</b>	<b>1,668,833</b>	<b>(115,971)</b>	<b>1,680,225</b>	<b>(35,590)</b>	<b>117,355</b>	<b>(49,719)</b>	<b>142,395</b>
<b>Profit/(loss) attributable to:</b>								
Equity holders of the company	(115,971)	1,680,225	(115,971)	1,680,225	(49,719)	142,395	(49,719)	142,395
Non-controlling interest	18,243	(11,392)	-	-	14,129	(25,040)	-	-
<b>Profit/(loss) for the period</b>	<b>(97,728)</b>	<b>1,668,833</b>	<b>(115,971)</b>	<b>1,680,225</b>	<b>(35,590)</b>	<b>117,355</b>	<b>(49,719)</b>	<b>142,395</b>
<b>Other comprehensive income, net of income tax</b>								
<b>Items that are or may be re-classified subsequently to profit or loss</b>								
Share of other comprehensive income from equity accounted investees	154,307	(963,261)	154,307	(963,261)	(108,469)	(963,261)	(108,469)	(963,261)
Foreign operations - foreign currency translation difference	13,106	(102,295)	13,106	(102,295)	(178,791)	198,861	(178,791)	198,861
<b>Total other comprehensive income that are or may be re-classified to profit or loss in subsequent period</b>	<b>167,413</b>	<b>(1,065,556)</b>	<b>167,413</b>	<b>(1,065,556)</b>	<b>(287,260)</b>	<b>(764,400)</b>	<b>(287,260)</b>	<b>(764,400)</b>
<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>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total other comprehensive income for the period</b>	<b>167,413</b>	<b>(1,065,556)</b>	<b>167,413</b>	<b>(1,065,556)</b>	<b>(287,260)</b>	<b>(764,400)</b>	<b>(287,260)</b>	<b>(764,400)</b>
<b>Total comprehensive income for the period</b>	<b>69,685</b>	<b>603,277</b>	<b>51,442</b>	<b>614,669</b>	<b>(322,850)</b>	<b>(647,045)</b>	<b>(336,979)</b>	<b>(622,005)</b>
<b>Total comprehensive income attributable to:</b>								
Equity holders of the company	51,442	614,669	51,442	614,669	(336,979)	(622,005)	(336,979)	(622,005)
Non-controlling interest	18,243	(11,392)	-	-	14,129	(25,040)	-	-
<b>Total comprehensive income for the period</b>	<b>69,685</b>	<b>603,277</b>	<b>51,442</b>	<b>614,669</b>	<b>(322,850)</b>	<b>(647,045)</b>	<b>(336,979)</b>	<b>(622,005)</b>
Basic earnings per share (Rs.)	(0.20)	2.89	(0.20)	2.89	(0.09)	0.24	(0.09)	0.24

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

(All amounts in Sri Lanka Rupees thousands)

	Group As at 31 December 2023	Group As at 31 March 2023 Audited	Company As at 31 December 2023	Company As at 31 March 2023 Audited
<b>Assets</b>				
<b>Non current assets</b>				
Property, plant and equipment	1,551,501	1,608,553	703	2,286
Right-to-use land	2,662	2,802	-	-
Investment in equity accounted investees	6,974,990	7,131,459	8,121,508	8,299,111
Intangible assets	121,580	125,307	-	-
<b>Total non current assets</b>	<b>8,650,733</b>	<b>8,868,121</b>	<b>8,122,211</b>	<b>8,301,397</b>
<b>Current assets</b>				
Loans and receivables	210,930	304,525	2,363	2,145
Amounts due from related parties	7,536	1,711	26,242	40,494
Other receivables	619,141	564,325	135,813	174,245
Income tax receivables	5,761	6,378	5,235	5,236
Cash and cash equivalents	168,744	166,724	65,297	520
<b>Total current assets</b>	<b>1,012,112</b>	<b>1,043,663</b>	<b>234,950</b>	<b>222,639</b>
<b>Total assets</b>	<b>9,662,845</b>	<b>9,911,784</b>	<b>8,357,161</b>	<b>8,524,036</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	2,492,729	2,671,520	2,492,729	2,671,520
Cash flow hedge reserve	(1,243,620)	(1,135,151)	(1,243,620)	(1,135,151)
Retained earnings	1,575,555	1,625,274	1,581,483	1,631,202
<b>Total equity attributable to equity holders of the Company</b>	<b>5,740,237</b>	<b>6,077,216</b>	<b>5,746,165</b>	<b>6,083,144</b>
Non controlling interest	161,878	156,169	-	-
<b>Total equity</b>	<b>5,902,115</b>	<b>6,233,385</b>	<b>5,746,165</b>	<b>6,083,144</b>
<b>Liabilities</b>				
<b>Non current liabilities</b>				
Interest bearing borrowings	3,055,160	3,068,341	2,099,441	2,149,357
Deferred tax liability	76,029	80,128	-	-
<b>Total non current liabilities</b>	<b>3,131,189</b>	<b>3,148,469</b>	<b>2,099,441</b>	<b>2,149,357</b>
<b>Current liabilities</b>				
Interest bearing borrowings	581,164	486,056	509,821	279,281
Amounts due to related parties	552	10,913	472	10,913
Other payables	39,875	32,294	1,262	1,340
Income tax payable	7,950	667	-	-
<b>Total current liabilities</b>	<b>629,541</b>	<b>529,929</b>	<b>511,555</b>	<b>291,534</b>
<b>Total liabilities</b>	<b>3,760,730</b>	<b>3,678,398</b>	<b>2,610,996</b>	<b>2,440,892</b>
<b>Total equity and liabilities</b>	<b>9,662,845</b>	<b>9,911,784</b>	<b>8,357,161</b>	<b>8,524,036</b>
Net assets per share (Rs.)	9.86	10.44	9.87	10.45

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**

14 February 2024

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

<b>Group</b>	<b>Stated capital</b>	<b>Revaluation reserve</b>	<b>Translation reserve</b>	<b>Cash Flow Hedge Reserve</b>	<b>Retained earnings</b>	<b>Non controlling interest</b>	<b>Total</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	-	-	-	-	142,395	(25,040)	117,355
Share of other comprehensive income from equity accounted investees	-	-	-	(963,261)	-	-	(963,261)
Foreign operations - foreign currency translation difference	-	-	198,861	-	-	-	198,861
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>198,861</b>	<b>(963,261)</b>	<b>142,395</b>	<b>(25,040)</b>	<b>(647,045)</b>
<b>Transactions with equity holders recognized directly in equity</b>							
Change in ownership without change in control	-	-	-	-	2,456	16,189	18,646
Dividend paid	-	-	-	-	-	(56,395)	(56,395)
	-	-	-	-	2,456	(40,206)	(37,749)
<b>Balance as at 31 December 2022</b>	<b>2,906,472</b>	<b>9,101</b>	<b>3,645,793</b>	<b>(963,261)</b>	<b>2,023,742</b>	<b>170,598</b>	<b>7,792,446</b>
<b>Balance as at 01 April 2023</b>	2,906,472	9,101	2,671,520	(1,135,151)	1,625,274	156,169	6,233,385
Profit/(loss) for the period	-	-	-	-	(49,719)	14,129	(35,590)
Share of other comprehensive income from equity accounted investees	-	-	-	(108,469)	-	-	(108,469)
Foreign operations - foreign currency translation difference	-	-	(178,791)	-	-	-	(178,791)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(178,791)</b>	<b>(108,469)</b>	<b>(49,719)</b>	<b>14,129</b>	<b>(322,850)</b>
<b>Transactions with equity holders recognized directly in equity</b>							
Dividend paid	-	-	-	-	-	(8,420)	(8,420)
	-	-	-	-	-	(8,420)	(8,420)
<b>Balance as at 31 December 2023</b>	<b>2,906,472</b>	<b>9,101</b>	<b>2,492,729</b>	<b>(1,243,620)</b>	<b>1,575,555</b>	<b>161,878</b>	<b>5,902,115</b>

<b>Company</b>	<b>Stated capital</b>	<b>Revaluation reserve</b>	<b>Translation reserve</b>	<b>Cash Flow Hedge Reserve</b>	<b>Retained earnings</b>	<b>Total</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	-	-	-	-	142,395	142,395
Share of other comprehensive income from equity accounted investees	-	-	-	(963,261)	-	(963,261)
Foreign operations - foreign currency translation difference	-	-	198,861	-	-	198,861
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>198,861</b>	<b>(963,261)</b>	<b>142,395</b>	<b>(622,005)</b>
<b>Transactions with equity holders recognized directly in equity</b>						
Dividend paid	-	-	-	-	-	-
Change in ownership without change in control	-	-	-	-	2,456	2,456
	-	-	-	-	2,456	2,456
<b>Balance as at 31 December 2022</b>	<b>2,906,472</b>	<b>9,101</b>	<b>3,645,793</b>	<b>(963,261)</b>	<b>2,038,730</b>	<b>7,636,836</b>
<b>Balance as at 01 April 2023</b>	2,906,472	9,101	2,671,520	(1,135,151)	1,631,202	6,083,144
Profit/(loss) for the period	-	-	-	-	(49,719)	(49,719)
Share of other comprehensive income from equity accounted investees	-	-	-	(108,469)	-	(108,469)
Foreign operations - foreign currency translation difference	-	-	(178,791)	-	-	(178,791)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(178,791)</b>	<b>(108,469)</b>	<b>(49,719)</b>	<b>(336,979)</b>
<b>Transactions with equity holders recognized directly in equity</b>						
Dividend paid	-	-	-	-	-	-
	-	-	-	-	-	-
<b>Balance as at 31 December 2023</b>	<b>2,906,472</b>	<b>9,101</b>	<b>2,492,729</b>	<b>(1,243,620)</b>	<b>1,581,483</b>	<b>5,746,165</b>

**LVL ENERGY FUND PLC**  
**CONSOLIDATED STATEMENT OF CASHFLOWS (Unaudited)**

(All amounts in Sri Lanka Rupees thousands)

For the period ended 31 December	Group		Company	
	2023	2022	2023	2022
<b>Cash flows from operating activities</b>				
Profit/(loss) before income tax	(16,962)	252,686	(39,407)	142,395
<b>Adjustments for:</b>				
Depreciation	61,688	60,885	1,582	1,582
Amortization of intangible assets	3,867	2,301	-	-
Share of profit from equity accounted investees	(241,610)	(642,849)	(230,511)	(435,402)
Interest income on investments	(8,633)	(16,094)	(1,102)	(13,375)
Other income	(12,246)	(199)	(7,508)	(2,603)
Interest expense	385,287	469,844	241,705	297,256
	<b>171,391</b>	<b>126,574</b>	<b>(35,241)</b>	<b>(10,147)</b>
<b>Changes in</b>				
Loans and receivables	93,595	(56,529)	(218)	(216)
Amounts due from related parties	(5,825)	(120)	14,252	17,922
Other receivables	(3,260)	570,322	-	-
Amounts due to related parties	(10,361)	(66,285)	(10,441)	(66,285)
Other payables	7,588	24,215	(76)	(1,121)
<b>Cash generated from operating activities</b>	<b>253,128</b>	<b>598,178</b>	<b>(31,724)</b>	<b>(59,847)</b>
Taxes paid	(1,450)	(17,407)	-	-
Gratuity paid	-	(1,380)	-	(1,380)
Interest paid	(215,952)	(377,409)	(61,082)	(236,986)
<b>Net cash from operating activities</b>	<b>35,726</b>	<b>201,982</b>	<b>(92,806)</b>	<b>(298,213)</b>
<b>Cash flows from investing activities</b>				
Interest received	20,879	16,293	8,611	15,978
Dividend received	45,688	11,760	148,972	537,380
Additions to intangible assets	-	(18,563)	-	-
Additions to property plant & equipment	(4,636)	(12,910)	-	-
<b>Net cash from investing activities</b>	<b>61,931</b>	<b>(3,420)</b>	<b>157,583</b>	<b>553,358</b>
<b>Cash flows from financing activities</b>				
Cash proceeds of interest bearing borrowings	680,400	244,689	-	85,000
Cash repayments of interest bearing borrowings	(767,617)	(398,889)	-	(329,905)
Share issued to minority shareholders	-	18,646	-	-
Dividend paid to minority share holders by subsidiary	(8,420)	(56,395)	-	-
<b>Net cash from financing activities</b>	<b>(95,637)</b>	<b>(191,949)</b>	<b>-</b>	<b>(244,905)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>2,020</b>	<b>6,613</b>	<b>64,777</b>	<b>10,241</b>
<b>Cash and cash equivalent as at 01 April</b>	<b>166,724</b>	<b>70,653</b>	<b>520</b>	<b>988</b>
<b>Cash and cash equivalent as at 31 December</b>	<b>168,744</b>	<b>77,266</b>	<b>65,297</b>	<b>11,229</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 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 Company has restructured the loan facilities taken from DFCC Bank PLC (DFCC) and National Development Bank PLC (NDB) considering the delay in expected dividend from one of the investee companies.

According to the restructured terms, interest to be paid on 25 November 2023 amounted to Rs. 176 Mn in respect of the borrowings of DFCC. Due to further delay in the expected dividend, the Company is negotiating a short-term funding facility to meet this obligation. NDB loan is due in April 2024 and the Company expect the dividend to be received before the due date.

- 7 The stated capital comprises 582,278,117 ordinary shares.
- 8 The Company is charged Rs. 42 Mn p.a. 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 31 December	2023	2022
Highest price	6.10	7.50
Lowest price	5.40	5.90
Last traded price	5.50	6.00

12 Twenty major shareholders of the Company as at 31 December 2023

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 Seylan Bank PLC / Senthilverl Holdings (PVT) Ltd	10,045,673	1.73
5 Peoples Leasing & Finance PLC / L. P. Hapangama	5,373,353	0.92
6 Hatton National Bank PLC - Senfin Growth Fund	4,673,096	0.80
7 J. B. Cocoshell (Pvt) Ltd	4,049,974	0.70
8 Seylan Bank PLC / Karagoda Loku Gamage Udayananda	4,000,000	0.69
9 Mr. M. M. Wijetunge	3,746,104	0.64
10 National Savings Bank	3,597,704	0.62
11 Peoples Leasing & Finance PLC / Mr. D. M. P. Disanayake	3,542,390	0.61
12 Mr. K. C. Vignarajah	2,821,719	0.48
13 Mr. G. D. M. Ranasinghe	2,765,000	0.47
14 Merchant Bank of Sri Lanka & Finance PLC 01	2,750,000	0.47
15 Mr. K. T. Konesh	2,425,000	0.42
16 Mr. D. A. Cabraal	2,200,000	0.38
17 Mr. S. S. Sithambaranathan	2,040,510	0.35
18 Senkadagala Finance PLC	2,037,110	0.35
19 Peoples Leasing & Finance PLC / L. H. L. M. P. Haradasa	1,879,205	0.32
20 Peoples Leasing & Finance PLC / Dr. H. S. D. Soysa & Mrs. G. Soysa	1,793,840	0.31
<b>Total</b>	<b>495,037,955</b>	<b>85.02</b>

13 Percentage of shares held by public as at 31 December 2023 : 30.61%  
No. of public shareholders as at 31 December 2023 : 1,584

14 Float adjusted market capitalization as at 31 December 2023 was Rs. 980,294,324.00. 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.

15 Shareholding of Directors / CEO as at 31 December 2023		No. of Shares
Mr. P. G. D. B. Pallewatte	Chairman	-
Mr. T. Perera	Director	-
Mr. M. A. Wijetunge	Director	67,911,668
Mr. R. A. Dassanayake	Director	1
Mr. M. R. Abeywardena	Director	-
Mr. A. G. R. Dissanayake	Director	-
Mr. M. M. Wijetunge	Director	3,746,104
Mr. J. D. N. Kekulawala	Director	500,000
Mr. K. C. S. Dharmawardana	Director	-
Mr. K. Jayawardana	Director	-
Mr. J. P. I. Gamage	CEO	-