

LVL ENERGY FUND PLC



FINANCIAL STATEMENTS
For the period ended 30 June 2024

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)

	Group		Company	
	Period ended 30 June		Period ended 30 June	
	2024	2023	2024	2023
Revenue				
Subsidiary company income	84,151	81,949	-	-
	84,151	81,949	-	-
Interest income	4,567	2,999	1,049	82
Other income	67,673	4,056	32	3,859
Operating expenses				
Administrative expenses	-	-	-	-
Sales and establishment expenses	(46)	(90)	-	-
Other operating expenses	(18,734)	(17,085)	(13,210)	(12,022)
Direct expenses - subsidiaries	(45,827)	(41,666)	-	-
Results from operating activities	91,784	30,162	(12,129)	(8,081)
Share of profit of equity accounted investees (net of income tax)	321,032	45,202	381,951	25,541
Finance cost	(87,369)	(151,581)	(59,076)	(90,579)
Profit/(loss) before income tax	325,447	(76,216)	310,746	(73,119)
Tax expense	1,370	1,335	-	-
Profit/(loss) for the period	326,817	(74,881)	310,746	(73,119)
Profit/(loss) attributable to:				
Equity holders of the company	310,746	(73,119)	310,746	(73,119)
Non-controlling interest	16,071	(1,762)	-	-
Profit/(loss) for the period	326,817	(74,881)	310,746	(73,119)
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	(310,737)	(144,931)	(310,737)	(144,931)
Foreign operations - foreign currency translation difference	(138,615)	(363,222)	(138,615)	(363,222)
Total other comprehensive income that are or may be re-classified to profit or loss in subsequent period	(449,352)	(508,153)	(449,352)	(508,153)
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	(449,352)	(508,153)	(449,352)	(508,153)
Total comprehensive income for the period	(122,535)	(583,034)	(138,606)	(581,272)
Total comprehensive income attributable to:				
Equity holders of the company	(138,606)	(581,272)	(138,606)	(581,272)
Non-controlling interest	16,071	(1,762)	-	-
Total comprehensive income for the period	(122,535)	(583,034)	(138,606)	(581,272)
Basic earnings per share (Rs.)	0.50	(0.13)	0.50	(0.13)

LVL ENERGY FUND PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Unaudited)

(All amounts in Sri Lanka Rupees thousands)

	Group As at 30 June 2024	Group As at 31 March 2024	Company As at 30 June 2024	Company As at 31 March 2024
Assets				
Non current assets				
Property, plant and equipment	1,509,217	1,528,134	-	176
Right-to-use land	2,568	2,615	-	-
Investment in equity accounted investees	6,397,085	6,525,405	7,550,999	7,618,401
Intangible assets	119,161	120,403	-	-
Total non current assets	8,028,031	8,176,557	7,550,999	7,618,577
Current assets				
Loans and receivables	114,702	120,345	1,708	1,648
Other receivables	461,195	495,195	26,000	60,000
Amounts due from related parties	4,937	3,844	20,112	26,166
Income tax receivables	6,363	6,363	5,235	5,235
Cash and cash equivalents	508,688	157,416	328,628	1,198
Total current assets	1,095,885	783,163	381,683	94,247
Total assets	9,123,916	8,959,720	7,932,682	7,712,824
Equity				
Stated capital	3,372,295	2,906,472	3,372,295	2,906,472
Revaluation reserve	9,101	9,101	9,101	9,101
Translation reserve	1,843,821	1,982,436	1,843,821	1,982,436
Cash flow hedge reserve	(1,522,313)	(1,211,576)	(1,522,313)	(1,211,576)
Retained earnings	1,839,455	1,528,709	1,845,380	1,534,634
Total equity attributable to equity holders of the Company	5,542,359	5,215,142	5,548,284	5,221,067
Non controlling interest	172,666	156,595	-	-
Total equity	5,715,025	5,371,737	5,548,284	5,221,067
Liabilities				
Non current liabilities				
Interest bearing borrowings	2,689,685	2,881,316	1,851,837	2,004,797
Deferred tax liability	73,411	74,781	-	-
Total non current liabilities	2,763,096	2,956,097	1,851,837	2,004,797
Current liabilities				
Interest bearing borrowings	583,029	571,475	529,997	484,291
Other payables	34,527	31,681	1,992	1,923
Amounts due to related parties	572	746	572	746
Income tax payable	27,667	27,984	-	-
Total current liabilities	645,795	631,886	532,561	486,960
Total liabilities	3,408,891	3,587,983	2,384,398	2,491,757
Total equity and liabilities	9,123,916	8,959,720	7,932,682	7,712,824
Net assets per share (Rs.)	8.92	8.96	8.93	8.97

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 August 2024

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

Group	Stated capital	Revaluation reserve	Translation reserve	Cash flow hedge reserve	Retained earnings	Non controlling interest	Total
Balance as at 01 April 2023	2,906,472	9,101	2,671,520	(1,135,151)	1,625,274	156,169	6,233,385
Profit/(loss) for the period	-	-	-	-	(73,119)	(1,762)	(74,881)
Foreign operations - foreign currency translation difference	-	-	(363,222)	-	-	-	(363,222)
Share of OCI - Equity Accounted Investees	-	-	-	(144,931)	-	-	(144,931)
Total comprehensive income for the period	-	-	(363,222)	(144,931)	(73,119)	(1,762)	(583,034)
Transactions with equity holders recognized directly in equity							
Dividend paid	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Balance as at 30 June 2023	2,906,472	9,101	2,308,298	(1,280,082)	1,552,155	154,407	5,650,351
Balance as at 01 April 2024	2,906,472	9,101	1,982,436	(1,211,576)	1,528,709	156,595	5,371,737
Profit/(loss) for the period	-	-	-	-	310,746	16,071	326,817
Foreign operations - foreign currency translation difference	-	-	(138,615)	-	-	-	(138,615)
Share of OCI - Equity Accounted Investees	-	-	-	(310,737)	-	-	(310,737)
Total comprehensive income for the period	-	-	(138,615)	(310,737)	310,746	16,071	(122,535)
Transactions with equity holders recognized directly in equity							
Shares issued during the period	465,823	-	-	-	-	-	465,823
Dividend paid	-	-	-	-	-	-	-
	465,823	-	-	-	-	-	465,823
Balance as at 30 June 2024	3,372,295	9,101	1,843,821	(1,522,313)	1,839,455	172,666	5,715,025

Company	Stated capital	Revaluation reserve	Translation reserve	Cash flow hedge reserve	Retained earnings	Total
Balance as at 01 April 2023	2,906,472	9,101	2,671,520	(1,135,151)	1,631,202	6,083,144
Profit/(loss) for the period	-	-	-	-	(73,119)	(73,119)
Foreign operations - foreign currency translation difference	-	-	(363,222)	-	-	(363,222)
Share of OCI - Equity Accounted Investees	-	-	-	(144,931)	-	(144,931)
Total comprehensive income for the period	-	-	(363,222)	(144,931)	(73,119)	(581,272)
Transactions with equity holders recognized directly in equity						
Dividend paid	-	-	-	-	-	-
	-	-	-	-	-	-
Balance as at 30 June 2023	2,906,472	9,101	2,308,298	(1,280,082)	1,558,083	5,501,872
Balance as at 01 April 2024	2,906,472	9,101	1,982,436	(1,211,576)	1,534,634	5,221,067
Profit/(loss) for the period	-	-	-	-	310,746	310,746
Foreign operations - foreign currency translation difference	-	-	(138,615)	-	-	(138,615)
Share of OCI - Equity Accounted Investees	-	-	-	(310,737)	-	(310,737)
Total comprehensive income for the period	-	-	(138,615)	(310,737)	310,746	(138,606)
Transactions with equity holders recognized directly in equity						
Shares issued during the period	465,823	-	-	-	-	465,823
Dividend paid	-	-	-	-	-	-
	465,823	-	-	-	-	465,823
Balance as at 30 June 2024	3,372,295	9,101	1,843,821	(1,522,313)	1,845,380	5,548,284

LVL ENERGY FUND PLC
CONSOLIDATED STATEMENT OF CASHFLOWS (Unaudited)

(All amounts in Sri Lanka Rupees thousands)

For the period ended 30 June	Group		Company	
	2024	2023	2024	2023
Cash flows from operating activities				
Profit/(loss) before income tax	325,447	(76,216)	310,746	(73,119)
Adjustments for:				
Depreciation	20,217	20,551	176	527
Amortization of intangible assets	1,289	1,289	-	-
Share of profit from equity accounted investees	(321,032)	(45,202)	(381,951)	(25,541)
Interest income on investments	(4,567)	(2,999)	(1,049)	(82)
Other income	(67,673)	(2,999)	(32)	(3,859)
Dividend on preference shares	-	-	-	-
Interest expense	86,742	151,319	58,713	90,576
	40,423	45,743	(13,397)	(11,499)
Changes in				
Loans and receivables	5,643	28,425	(60)	(377)
Amounts due from related parties	(1,093)	(60,646)	6,055	(55,650)
Other receivables	-	-	-	-
Amounts due to related parties	(174)	-	(174)	-
Other payables	2,846	(12,306)	68	(10,991)
Cash generated from operating activities	47,645	1,216	(7,508)	(78,516)
Taxes paid	(317)	(634)	-	-
Interest paid	(83,422)	(52,511)	(54,950)	(18,531)
Net cash from operating activities	(36,094)	(51,929)	(62,458)	(97,047)
Cash flows from investing activities				
Interest received	72,240	5,998	1,081	3,941
Dividend received	34,000	-	34,000	93,246
Additions to intangible assets	-	-	-	-
Additions to property plant & equipment	(1,300)	-	-	-
Net cash from investing activities	104,940	5,998	35,081	97,187
Cash flows from financing activities				
Issue of Shares	465,823	-	465,823	-
Cash proceeds of interest bearing borrowings	-	-	-	-
Cash repayments of interest bearing borrowings	(183,397)	(25,588)	(111,016)	-
Dividend paid	-	-	-	-
Dividend paid to minority share holders by subsidiary	-	-	-	-
Net cash from financing activities	282,426	(25,588)	354,807	-
Net increase/(decrease) in cash and cash equivalents	351,272	(71,519)	327,430	140
Cash and cash equivalent as at 01 April	157,416	166,856	1,198	520
Cash and cash equivalent as at 30 June	508,688	95,336	328,628	659

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. Due to further delay in the said dividend, the Company has obtained an overdraft facility of Rs. 350 Mn from Hatton National Bank PLC (HNB) to meet short term obligations.
- 7 Company raised Rs. 465,822,500/- by way of a Rights Issue. 116,455,625 ordinary shares were issued to the holders of ordinary voting shares of the company based on a ratio of 01 new ordinary voting share for every 05 ordinary voting shares held by such shareholders, at a consideration of Rs. 4/- per share. Objective of the Rights Issue is to settle part of the debt outstanding.
- 8 The stated capital comprises 698,733,742 ordinary shares.
- 9 The Company is charged Rs. 42 Mn p.a. 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 June	2024	2023
Highest price	5.30	7.70
Lowest price	4.40	5.50
Last traded price	4.60	6.00

13 Twenty major shareholders of the Company as at 30 June 2024

Name of shareholder /company name	No. of shares	% of issued capital
1 Lanka Ventures PLC	386,762,730	55.35
2 Mr. M. A. Wijetunge	67,911,668	9.72
3 Sri Lanka Insurance Corporation Limited-General Fund	35,500,000	5.08
4 Seylan Bank PLC / Senthilverl Holdings (Pvt) Ltd	10,106,809	1.45
5 Peoples Leasing & Finance PLC / L. P. Hapangama	7,720,807	1.10
6 Arunodhaya Industries (Private) Limited	6,200,000	0.89
7 Finco Holdings (Private) Limited	6,000,120	0.86
8 Arunodhaya (Private) Limited	6,000,000	0.86
9 People's Leasing & Finance PLC / Mr. D. M. P. Disanayake	5,250,868	0.75
10 J.B. Cocoshell (Pvt) Ltd	4,859,968	0.70
11 Hatton National Bank PLC - Senfin Growth Fund	4,647,715	0.67
12 Dialog Finance PLC / Fors Investment (Private) Limited	4,128,878	0.59
13 Seylan Bank PLC / Karagoda Loku Gamage Udayananda	4,000,000	0.57
14 Mr. M. M. Wijetunge	3,746,104	0.54
15 Mr. K. C. Vignarajah	2,884,926	0.41
16 Mrs. T. T. A. De Silva Weerasooria	2,804,940	0.40
17 Mr. G. D. M. Ranasinghe	2,800,000	0.40
18 Merchant Bank of Sri Lanka & Finance PLC 01	2,750,000	0.39
19 National Savings Bank	2,597,704	0.37
20 Andysel Private Limited	2,519,699	0.36
Total	569,192,936	81.46

14 Percentage of shares held by public as at 30 June 2024 : 34.31%
 No. of public shareholders as at 30 June 2024 : 1,833

15 Float adjusted market capitalization as at 30 June 2024 was Rs. 1,102,783,516/-. 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 June 2024

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	600,000
Mr. K. C. S. Dharmawardana	Director	-
Mr. K. Jayawardana	Director	-
Mr. J. P. I. Gamage	CEO	-

UTILIZATION OF RIGHTS ISSUE PROCEEDS AS AT 30 JUNE 2024

Objective Number	Objective as per Circular	Amount Allocated as per Circular in LKR	Proposed Date of Utilization as per Circular	Amount Allocated from Proceeds in LKR (A)	% of Total Proceeds	Amount Utilized in LKR (B)	% of Utilization Against Allocation (B/A)	Clarification if not fully utilized including where the funds are invested (e.g. whether lent to related party/s etc.)
1	Capital due on the term loan obtained on 14 March 2022 from Hatton National Bank	15,000,000	14 March 2024	15,000,000	3.22%	15,000,000	100.00%	Not Applicable
2	Capital due on the term loan obtained on 21 March 2019 from DFCC Bank	28,571,428	25 March 2024	28,571,428	6.13%	28,571,428	100.00%	Not Applicable
3	Capital due on the term loan obtained on 25 September 2017 from DFCC Bank	54,666,673	25 March 2024	54,666,673	11.74%	54,666,673	100.00%	Not Applicable
4	Capital due on the term loan obtained on 27 September 2019 from DFCC Bank	13,888,889	29 March 2024	13,888,889	2.98%	13,888,889	100.00%	Not Applicable
5	Capital and interest due on the term loan obtained on 08 May 2019 from NDB Bank	105,200,000	30 April 2024	105,200,000	22.58%	-	0.00%	Company is in the process of negotiating a waiver on interest payable. Temporarily invested in a one-month TB Repo at an interest rate of 9.00% p.a. in Acuity Securities Limited
6	Capital and interest due on the term loan obtained on 08 May 2019 from NDB Bank	110,200,000	30 April 2024	110,200,000	23.66%	-	0.00%	Company is in the process of negotiating a waiver on interest payable. Temporarily invested in a one-month TB Repo at an interest rate of 9.00% p.a. in Acuity Securities Limited
7	Capital due on the term loan obtained on 27 September 2019 from DFCC Bank	13,888,889	29 June 2024	13,888,889	2.98%	13,888,889	100.00%	Not Applicable
8	Capital due on the term loan obtained on 27 September 2019 from DFCC Bank	13,888,889	29 Sep 2024	13,888,889	2.98%	-	0.00%	Due date has not fallen yet. Temporarily invested in a one-month TB Repo at an interest rate of 8.85% p.a. in Acuity Securities Limited

9	Capital due on the term loan obtained on 27 September 2019 from DFCC Bank	13,888,889	29 Dec 2024	13,888,889	2.98%	-	0.00%	Due date has not fallen yet. Temporarily invested in a one-month TB Repo at an interest rate of 8.85% p.a. in Acuity Securities Limited
10	Capital due on the term loan obtained on 14 March 2022 from Hatton National Bank	15,000,000	16 March 2025	15,000,000	3.22%	-	0.00%	Due date has not fallen yet. Temporarily invested in a one-month TB Repo at an interest rate of 8.85% p.a. in Acuity Securities Limited
11	Capital due on the term loan obtained on 21 March 2019 from DFCC Bank	28,571,428	25 March 2025	28,571,428	6.13%	-	0.00%	Due date has not fallen yet. Temporarily invested in a three-month TB Repo at an interest rate of 8.75% p.a. in Acuity Securities Limited
12	Capital due on the term loan obtained on 25 September 2017 from DFCC Bank	53,057,415	25 March 2025	53,057,415	11.39%	-	0.00%	Due date has not fallen yet. Temporarily invested in a three-month TB Repo at an interest rate of 8.75% p.a. in Acuity Securities Limited