

LVL ENERGY FUND PLC



FINANCIAL STATEMENTS

For the period ended 31 March 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)

	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	Period ended 31 March	Period ended 31 March	Period ended 31 March	Period ended 31 March
	2024	2023	2024	2023	2024	2023	2024	2023
Revenue								
Investment income	-	(60)	-	-	-	-	-	-
Interest income	5,225	2,832	1,913	199	13,858	18,926	3,015	13,574
Subsidiary company income	114,150	55,857	-	-	419,181	280,873	-	-
Other income	41,295	711	(507)	1,108	53,541	910	7,001	3,711
	160,670	59,340	1,406	1,307	486,580	300,709	10,016	17,285
Operating expenses								
Administrative expenses	-	-	-	-	-	(480)	-	(480)
Sales and establishment expenses	130	(126)	-	-	(25)	(317)	-	-
Other operating expenses	(17,327)	(18,133)	(12,114)	(11,413)	(68,107)	(37,595)	(48,924)	(18,768)
Direct expenses - subsidiaries	(51,850)	(45,493)	-	-	(195,445)	(180,946)	-	-
Results from operating activities	91,623	(4,412)	(10,708)	(10,106)	223,003	81,371	(38,908)	(1,963)
Share of profit of equity accounted investees	369,710	(198,482)	395,366	(240,091)	611,320	444,367	625,877	195,311
Finance cost	(96,354)	(221,284)	(63,257)	(154,870)	(486,306)	(697,230)	(304,975)	(456,021)
Profit/(loss) before income tax	364,979	(424,178)	321,401	(405,067)	348,017	(171,492)	281,994	(262,677)
Tax expense	(32,700)	(11,875)	(8,295)	-	(51,328)	(147,207)	(18,607)	-
Profit/(loss) for the period	332,279	(436,053)	313,106	(405,067)	296,689	(318,699)	263,387	(262,677)
Profit/(loss) attributable to:								
Equity holders of the company	313,106	(405,067)	313,106	(405,067)	263,387	(262,677)	263,387	(262,677)
Non-controlling interest	19,173	(30,986)	-	-	33,302	(56,021)	-	-
Profit/(loss) for the period	332,279	(436,053)	313,106	(405,067)	296,689	(318,699)	263,387	(262,677)
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	4,249	(171,890)	4,249	(171,890)	(104,220)	(1,135,151)	(104,220)	(1,135,151)
Foreign operations - foreign currency translation difference	(466,746)	(974,273)	(466,746)	(974,273)	(645,537)	(775,412)	(645,537)	(775,412)
Total other comprehensive income that are or may be re-classified to profit or loss in subsequent period	(462,497)	(1,146,163)	(462,497)	(1,146,163)	(749,757)	(1,910,563)	(749,757)	(1,910,563)
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	(462,497)	(1,146,163)	(462,497)	(1,146,163)	(749,757)	(1,910,563)	(749,757)	(1,910,563)
Total comprehensive income for the period	(130,218)	(1,582,216)	(149,391)	(1,551,230)	(453,068)	(2,229,261)	(486,370)	(2,173,240)
Total comprehensive income attributable to:								
Equity holders of the company	(149,391)	(1,551,230)	(149,391)	(1,551,230)	(486,370)	(2,173,240)	(486,370)	(2,173,240)
Non-controlling interest	19,173	(30,986)	-	-	33,302	(56,021)	-	-
Total comprehensive income for the period	(130,218)	(1,582,216)	(149,391)	(1,551,230)	(453,068)	(2,229,261)	(486,370)	(2,173,240)
Basic earnings per share (Rs.)	0.54	(0.70)	0.54	(0.70)	0.45	(0.45)	0.45	(0.45)

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

(All amounts in Sri Lanka Rupees thousands)

	Group As at 31 March 2024	Group As at 31 March 2023 Audited	Company As at 31 March 2024	Company As at 31 March 2023 Audited
Assets				
Non current assets				
Property, plant and equipment	1,530,911	1,608,553	176	2,286
Right-to-use land	2,615	2,802	-	-
Investment in equity accounted investees	6,896,037	7,131,459	7,993,282	8,299,111
Intangible assets	120,338	125,307	-	-
Total non current assets	8,549,901	8,868,121	7,993,458	8,301,397
Current assets				
Loans and receivables	111,639	304,525	2,436	2,145
Amounts due from related parties	3,863	1,711	26,186	40,494
Other receivables	495,195	564,325	60,000	174,245
Income tax receivables	7,301	6,378	5,235	5,236
Cash and cash equivalents	157,436	166,724	1,218	520
Total current assets	775,434	1,043,663	95,075	222,639
Total assets	9,325,335	9,911,784	8,088,533	8,524,036
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	2,025,983	2,671,520	2,025,983	2,671,520
Cash flow hedge reserve	(1,239,371)	(1,135,151)	(1,239,371)	(1,135,151)
Retained earnings	1,888,661	1,625,274	1,894,589	1,631,202
Total equity attributable to equity holders of the Company	5,590,846	6,077,216	5,596,774	6,083,144
Non controlling interest	158,939	156,169	-	-
Total equity	5,749,785	6,233,385	5,596,774	6,083,144
Liabilities				
Non current liabilities				
Interest bearing borrowings	3,048,819	3,068,341	2,143,590	2,149,357
Deferred tax liability	74,192	80,128	-	-
Total non current liabilities	3,123,011	3,148,469	2,143,590	2,149,357
Current liabilities				
Interest bearing borrowings	403,531	486,056	345,497	279,281
Amounts due to related parties	746	10,913	746	10,913
Other payables	21,039	32,294	1,926	1,340
Income tax payable	27,223	667	-	-
Total current liabilities	452,539	529,929	348,169	291,534
Total liabilities	3,575,550	3,678,398	2,491,759	2,440,892
Total equity and liabilities	9,325,335	9,911,784	8,088,533	8,524,036
Net assets per share (Rs.)	9.60	10.44	9.61	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

29 May 2024

Sgd.

R A Dassanayake
Director

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 2022	2,906,472	9,101	3,446,932	-	1,878,891	235,844	8,477,240
Profit/(loss) for the period	-	-	-	-	(262,677)	(56,021)	(318,699)
Share of other comprehensive income from equity accounted investees	-	-	-	(1,135,151)	-	-	(1,135,151)
Foreign operations - foreign currency translation difference	-	-	(775,412)	-	-	-	(775,412)
Total comprehensive income for the period	-	-	(775,412)	(1,135,151)	(262,677)	(56,021)	(2,229,262)
Transactions with equity holders recognized directly in equity							
Change in ownership without change in control	-	-	-	-	9,061	32,741	41,802
Dividend paid	-	-	-	-	-	(56,395)	(56,395)
	-	-	-	-	9,061	(23,654)	(14,593)
Balance as at 31 March 2023	2,906,472	9,101	2,671,520	(1,135,151)	1,625,274	156,169	6,233,385
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	-	-	-	-	263,387	33,302	296,689
Share of other comprehensive income from equity accounted investees	-	-	-	(104,220)	-	-	(104,220)
Foreign operations - foreign currency translation difference	-	-	(645,537)	-	-	-	(645,537)
Total comprehensive income for the period	-	-	(645,537)	(104,220)	263,387	33,302	(453,068)
Transactions with equity holders recognized directly in equity							
Dividend paid	-	-	-	-	-	(30,532)	(30,532)
	-	-	-	-	-	(30,532)	(30,532)
Balance as at 31 March 2024	2,906,472	9,101	2,025,983	(1,239,371)	1,888,661	158,939	5,749,785

Company	Stated capital	Revaluation reserve	Translation reserve	Cash Flow Hedge Reserve	Retained earnings	Total
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	-	-	-	-	(262,677)	(262,677)
Share of other comprehensive income from equity accounted investees	-	-	-	(1,135,151)	-	(1,135,151)
Foreign operations - foreign currency translation difference	-	-	(775,412)	-	-	(775,412)
Total comprehensive income for the period	-	-	(775,412)	(1,135,151)	(262,677)	(2,173,240)
Transactions with equity holders recognized directly in equity						
Dividend paid	-	-	-	-	-	-
Change in ownership without change in control	-	-	-	-	-	-
	-	-	-	-	-	-
Balance as at 31 March 2023	2,906,472	9,101	2,671,520	(1,135,151)	1,631,202	6,083,144
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	-	-	-	-	263,387	263,387
Share of other comprehensive income from equity accounted investees	-	-	-	(104,220)	-	(104,220)
Foreign operations - foreign currency translation difference	-	-	(645,537)	-	-	(645,537)
Total comprehensive income for the period	-	-	(645,537)	(104,220)	263,387	(486,370)
Transactions with equity holders recognized directly in equity						
Dividend paid	-	-	-	-	-	-
	-	-	-	-	-	-
Balance as at 31 March 2024	2,906,472	9,101	2,025,983	(1,239,371)	1,894,589	5,596,774

LVL ENERGY FUND PLC
CONSOLIDATED STATEMENT OF CASHFLOWS (Unaudited)

(All amounts in Sri Lanka Rupees thousands)

For the period ended 31 March	Group		Company	
	2024	2023	2024	2023
Cash flows from operating activities				
Profit/(loss) before income tax	348,017	(171,492)	281,994	(262,677)
Adjustments for:				
Depreciation	82,278	82,079	2,110	2,110
Amortization of intangible assets	5,156	4,766	-	-
Share of profit from equity accounted investees	(611,320)	(444,367)	(625,877)	(195,311)
Interest income on investments	(13,858)	(18,926)	(3,015)	(13,574)
Other income	(53,541)	(910)	(7,001)	(3,711)
Interest expense	481,572	690,791	304,951	451,845
	238,304	141,941	(46,838)	(21,318)
Changes in				
Loans and receivables	192,886	(59,821)	(291)	(319)
Amounts due from related parties	(2,152)	(56,236)	14,308	(39,787)
Other receivables	-	705,036	-	-
Amounts due to related parties	(10,167)	-	(10,167)	-
Other payables	(11,248)	5,284	586	(1,741)
Cash generated from operating activities	407,623	736,204	(42,402)	(63,164)
Taxes paid	(1,767)	(17,569)	-	-
Gratuity paid	-	(1,380)	-	(1,380)
Interest paid	(428,594)	(435,168)	(229,504)	(258,358)
Net cash from operating activities	(22,738)	282,087	(271,906)	(322,902)
Cash flows from investing activities				
Interest received	67,400	19,836	10,016	17,285
Dividend received	147,506	11,760	277,588	565,051
Additions to intangible assets	-	(41,580)	-	-
Additions to property plant & equipment	(4,636)	(12,960)	-	-
Net cash from investing activities	210,270	(22,944)	287,604	582,336
Cash flows from financing activities				
Cash proceeds of interest bearing borrowings	680,400	310,166	-	85,000
Cash repayments of interest bearing borrowings	(835,431)	(458,643)	(15,000)	(344,905)
Share issued to minority shareholders	-	41,802	-	-
Dividend paid to minority share holders by subsidiary	(41,789)	(56,395)	-	-
Net cash from financing activities	(196,820)	(163,070)	(15,000)	(259,905)
Net increase/(decrease) in cash and cash equivalents	(9,288)	96,072	698	(469)
Cash and cash equivalent as at 01 April	166,724	70,653	520	988
Cash and cash equivalent as at 31 March	157,436	166,724	1,218	520

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 announced a Rights Issue to issue upto 116,455,625 ordinary shares 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 to raise a total sum of upto Rs. 465,822,500/-. Objective of the Rights Issue is to settle part of the debt outstanding.
- 8 The stated capital comprises 582,278,117 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 31 March	2024	2023
Highest price	6.00	7.80
Lowest price	4.10	5.70
Last traded price	4.50	6.70

13 Twenty major shareholders of the Company as at 31 March 2024

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	9,929,873	1.71
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 Peoples Leasing & Finance PLC / Mr. D. M. P. Disanayake	3,542,390	0.61
11 Mr. K. C. Vignarajah	3,314,366	0.57
12 Mr. G. D. M. Ranasinghe	2,800,000	0.48
13 Merchant Bank of Sri Lanka & Finance PLC 01	2,750,000	0.47
14 National Savings Bank	2,597,704	0.45
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
Total	494,449,802	84.92

14 Percentage of shares held by public as at 31 March 2024 : 30.61%
No. of public shareholders as at 31 March 2024 : 1,699

15 Float adjusted market capitalization as at 31 March 2024 was Rs. 802,058,992/-. 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 31 March 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	500,000
Mr. K. C. S. Dharmawardana	Director	-
Mr. K. Jayawardana	Director	-
Mr. J. P. I. Gamage	CEO	-