

LVL ENERGY FUND PLC



FINANCIAL STATEMENTS

For the period ended 31 December 2021

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LVL ENERGY FUND PLC

Review of provisional financial results for the 9-month period ended 31st Dec 2021

Group revenue increased to LKR 412 million compared to LKR 295 million in the corresponding period last year primarily due to increase in subsidiary company income to LKR 395 million from LKR 287 million last year. All three subsidiary companies engaged in hydropower generation recorded better results owing to favourable weather conditions that prevailed over the period compared to last year. Contribution from the solar power plant in Matugama that was commissioned on 22nd January 2021 also led to the increase in subsidiary company income.

Operating expenses in the 9-month period increased to LKR 134 million compared to LKR 114 million last year partly due to increase in lease rental attributable to estate land of hydropower projects that are linked to revenue. Accordingly operating profit for the period stood at LKR 278 million compared to LKR 181 million last year.

Share of profit from associate companies for the period was LKR 581 million compared to LKR 684 million during the same period last year. The decline was due to higher losses in Pawan Danavi and Nala Danavi wind power plants that were unable to operate at full capacity until 23rd August 2021 following the transformer failure at Narochochulai grid substation and lower tariff attributable to the second tier. Overall contribution from Bangladeshi thermal power plants was LKR 559 million compared LKR 626 million last year as one plant recorded a loss for the period.

Profit before interest and tax for the period was LKR 859 million compared to LKR 865 million last year. Interest cost for the period was LKR 195 million compared to LKR 212 million last year. Accordingly profit before tax for the period was LKR 664 million compared to LKR 653 million during the same period last year.

Tax charge for the period was LKR 124 million compared to LKR 38 million last year resulting in a net profit of LKR 540 million compared to LKR 615 million last year. LKR 98 million or 79% of the tax charge of LKR 124 million represented dividend tax. Profit attributable to equity holders of the Company for the period was LKR 473 million compared to LKR 562 million last year. Accordingly EPS for the period declined to LKR 0.81 from LKR 0.97 last year.

During the period overall power generation in hydro power plants recorded a marked improvement to 54.4 million units compared to 43.4 million units during the same period last year. The solar power project contributed 1.2 million units during the period. Power generation in wind power plants during the period was 18.7 million units compared to 9.4 million units last year.

Sgd.

D Sumith Arangala

Chief Executive Officer

9th February 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 09 Months			
	Group		Company		Group		Company	
	Period ended 31		Period ended 31		Period ended 31		Period ended 31	
	December		December		December		December	
	2021	2020	2021	2020	2021	2020	2021	2020
Revenue								
Investment income	262	151	-	-	689	386	-	-
Interest income	1,679	2,613	631	500	8,242	7,880	2,140	4,233
Subsidiary company income	143,768	105,280	-	-	394,481	286,780	-	-
Other income	126	45	146	-	8,499	95	146	1,244
	145,835	108,090	777	500	411,910	295,142	2,287	5,477
Operating expenses								
Administrative expenses	(2,341)	(1,445)	(2,341)	(1,445)	(6,401)	(5,833)	(6,401)	(5,833)
Sales and establishment expenses	(50)	-	-	-	(103)	-	-	-
Other operating expenses	(4,085)	(4,672)	(1,539)	(1,933)	(14,087)	(13,017)	(6,574)	(5,202)
Direct expenses - subsidiaries	(41,434)	(35,474)	-	-	(113,079)	(94,883)	-	-
Results from operating activities	97,925	66,499	(3,103)	(2,878)	278,240	181,409	(10,689)	(5,558)
Share of profit of equity accounted investees	60,948	146,599	112,588	157,845	580,701	683,778	649,144	741,835
Finance cost	(68,495)	(63,732)	(58,490)	(52,806)	(195,099)	(212,319)	(165,503)	(173,981)
Profit/(loss) before income tax	90,378	149,366	50,995	102,161	663,842	652,868	472,952	562,296
Tax expense	(12,438)	(24,831)	-	1,628	(124,316)	(37,972)	-	-
Profit/(loss) for the period	77,940	124,536	50,995	103,789	539,526	614,896	472,952	562,296
Profit/(loss) attributable to:								
Equity holders of the company	50,995	103,789	50,995	103,789	472,952	562,296	472,952	562,296
Non-controlling interest	26,945	20,747	-	-	66,574	52,600	-	-
Profit/(loss) for the period	77,940	124,536	50,995	103,789	539,526	614,896	472,952	562,296
Other comprehensive income, net of income tax								
Items that are or may be re-classified subsequently to profit or loss								
Foreign operations - foreign currency translation difference	(514)	44,619	(514)	44,619	(15,646)	(27,759)	(15,646)	(27,759)
Total other comprehensive income that are or may be re-classified to profit or loss in subsequent period	(514)	44,619	(514)	44,619	(15,646)	(27,759)	(15,646)	(27,759)
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	(514)	44,619	(514)	44,619	(15,646)	(27,759)	(15,646)	(27,759)
Total comprehensive income for the period	77,427	169,155	50,482	148,408	523,880	587,137	457,306	534,537
Total comprehensive income attributable to:								
Equity holders of the company	50,482	148,408	50,482	148,408	457,306	534,537	457,306	534,537
Non-controlling interest	26,945	20,747	-	-	66,574	52,600	-	-
Total comprehensive income for the period	77,427	169,155	50,482	148,408	523,880	587,137	457,306	534,537
Basic earnings per share (Rs.)	0.09	0.18	0.09	0.18	0.81	0.97	0.81	0.97

LVL ENERGY FUND PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Unaudited)

(All amounts in Sri Lanka Rupees thousands)

	Group As at 31 December 2021	Company As at 31 December 2021	Group As at 31 March 2021 Audited	Company As at 31 March 2021 Audited
Assets				
Non current assets				
Property, plant and equipment	1,662,569	4,923	1,143,176	6,506
Right-to-use land	3,038	-	3,178	-
Investment in equity accounted investees	6,446,926	7,581,176	6,539,210	7,281,206
Intangible assets	75,737	-	70,787	-
Total non current assets	8,188,269	7,586,099	7,756,351	7,287,712
Current assets				
Loans and receivables	248,325	1,739	135,262	155
Amounts due from related parties	905	44,814	580	26,817
Other receivables	451,359	80,998	73,200	73,200
Income tax receivables	5,761	5,235	6,378	5,236
Cash and cash equivalents	123,430	3,492	391,129	93,196
Total current assets	829,780	136,278	606,549	198,604
Total assets	9,018,049	7,722,377	8,362,900	7,486,316
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	706,966	706,966	722,612	722,612
Retained earnings	1,696,409	1,711,397	1,427,254	1,442,242
Total equity attributable to equity holders of the Company	5,318,948	5,333,936	5,065,439	5,080,427
Non controlling interest	235,449	-	207,631	-
Total equity	5,554,397	5,333,936	5,273,070	5,080,427
Liabilities				
Non current liabilities				
Interest bearing borrowings	2,925,854	2,051,708	1,729,799	1,350,532
Cumulative redeemable preference shares	-	-	75,000	-
Deferred tax liability	40,531	-	42,413	-
Total non current liabilities	2,966,385	2,051,708	1,847,212	1,350,532
Current liabilities				
Interest bearing borrowings	433,184	325,195	1,181,371	1,048,441
Cumulative redeemable preference shares	-	-	20,000	-
Amounts due to related parties	8,512	8,512	4,103	4,103
Other payables	32,245	3,025	17,929	2,813
Income tax payable	23,328	-	19,215	-
Total current liabilities	497,268	336,732	1,242,618	1,055,357
Total liabilities	3,463,653	2,388,440	3,089,830	2,405,889
Total equity and liabilities	9,018,049	7,722,377	8,362,900	7,486,316
Net assets per share (Rs.)	9.13	9.16	8.70	8.73

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.
A R Munasinghe
Director

09 February 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
Balance as at 01 April 2020	2,906,472	9,112	469,524	997,828	173,345	4,556,281
Profit/(loss) for the period	-	-	-	562,296	52,600	614,896
Foreign operations - foreign currency translation difference	-	-	(27,759)	-	-	(27,759)
Total comprehensive income for the period	-	-	(27,759)	562,296	52,600	587,137
Transactions with equity holders recognized directly in equity						
Dividend paid	-	-	-	(203,797)	(18,957)	(222,754)
	-	-	-	(203,797)	(18,957)	(222,754)
Balance as at 31 December 2020	2,906,472	9,112	441,766	1,356,327	206,988	4,920,665
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	-	-	-	472,952	66,574	539,526
Foreign operations - foreign currency translation difference	-	-	(15,646)	-	-	(15,646)
Total comprehensive income for the period	-	-	(15,646)	472,952	66,574	523,880
Transactions with equity holders recognized directly in equity						
Dividend paid	-	-	-	(203,797)	(38,756)	(242,553)
	-	-	-	(203,797)	(38,756)	(242,553)
Balance as at 31 December 2021	2,906,472	9,101	706,966	1,696,409	235,449	5,554,397

Company	Stated capital	Revaluation reserve	Translation reserve	Retained earnings	Total
Balance as at 01 April 2020	2,906,472	9,112	469,525	1,012,815	4,397,924
Profit/(loss) for the period	-	-	-	562,296	562,296
Foreign operations - foreign currency translation difference	-	-	(27,759)	-	(27,759)
Total comprehensive income for the period	-	-	(27,759)	562,296	534,537
Transactions with equity holders recognized directly in equity					
Dividend paid	-	-	-	(203,797)	(203,797)
	-	-	-	(203,797)	(203,797)
Balance as at 31 December 2020	2,906,472	9,112	441,766	1,371,314	4,728,664
Balance as at 01 April 2021	2,906,472	9,101	722,612	1,442,242	5,080,427
Profit/(loss) for the period	-	-	-	472,952	472,952
Foreign operations - foreign currency translation difference	-	-	(15,646)	-	(15,646)
Total comprehensive income for the period	-	-	(15,646)	472,952	457,306
Transactions with equity holders recognized directly in equity					
Dividend paid	-	-	-	(203,797)	(203,797)
	-	-	-	(203,797)	(203,797)
Balance as at 31 December 2021	2,906,472	9,101	706,966	1,711,397	5,333,936

LVL ENERGY FUND PLC
CONSOLIDATED STATEMENT OF CASHFLOWS (Unaudited)

(All amounts in Sri Lanka Rupees thousands)

For the period ended 31 December	Group		Company	
	2021	2020	2021	2020
Cash flows from operating activities				
Profit/(loss) before income tax	663,842	652,868	472,952	562,296
Adjustments for:				
Depreciation	37,334	33,181	1,582	1,582
Amortization of intangible assets	1,056	796	-	-
Share of profit from equity accounted investees	(580,701)	(683,778)	(649,144)	(741,835)
Interest income on investments	(8,242)	(7,880)	(2,140)	(4,233)
Other income	(8,499)	-	(146)	(1,244)
Dividend on preference shares	274	8,250	-	-
Interest expense	192,138	201,775	164,329	173,872
	297,203	205,212	(12,567)	(9,562)
Changes in				
Loans and receivables	(113,063)	(66,437)	(1,584)	13
Amounts due from related parties	(325)	3,009	(17,997)	35,607
Other receivables	99,223	66,336	-	18,288
Amounts due to related parties	4,409	-	4,409	-
Other payables	14,320	394	213	(669)
Cash generated from operating activities	301,767	208,514	(27,526)	43,677
Taxes paid	(35,449)	(16,931)	-	-
Interest paid	(149,079)	(145,537)	(124,730)	(115,292)
Net cash from operating activities	117,239	46,045	(152,257)	(71,614)
Cash flows from investing activities				
Interest received	16,741	7,880	2,287	4,233
Dividend received	76,053	179,669	395,730	202,126
Additions to intangible assets	(5,866)	(10,563)	-	-
Investment in equity accounted investees	-	(49,725)	(70,000)	(119,725)
Additions to property plant & equipment	(556,728)	(173,179)	-	-
Net cash from investing activities	(469,799)	(45,919)	328,017	86,634
Cash flows from financing activities				
Preference dividend paid	(274)	(10,556)	-	(2,306)
Cash repayments of cumulative redeemable preference shares	(95,000)	(42,500)	-	(37,500)
Cash proceeds of interest bearing borrowings	1,499,303	384,449	850,000	200,000
Cash repayments of interest bearing borrowings	(1,076,615)	(76,973)	(911,667)	(13,889)
Dividend paid	(203,797)	(203,797)	(203,797)	(203,797)
Dividend paid to minority share holders by subsidiary	(38,756)	(18,957)	-	-
Net cash from financing activities	84,861	31,666	(265,464)	(57,492)
Net increase/(decrease) in cash and cash equivalents	(267,699)	31,792	(89,704)	(42,471)
Cash and cash equivalent as at 01 April	391,129	320,952	93,196	283,962
Cash and cash equivalent as at 31 December	123,430	352,744	3,492	241,491

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 A final dividend of Rs. 0.35 per ordinary share for the financial year ended 31 March 2021 was declared on 20 August 2021 and was paid on 15 October 2021.
- 7 During the period Company capitalised in the form of shares Rs. 50 Mn and Rs. 20 Mn in its subsidiaries namely Solar Energy Investments (Private) Limited and Pupilaketiya Hydro Power (Private) Limited respectively. On 06 January 2022 further Rs. 30 Mn was capitalised in the form of shares in Solar Energy Investments (Private) Limited.
- 8 During the period Company replaced the loans of Rs. 375 Mn each from DFCC Bank PLC and Hatton National Bank PLC with 5-year deep discount bond with Sampath Bank PLC and obtained a short-term director/shareholder loan of Rs. 100 Mn from Mr. M. A. Wijetunge.
- 9 The Company is charged Rs. 1.0 Mn per annum 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 December	2021	2020
Highest price	11.00	10.90
Lowest price	10.10	7.60
Last traded price	10.50	10.20

- 13 Twenty major shareholders of the Company as at 31 December 2021

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	49,000,000	8.42
4 Phoenix Ventures (Private) Limited	24,001,460	4.12
5 Mr. M. M. Wijetunge	3,746,104	0.64
6 National Savings Bank	3,597,704	0.62
7 Peoples Leasing & Finance PLC / L. P. Hapangama	3,077,595	0.53
8 Merchant Bank of Sri Lanka & Finance PLC 01	2,500,000	0.43
9 Mr. K. T. Konesh	2,425,000	0.42
10 Mr. D. A. Cabraal	2,200,000	0.38
Mr. G. D. M. Ranasinghe	2,200,000	0.38
11 Mr. C. R. Perera	1,707,000	0.29
12 Mr. S. S. Sithambaranathan	1,630,659	0.28
13 Mr. H. A. Cabraal	1,500,000	0.26
14 Rubber Investment Trust Ltd A/C No 01	1,257,100	0.22
15 Mr. E. J. Gnanam	1,200,000	0.21
Peoples Leasing & Finance PLC/Mr. J. M. S. Brito & Mrs. B. S. Brito	1,200,000	0.21
Mr. U. D. Wickremesooriya	1,200,000	0.21
16 Bank of Ceylon A/C Ceybank Unit Trust	1,116,653	0.19
17 Peoples Leasing & Finance PLC / Mr. D. M. P. Disanayake	1,055,180	0.18
18 Peoples Leasing & Finance PLC / Mr. P. A. I. S. Perera	1,050,000	0.18
19 Peoples Leasing & Finance PLC /Ms Thambapanni Leisure (Private) Limited	1,029,200	0.18
20 Commercial Bank of Ceylon PLC / Andaradeniya Estate (Private) Limited	1,000,000	0.17
Mr. K. D. S. De Silva	1,000,000	0.17
Little Smile Organic (Private) Limited	1,000,000	0.17
Peoples Leasing & Finance PLC /Mr. C. T. Rangala	1,000,000	0.17
Mr. B. P. Singhage	1,000,000	0.17
Mr. N. G. Wickremeratne	1,000,000	0.17
Total	512,490,932	88.01

- 14 Percentage of shares held by public as at 31 December 2021 : 30.52%
- No. of public shareholders as at 31 December 2021 : 1,394

- 15 Float adjusted market capitalization as at 31 December 2021 was Rs. 1,865,968,454. 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 December 2021

		No. of Shares
Mr. L. H. A. L. Silva	Director	10,000
Mr. M. A. Wijetunge	Director	67,911,668
Mr. M. M. Wijetunge	Director	3,746,104
Mr. J. D. N. Kekulawala	Director	539,798
Mr. D. S. Arangala	CEO	500,000