

LVL ENERGY FUND PLC



FINANCIAL STATEMENTS
For the period ended 30 June 2022

Ocean Lines Building
46/12, Nawam Mawatha
Colombo 02.
Tel : 2 439 201 Fax : 2 439 203

LVL ENERGY FUND PLC

Review of provisional financial results for the 3-month ended 30th June 2022

Group revenue declined to LKR 71 million compared to LKR 109 million during the same period last year mainly due to the decline in subsidiary company income to LKR 70 million from LKR 105 million caused by the drop in revenue of Kadawala hydro power plant. The plant had to be shutdown on 17th May 2022 for some urgent repairs to the turbines. Before the repair work could be completed, on 01st August 2022 the penstock of the plant suffered damage due to a flash flood and earth slip. As a result the plant remains shutdown to date. Saphakanya hydro power plant also recorded a lower income due to some repairs being undertaken to one of the turbines in the plant which repair work is yet to be completed. Contribution from solar power plants was higher than in the previous year due to the contribution from Pallekele and Maho plants that were commissioned in March this year.

Operating expenses for the period remained static at LKR 42 million in comparison to the same period last year. Operating profit for the period declined to LKR 29 million from LKR 66 million last year in line with the decline in Group revenue.

Share of earnings for the period from equity accounted investee companies recorded negative LKR 187 million compared to positive LKR 225 million during the same period last year. While overall contribution from locally based equity accounted investee companies engaged in hydro and wind power generation was considerably higher at LKR 46 million compared to LKR 8 million last year, contribution from companies based in Bangladesh engaged in thermal power generation was a loss of LKR 233 million compared to a profit of LKR 217 million last year. Primary reason for the overall negative contribution was the loss recorded by Feni Lanka Power Limited after accounting for the exchange loss following the re-statement of USD denominated debt taken for construction of the plant. Bangladeshi Taka (BDT) suffered a major depreciation against the USD in the month of June. The company recorded a profit of BDT 258 million prior to charging the exchange loss but after charging the exchange loss it recorded a loss of BDT 101 million. The other two companies in Bangladesh also recorded losses due to adverse operating conditions and, higher working capital cost owing to increased oil prices and delay in receiving payment for electricity sales.

With increased interest rates Group interest cost increased to LKR 114 million compared to LKR 63 million last year. Tax charge for the period was insignificant compared to LKR 16 million last year. Accordingly the loss for the period was LKR 272 million compared to a profit of LKR 212 million last year.

Amidst disruption to power generation on account of repairs being undertaken at two hydro power plants, hydro power generation declined to 14 million units compared to 16 million units last year. Following the availability of full connectivity to the grid of wind power plants their overall generation was considerably higher at 13 million units compared to just 4 million units last year. Solar power plants generated 1.7 million units during the period compared to 0.3 million units last year. Only one solar power plant of 1 MW was operational during the period last year.

Cash-flow position of local companies supplying electricity to Ceylon Electricity Board continues to be tight with September 2021 invoices being settled in July 2022, a time lag of 9 months. Increased interest rates are also having a major impact on their profitability.

Sgd.

D Sumith Arangala

Chief Executive Officer

12 August 2022

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	
	2022	2021	2022	2021
Revenue				
Investment income	47	152	-	-
Interest income	915	3,354	462	464
Subsidiary company income	70,230	104,874	-	-
Other income	60	171	479	43
	71,252	108,551	941	506
Operating expenses				
Administrative expenses	(2,197)	(2,341)	(2,197)	(2,341)
Sales and establishment expenses	(50)	(53)	-	-
Other operating expenses	(4,822)	(5,581)	(1,887)	(2,824)
Direct expenses - subsidiaries	(35,287)	(34,404)	-	-
Results from operating activities	28,897	66,172	(3,143)	(4,658)
Share of profit of equity accounted investees (net of income tax)	(187,018)	225,197	(180,800)	259,123
Finance cost	(114,039)	(63,230)	(89,668)	(52,604)
Profit/(loss) before income tax	(272,160)	228,140	(273,610)	201,861
Tax expense	203	(16,230)	-	-
Profit/(loss) for the period	(271,957)	211,910	(273,610)	201,861
Profit/(loss) attributable to:				
Equity holders of the company	(273,610)	201,861	(273,610)	201,861
Non-controlling interest	1,653	10,049	-	-
Profit/(loss) for the period	(271,957)	211,910	(273,610)	201,861
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	-	-	-	-
Foreign operations - foreign currency translation difference	771,775	50,107	771,775	50,107
Total other comprehensive income that are or may be re-classified to profit or loss in subsequent period	771,775	50,107	771,775	50,107
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	771,775	50,107	771,775	50,107
Total comprehensive income for the period	499,818	262,017	498,165	251,968
Total comprehensive income attributable to:				
Equity holders of the company	498,165	251,968	498,165	251,968
Non-controlling interest	1,653	10,049	-	-
Total comprehensive income for the period	499,818	262,017	498,165	251,968
Basic earnings per share (Rs.)	(0.47)	0.35	(0.47)	0.35

LVL ENERGY FUND PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Unaudited)

(All amounts in Sri Lanka Rupees thousands)

	Group As at 30 June 2022	Company As at 30 June 2022	Group As at 31 March 2022	Company As at 31 March 2022
Assets				
Non current assets				
Property, plant and equipment	1,672,085	3,868	1,682,314	4,396
Right-to-use land	2,944	-	2,991	-
Investment in equity accounted investees	9,849,224	11,257,628	9,264,467	10,666,652
Intangible assets	87,403	-	85,760	-
Total non current assets	11,611,656	11,261,496	11,035,532	10,671,048
Current assets				
Loans and receivables	274,929	2,129	244,704	1,826
Amounts due from related parties	894	28,652	847	56,079
Other receivables	707,715	80,998	719,475	92,758
Income tax receivables	6,448	5,235	6,448	5,235
Cash and cash equivalents	(53,007)	(99,707)	70,653	988
Total current assets	936,979	17,307	1,042,128	156,886
Total assets	12,548,636	11,278,803	12,077,659	10,827,935
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	4,218,711	4,218,711	3,446,936	3,446,936
Retained earnings	1,611,028	1,626,014	1,884,638	1,899,624
Total equity attributable to equity holders of the Company	8,745,312	8,760,298	8,247,147	8,262,133
Non controlling interest	235,168	-	233,515	-
Total equity	8,980,480	8,760,298	8,480,662	8,262,133
Liabilities				
Non current liabilities				
Interest bearing borrowings	2,959,833	2,080,612	2,900,650	2,031,594
Deferred tax liability	39,276	-	39,903	-
Total non current liabilities	2,999,109	2,080,612	2,940,553	2,031,594
Current liabilities				
Interest bearing borrowings	456,204	362,938	546,600	463,465
Other payables	103,306	74,954	93,051	70,743
Income tax payable	9,537	-	16,792	-
Total current liabilities	569,047	437,892	656,443	534,207
Total liabilities	3,568,156	2,518,504	3,596,997	2,565,802
Total equity and liabilities	12,548,636	11,278,803	12,077,659	10,827,935
Net assets per share (Rs.)	15.02	15.04	14.16	14.19

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

12 August 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 2021	2,906,472	9,101	722,612	1,427,254	207,631	5,273,070
Profit/(loss) for the period	-	-	-	201,861	10,049	211,910
Foreign operations - foreign currency translation difference	-	-	50,107	-	-	50,107
Share of OCI - Equity Accounted Investees	-	-	-	-	-	-
Total comprehensive income for the period	-	-	50,107	201,861	10,049	262,017
Transactions with equity holders recognized directly in equity						
Dividend paid	-	-	-	-	(36,110)	(36,110)
	-	-	-	-	(36,110)	(36,110)
Balance as at 30 June 2021	2,906,472	9,101	772,719	1,629,115	181,569	5,498,976
Balance as at 01 April 2022	2,906,472	9,101	3,446,936	1,884,638	233,515	8,480,662
Profit/(loss) for the period	-	-	-	(273,610)	1,653	(271,957)
Foreign operations - foreign currency translation difference	-	-	771,775	-	-	771,775
Share of OCI - Equity Accounted Investees	-	-	-	-	-	-
Total comprehensive income for the period	-	-	771,775	(273,610)	1,653	499,818
Transactions with equity holders recognized directly in equity						
Dividend paid	-	-	-	-	-	-
	-	-	-	-	-	-
Balance as at 30 June 2022	2,906,472	9,101	4,218,711	1,611,028	235,168	8,980,480

Company	Stated capital	Revaluation 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	-	-	-	201,861	201,861
Foreign operations - foreign currency translation difference	-	-	50,107	-	50,107
Share of OCI -Equity Accounted Investees	-	-	-	-	-
Total comprehensive income for the period	-	-	50,107	201,861	251,968
Transactions with equity holders recognized directly in equity					
Dividend paid	-	-	-	-	-
	-	-	-	-	-
Balance as at 30 June 2021	2,906,472	9,101	772,719	1,644,102	5,332,394
Balance as at 01 April 2022	2,906,472	9,101	3,446,936	1,899,624	8,262,133
Profit/(loss) for the period	-	-	-	(273,610)	(273,610)
Foreign operations - foreign currency translation difference	-	-	771,775	-	771,775
Share of OCI - Equity Accounted Investees	-	-	-	-	-
Total comprehensive income for the period	-	-	771,775	(273,610)	498,165
Transactions with equity holders recognized directly in equity					
Dividend paid	-	-	-	-	-
	-	-	-	-	-
Balance as at 30 June 2022	2,906,472	9,101	4,218,711	1,626,014	8,760,298

LVL ENERGY FUND PLC
CONSOLIDATED STATEMENT OF CASHFLOWS (Unaudited)

(All amounts in Sri Lanka Rupees thousands)

For the period ended 30 June	Group		Company	
	2022	2021	2022	2021
Cash flows from operating activities				
Profit/(loss) before income tax	(272,160)	228,140	(273,610)	201,861
Adjustments for:				
Depreciation	17,002	12,424	528	528
Amortization of intangible assets	479	352	-	-
Share of profit from equity accounted investees	187,018	(225,197)	180,800	(259,123)
Interest income on investments	(915)	(3,354)	(462)	(464)
Other income	(60)	(171)	(479)	(43)
Dividend on preference shares	-	274	-	-
Interest expense	108,738	60,783	84,718	51,789
	40,100	73,251	(8,506)	(5,452)
Changes in				
Loans and receivables	(30,225)	1,159	(302)	(2,612)
Amounts due from related parties	(47)	-	27,427	-
Other receivables	-	(62)	-	(4,993)
Other payables	10,254	(4,875)	4,211	(3,280)
Cash generated from operating activities	20,083	69,473	22,830	(16,337)
Taxes paid	(7,680)	(19,354)	-	-
Interest paid	(81,068)	(56,301)	(64,098)	(47,647)
Net cash from operating activities	(68,665)	(6,182)	(41,267)	(63,984)
Cash flows from investing activities				
Interest received	976	3,524	941	506
Dividend received	11,760	13,200	11,760	56,307
Additions to intangible assets	(2,075)	(772)	-	-
Additions to property plant & equipment	(6,772)	(420,241)	-	-
Net cash from investing activities	3,889	(404,289)	12,700	56,813
Cash flows from financing activities				
Preference dividend paid	-	(274)	-	-
Cash repayments of cumulative redeemable preference shares	-	(95,000)	-	-
Cash proceeds of interest bearing borrowings	126,213	1,335,283	85,000	750,000
Cash repayments of interest bearing borrowings	(185,097)	(930,279)	(157,127)	(823,889)
Dividend paid	-	-	-	-
Dividend paid to minority share holders by subsidiary	-	(36,110)	-	-
Net cash from financing activities	(58,884)	273,620	(72,127)	(73,889)
Net increase/(decrease) in cash and cash equivalents	(123,660)	(136,851)	(100,695)	(81,060)
Cash and cash equivalent as at 01 April	70,653	391,129	988	93,196
Cash and cash equivalent as at 30 June	(53,007)	254,278	(99,707)	12,136

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 The Company is charged Rs. 1.65 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 30 June	2022	2021
Highest price	9.00	10.80
Lowest price	7.00	9.20
Last traded price	7.10	10.40

- 11 Twenty major shareholders of the Company as at 30 June 2022

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 Phoenix Ventures (Private) Limited	22,268,600	3.82
5 Hatton National Bank PLC - Senfin Growth Fund	4,673,096	0.80
6 Mr. M. M. Wijetunge	3,746,104	0.64
7 National Savings Bank	3,597,704	0.62
8 Peoples Leasing & Finance PLC / L. P. Hapangama	3,267,595	0.56
9 J.B. Cocoshell (Pvt) Ltd	2,900,000	0.50
10 Mr. G.D.M. Ranasinghe	2,600,000	0.45
11 Merchant Bank of Sri Lanka & Finance PLC 01	2,500,000	0.43
12 Mr. K. T. Konesh	2,425,000	0.42
13 Mr. D. A. Cabraal	2,200,000	0.38
14 Mr. S. S. Sithambaranathan	2,040,510	0.35
15 Merchant Bank of Sri Lanka & Finance PLC/K.K. Karunamoorthy	1,888,360	0.32
16 Peoples Bank	1,700,000	0.29
17 Mr. C.R. Perera	1,670,000	0.29
18 Peoples Leasing & Finance PLC / L. H. L. M. P. Haradasa	1,629,456	0.28
19 Mr. H.A. Cabraal	1,500,000	0.26
20 Mr. K. D. S. De Silva	1,300,000	0.22
Total	497,203,702	85.39

- 12 Percentage of shares held by public as at 30 June 2022 : 30.52%
No. of public shareholders as at 30 June 2022 : 1,419
- 13 Float adjusted market capitalization as at 30 June 2022 was Rs. 1,261,750,097/-. 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 30 June 2022

		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. D. S. Arangala	CEO	500,000