

LVL ENERGY FUND PLC



FINANCIAL STATEMENTS
For the period ended 30 June 2023

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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	
	2023	2022	2023	2022
Revenue				
Interest income	2,999	915	82	462
Subsidiary company income	81,949	70,230	-	-
Other income	4,056	107	3,859	479
	89,004	71,252	3,941	941
Operating expenses				
Administrative expenses	-	(2,197)	-	(2,197)
Sales and establishment expenses	(90)	(50)	-	-
Other operating expenses	(17,085)	(4,822)	(12,022)	(1,887)
Direct expenses - subsidiaries	(41,666)	(35,287)	-	-
Results from operating activities	30,162	28,897	(8,081)	(3,143)
Share of profit of equity accounted investees (net of income tax)	45,202	(187,018)	25,541	(180,800)
Finance cost	(151,581)	(114,039)	(90,579)	(89,668)
Profit/(loss) before income tax	(76,216)	(272,160)	(73,119)	(273,610)
Tax expense	1,335	203	-	-
Profit/(loss) for the period	(74,881)	(271,957)	(73,119)	(273,610)
Profit/(loss) attributable to:				
Equity holders of the company	(73,119)	(273,610)	(73,119)	(273,610)
Non-controlling interest	(1,762)	1,653	-	-
Profit/(loss) for the period	(74,881)	(271,957)	(73,119)	(273,610)
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	(144,931)	-	(144,931)	-
Foreign operations - foreign currency translation difference	(363,222)	771,775	(363,222)	771,775
Total other comprehensive income that are or may be re-classified to profit or loss in subsequent period	(508,153)	771,775	(508,153)	771,775
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	(508,153)	771,775	(508,153)	771,775
Total comprehensive income for the period	(583,034)	499,818	(581,272)	498,165
Total comprehensive income attributable to:				
Equity holders of the company	(581,272)	498,165	(581,272)	498,165
Non-controlling interest	(1,762)	1,653	-	-
Total comprehensive income for the period	(583,034)	499,818	(581,272)	498,165
Basic earnings per share (Rs.)	(0.13)	(0.47)	(0.13)	(0.47)

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

(All amounts in Sri Lanka Rupees thousands)

	Group As at 30 June 2023	Group As at 31 March 2023	Company As at 30 June 2023	Company As at 31 March 2023
Assets				
Non current assets				
Property, plant and equipment	1,588,002	1,608,553	1,758	2,286
Right-to-use land	2,756	2,803	-	-
Investment in equity accounted investees	6,865,608	7,328,559	8,023,030	8,505,642
Intangible assets	124,053	125,307	-	-
Total non current assets	8,580,419	9,065,222	8,024,788	8,507,927
Current assets				
Loans and receivables	275,968	304,393	2,521	2,144
Amounts due from related parties	62,357	1,711	96,143	40,494
Other receivables	564,326	564,325	80,998	174,245
Income tax receivables	7,544	6,922	5,235	5,235
Cash and cash equivalents	95,336	166,856	659	520
Total current assets	1,005,531	1,044,207	185,557	222,637
Total assets	9,585,951	10,109,429	8,210,345	8,730,564
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	2,335,474	2,698,696	2,335,474	2,698,696
Cash flow hedge reserve	(1,280,117)	(1,135,186)	(1,280,117)	(1,135,186)
Retained earnings	1,722,487	1,795,606	1,737,473	1,810,592
Total equity attributable to equity holders of the Company	5,693,417	6,274,689	5,708,403	6,289,676
Non controlling interest	154,405	156,168	-	-
Total equity	5,847,822	6,430,857	5,708,403	6,289,676
Liabilities				
Non current liabilities				
Interest bearing borrowings	3,052,510	3,066,436	2,049,063	2,039,002
Deferred tax liability	78,763	80,128	-	-
Total non current liabilities	3,131,273	3,146,564	2,049,063	2,039,002
Current liabilities				
Interest bearing borrowings	575,097	487,961	451,621	389,637
Other payables	30,811	43,116	1,258	12,249
Income tax payable	949	931	-	-
Total current liabilities	606,856	532,008	452,879	401,886
Total liabilities	3,738,129	3,678,573	2,501,942	2,440,888
Total equity and liabilities	9,585,951	10,109,429	8,210,345	8,730,564
Net assets per share (Rs.)	9.78	10.78	9.80	10.80

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

08 August 2023

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	-	-	-	-	(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	4,218,707	-	1,605,281	237,497	8,977,057
Balance as at 01 April 2023	2,906,472	9,101	2,698,696	(1,135,186)	1,795,606	156,168	6,430,857
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	2,335,474	(1,280,117)	1,722,487	154,405	5,847,822

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	-	-	-	-	(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	4,218,707	-	1,620,268	8,754,548
Balance as at 01 April 2023	2,906,472	9,101	2,698,696	(1,135,186)	1,810,592	6,289,676
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	2,335,474	(1,280,117)	1,737,473	5,708,403

LVL ENERGY FUND PLC
CONSOLIDATED STATEMENT OF CASHFLOWS (Unaudited)

(All amounts in Sri Lanka Rupees thousands)

For the period ended 30 June	Group		Company	
	2023	2022	2023	2022
Cash flows from operating activities				
Profit/(loss) before income tax	(76,216)	(272,160)	(73,119)	(273,610)
Adjustments for:				
Depreciation	20,551	17,002	527	528
Amortization of intangible assets	1,289	479	-	-
Share of profit from equity accounted investees	(45,202)	187,018	(25,541)	180,800
Interest income on investments	(2,999)	(915)	(82)	(462)
Other income	(2,999)	(60)	(3,859)	(479)
Dividend on preference shares	-	-	-	-
Interest expense	151,319	108,738	90,576	84,718
	45,743	40,100	(11,499)	(8,506)
Changes in				
Loans and receivables	28,425	(30,225)	(377)	(302)
Amounts due from related parties	(60,646)	(47)	(55,650)	27,427
Other receivables	-	-	-	-
Other payables	(12,306)	10,254	(10,991)	4,211
Cash generated from operating activities	1,216	20,083	(78,516)	22,830
Taxes paid	(634)	(7,680)	-	-
Interest paid	(52,511)	(81,068)	(18,531)	(64,098)
Net cash from operating activities	(51,929)	(68,665)	(97,047)	(41,267)
Cash flows from investing activities				
Interest received	5,998	976	3,941	941
Dividend received	-	11,760	93,246	11,760
Additions to intangible assets	-	(2,075)	-	-
Additions to property plant & equipment	-	(6,772)	-	-
Net cash from investing activities	5,998	3,889	97,187	12,700
Cash flows from financing activities				
Preference dividend paid	-	-	-	-
Cash repayments of cumulative redeemable preference shares	-	-	-	-
Cash proceeds of interest bearing borrowings	-	126,213	-	85,000
Cash repayments of interest bearing borrowings	(25,588)	(185,097)	-	(157,127)
Dividend paid	-	-	-	-
Dividend paid to minority share holders by subsidiary	-	-	-	-
Net cash from financing activities	(25,588)	(58,884)	-	(72,127)
Net increase/(decrease) in cash and cash equivalents	(71,519)	(123,660)	140	(100,695)
Cash and cash equivalent as at 01 April	166,856	70,653	520	988
Cash and cash equivalent as at 30 June	95,336	(53,007)	659	(99,707)

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 The stated capital comprises 582,278,117 ordinary shares.
- 7 The Company is charged Rs. 42 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	2023	2022
Highest price	7.70	9.00
Lowest price	5.50	7.00
Last traded price	6.00	7.10

- 11 Twenty major shareholders of the Company as at 30 June 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 Phoenix Ventures (Private) Limited	19,860,530	3.41
5 Peoples Leasing & Finance PLC / L. P. Hapangama	4,813,353	0.83
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 Mr. M. M. Wijetunge	3,746,104	0.64
9 National Savings Bank	3,597,704	0.62
10 Mr. G.D.M. Ranasinghe	2,765,000	0.47
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 Senkadagala Finance PLC	2,037,110	0.35
16 Peoples Leasing & Finance PLC / L. H. L. M. P. Haradasa	1,879,205	0.32
17 Peoples Bank	1,700,000	0.29
18 Peoples Leasing & Finance PLC / Dr. H. S. D. Soysa & Mrs. G. Soysa	1,693,840	0.29
19 Mr. K. C. Vignarajah	1,613,623	0.28
20 Mr. C. R. Perera	1,555,000	0.27
Total	498,447,326	85.60

12 Percentage of shares held by public as at 30 June 2023 : 30.61%
No. of public shareholders as at 30 June 2023 : 1,509

13 Float adjusted market capitalization as at 30 June 2023 was Rs. 1,069,411,990/-. 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 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	-