

LVL ENERGY FUND PLC



FINANCIAL STATEMENTS
For the period ended 30 September 2023

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 06 Months			
	Group		Company		Group		Company	
	Period ended 30		Period ended 30		Period ended 30		Period ended 30	
	September		September		September		September	
	2023	2022	2023	2022	2023	2022	2023	2022
Revenue								
Interest income	2,730	9,868	68	8,726	5,729	10,783	150	9,188
Subsidiary company income	83,190	78,909	-	-	165,139	149,139	-	-
Other income	3,439	136	2,322	918	7,495	243	6,181	1,397
	89,359	88,913	2,390	9,644	178,363	160,165	6,331	10,585
Operating expenses								
Administrative expenses	-	1,717	-	1,717	-	(480)	-	(480)
Sales and establishment expenses	-	-	-	-	(90)	(50)	-	-
Other operating expenses	(17,282)	(8,964)	(12,829)	(3,565)	(34,368)	(13,786)	(24,852)	(5,451)
Direct expenses - subsidiaries	(46,815)	(54,104)	-	-	(88,482)	(89,390)	-	-
Results from operating activities	25,262	27,562	(10,439)	7,796	55,423	56,459	(18,521)	4,653
Share of profit of equity accounted investees	251,336	(997,166)	231,139	(1,173,694)	296,538	(1,184,185)	256,680	(1,354,494)
Finance cost	(128,885)	(175,112)	(81,327)	(98,322)	(280,466)	(289,151)	(171,907)	(187,990)
Profit/(loss) before income tax	147,713	(1,144,716)	139,373	(1,264,220)	71,495	(1,416,876)	66,252	(1,537,830)
Tax expense	(10,693)	(134,805)	-	-	(9,357)	(134,602)	-	-
Profit/(loss) for the period	137,020	(1,279,521)	139,373	(1,264,220)	62,138	(1,551,478)	66,252	(1,537,830)
Profit/(loss) attributable to:								
Equity holders of the company	139,373	(1,264,220)	139,373	(1,264,220)	66,252	(1,537,830)	66,252	(1,537,830)
Non-controlling interest	(2,353)	(15,301)	-	-	(4,114)	(13,648)	-	-
Profit/(loss) for the period	137,020	(1,279,521)	139,373	(1,264,220)	62,138	(1,551,478)	66,252	(1,537,830)
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	(117,846)	-	(117,846)	-	(262,776)	-	(262,776)	-
Foreign operations - foreign currency translation difference	171,325	(470,619)	171,325	(470,619)	(191,897)	301,156	(191,897)	301,156
Total other comprehensive income that are or may be re-classified to profit or loss in subsequent period	53,479	(470,619)	53,479	(470,619)	(454,673)	301,156	(454,673)	301,156
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	53,479	(470,619)	53,479	(470,619)	(454,673)	301,156	(454,673)	301,156
Total comprehensive income for the period	190,499	(1,750,141)	192,852	(1,734,839)	(392,535)	(1,250,322)	(388,421)	(1,236,674)
Total comprehensive income attributable to:								
Equity holders of the company	192,852	(1,734,839)	192,852	(1,734,839)	(388,421)	(1,236,674)	(388,421)	(1,236,674)
Non-controlling interest	(2,353)	(15,302)	-	-	(4,114)	(13,648)	-	-
Total comprehensive income for the period	190,499	(1,750,141)	192,852	(1,734,839)	(392,535)	(1,250,322)	(388,421)	(1,236,674)
Basic earnings per share (Rs.)	0.24	(2.17)	0.24	(2.17)	0.11	(2.64)	0.11	(2.64)

LVL ENERGY FUND PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Unaudited)

(All amounts in Sri Lanka Rupees thousands)

	Group As at 30 September 2023	Group As at 31 March 2023 Audited	Company As at 30 September 2023	Company As at 31 March 2023 Audited
Assets				
Non current assets				
Property, plant and equipment	1,569,486	1,608,553	1,231	2,286
Right-to-use land	2,709	2,802	-	-
Investment in equity accounted investees	6,923,321	7,131,459	8,051,118	8,299,111
Intangible assets	122,822	125,307	-	-
Total non current assets	8,618,338	8,868,121	8,052,349	8,301,397
Current assets				
Loans and receivables	241,474	304,525	2,524	2,145
Amounts due from related parties	43,930	1,711	69,976	40,494
Other receivables	614,326	564,325	130,998	174,245
Income tax receivables	5,796	6,378	5,235	5,236
Cash and cash equivalents	69,819	166,724	335	520
Total current assets	975,345	1,043,663	209,068	222,639
Total assets	9,593,683	9,911,784	8,261,417	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	2,479,623	2,671,520	2,479,623	2,671,520
Cash flow hedge reserve	(1,397,927)	(1,135,151)	(1,397,927)	(1,135,151)
Retained earnings	1,691,526	1,625,274	1,697,454	1,631,202
Total equity attributable to equity holders of the Company	5,688,795	6,077,216	5,694,723	6,083,144
Non controlling interest	152,055	156,169	-	-
Total equity	5,840,850	6,233,385	5,694,723	6,083,144
Liabilities				
Non current liabilities				
Interest bearing borrowings	3,030,428	3,068,341	2,084,485	2,149,357
Deferred tax liability	77,399	80,128	-	-
Total non current liabilities	3,107,827	3,148,469	2,084,485	2,149,357
Current liabilities				
Interest bearing borrowings	600,288	486,056	480,314	279,281
Amounts due to related parties	-	10,913	-	10,913
Other payables	33,677	32,294	1,895	1,340
Income tax payable	11,041	667	-	-
Total current liabilities	645,006	529,929	482,209	291,534
Total liabilities	3,752,833	3,678,398	2,566,694	2,440,892
Total equity and liabilities	9,593,683	9,911,784	8,261,417	8,524,036
Net assets per share (Rs.)	9.77	10.44	9.78	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

Sgd.
R A Dassanayake
Director

14 November 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	-	-	-	-	(1,537,830)	(13,648)	(1,551,478)
Foreign operations - foreign currency translation difference	-	-	301,156	-	-	-	301,156
Total comprehensive income for the period	-	-	301,156	-	(1,537,830)	(13,648)	(1,250,322)
Transactions with equity holders recognized directly in equity							
Issue of shares by a subsidiary	-	-	-	-	-	18,646	18,646
Dividend payable	-	-	-	-	-	(56,395)	(56,395)
	-	-	-	-	-	(37,749)	(37,749)
Balance as at 30 September 2022	2,906,472	9,101	3,748,088	-	341,061	184,447	7,189,169
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	-	-	-	-	66,252	(4,114)	62,138
Share of Other Comprehensive Income from Equity Accounted Investees	-	-	-	(262,776)	-	-	(262,776)
Foreign operations - foreign currency translation difference	-	-	(191,897)	-	-	-	(191,897)
Total comprehensive income for the period	-	-	(191,897)	(262,776)	66,252	(4,114)	(392,535)
Transactions with equity holders recognized directly in equity							
Dividend payable	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Balance as at 30 September 2023	2,906,472	9,101	2,479,623	(1,397,927)	1,691,526	152,055	5,840,850

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	-	-	-	-	(1,537,830)	(1,537,830)
Foreign operations - foreign currency translation difference	-	-	301,156	-	-	301,156
Total comprehensive income for the period	-	-	301,156	-	(1,537,830)	(1,236,674)
Transactions with equity holders recognized directly in equity						
Dividend payable	-	-	-	-	-	-
	-	-	-	-	-	-
Balance as at 30 September 2022	2,906,472	9,101	3,748,088	-	356,049	7,019,710
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	-	-	-	-	66,252	66,252
Share of Other Comprehensive Income from Equity Accounted Investees	-	-	-	(262,776)	-	(262,776)
Foreign operations - foreign currency translation difference	-	-	(191,897)	-	-	(191,897)
Total comprehensive income for the period	-	-	(191,897)	(262,776)	66,252	(388,421)
Transactions with equity holders recognized directly in equity						
Dividend payable	-	-	-	-	-	-
	-	-	-	-	-	-
Balance as at 30 September 2023	2,906,472	9,101	2,479,623	(1,397,927)	1,697,454	5,694,723

LVL ENERGY FUND PLC
CONSOLIDATED STATEMENT OF CASHFLOWS (Unaudited)

(All amounts in Sri Lanka Rupees thousands)

For the period ended 30 September	Group		Company	
	2023	2022	2023	2022
Cash flows from operating activities				
Profit/(loss) before income tax	71,495	(1,416,876)	66,252	(1,537,830)
Adjustments for:				
Depreciation	41,104	40,548	1,055	1,055
Amortization of intangible assets	2,578	1,533	-	-
Share of profit from equity accounted investees	(296,538)	1,184,185	(256,680)	1,354,494
Interest income on investments	(5,729)	(10,783)	(150)	(9,188)
Other income	(7,495)	(196)	(6,181)	(1,397)
Interest expense	278,783	284,875	171,902	184,116
	84,198	83,284	(23,802)	(8,750)
Changes in				
Loans and receivables	63,051	(68,240)	(379)	(252)
Amounts due from related parties	(42,219)	(107)	(29,483)	19,642
Other receivables	-	570,322	-	-
Amounts due to related parties	(10,913)	(66,285)	(10,913)	(66,285)
Other payables	1,389	55,118	556	(273)
Cash generated from operating activities	95,506	574,093	(64,021)	(55,917)
Taxes paid	(1,133)	(17,359)	-	-
Gratuity paid	-	(1,380)	-	(1,380)
Interest paid	(111,786)	(233,404)	(35,742)	(146,180)
Net cash from operating activities	(17,413)	321,950	(99,763)	(203,478)
Cash flows from investing activities				
Interest received	13,224	10,979	6,332	10,585
Dividend received	-	11,760	93,246	537,380
Additions to intangible assets	-	(18,563)	-	-
Additions to property plant & equipment	(2,037)	(12,887)	-	-
Net cash from investing activities	11,187	(8,711)	99,578	547,965
Cash flows from financing activities				
Cash proceeds of interest bearing borrowings	-	159,545	-	85,000
Cash repayments of interest bearing borrowings	(90,679)	(321,891)	-	(269,905)
Share issued to minority shareholders	-	18,646	-	-
Dividend paid to minority share holders by subsidiary	-	(56,395)	-	-
Net cash from financing activities	(90,679)	(200,096)	-	(184,905)
Net increase/(decrease) in cash and cash equivalents	(96,905)	113,143	(185)	159,582
Cash and cash equivalent as at 01 April	166,724	70,653	520	988
Cash and cash equivalent as at 30 September	69,819	183,796	335	160,570

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.

According to the restructured terms, interest to be paid on 25 November 2023 amounted to Rs. 176 Mn in respect of the borrowings of DFCC. Due to further delay in the expected dividend, the Company could not meet this obligation. NDB loan is due in April 2024 and the Company expect the dividend to be received before the due date.
- 7 The stated capital comprises 582,278,117 ordinary shares.
- 8 The Company is charged Rs. 42 Mn p.a. as management fees by its parent company, Lanka Ventures PLC.
- 9 There were no contingent liabilities during the period under review that require disclosure in interim financial statements.
- 10 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.

Explanatory Notes :

11 The market price per share:

for the quarter ended 30 September	2023	2022
Highest price	7.00	9.20
Lowest price	5.80	7.00
Last traded price	6.00	7.50

12 Twenty major shareholders of the Company as at 30 September 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 Seylan Bank PLC / Senthilverl Holdings (Pvt) Ltd	10,045,673	1.73
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 National Savings Bank	3,597,704	0.62
11 People'S Leasing & Finance PLC / Mr. D. M. P. Disanayake	3,542,390	0.61
12 Mr. K. C. Vignarajah	2,821,719	0.48
13 Mr. G. D. M. Ranasinghe	2,765,000	0.47
14 Merchant Bank of Sri Lanka & Finance PLC 01	2,750,000	0.47
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	<u>495,037,955</u>	<u>85.02</u>

13 Percentage of shares held by public as at 30 September 2023 : 30.61%
No. of public shareholders as at 30 September 2023 : 1,584

14 Float adjusted market capitalization as at 30 September 2023 was Rs. 1,069,411,989.68. 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.

Shareholding of Directors/CEO as at 30 September 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 -