

**LVL ENERGY FUND PLC**



**FINANCIAL STATEMENTS**

For the period ended 31 March 2022

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## LVL ENERGY FUND PLC

### **Review of provisional financial results for the year ended 31<sup>st</sup> March 2022**

Group revenue increased to LKR 447 million compared to LKR 354 million last year primarily due to increase in subsidiary company income to LKR 428 million from LKR 337 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 solar power plants in Matugama, Pallekele and Maho that were commissioned on 22<sup>nd</sup> January 2021, 03<sup>rd</sup> March 2022 and 30<sup>th</sup> March 2022 respectively also led to the increase in subsidiary company income.

Operating expenses for the period increased to LKR 164 million compared to LKR 142 million last year partly due to increase in lease rental attributable to estate land of hydropower projects that are linked to revenue and the addition of operating expenses of solar power plants. Accordingly operating profit for the year stood at LKR 283 million compared to LKR 212 million last year.

Share of earnings from associate companies for the year was LKR 849 million compared to LKR 775 million last year. Pawan Danavi and Nala Danavi wind power plants recorded losses as they were unable to operate at full capacity until 23<sup>rd</sup> August 2021 following the transformer failure at Narochchola grid substation and lower tariff attributable to the second tier. The contribution from Assupiniella hydro power plant was lower due to considerable decline in tariff attributable to the plant. Overall contribution from Bangladeshi thermal power plants was higher at LKR 853 million compared LKR 707 million last year.

Profit before interest and tax for the year was LKR 1,132 million compared to LKR 987 million last year. Interest cost for the period was LKR 285 million compared to LKR 250 million last year. Accordingly profit before tax for the year was LKR 847 million compared to LKR 738 million last year.

Tax charge for the year was LKR 180 million compared to LKR 49 million last year resulting in a net profit of LKR 667 million compared to LKR 689 million last year. 82% of the tax for the year represented dividend tax. Profit attributable to equity holders of the Company for the year was LKR 604 million compared to LKR 633 million last year. Accordingly EPS for the period declined to LKR 1.04 from LKR 1.09 last year.

During the year overall power generation in hydro power plants recorded a marked improvement to 60.5 million units compared to 54.0 million units last year. Solar power plants generated 1.8 million units during the period. Power generation in wind power plants was 22 million units compared to 10 million units last year due to restoration of full capacity in August 2021 as stated above.

Local entities in hydro, wind and solar energy sectors have not been paid by Ceylon Electricity Board for electricity sales since August 2021. This has caused severe cashflow problems in those entities affecting their debt servicing capability and absorption of operations and maintenance costs. In this situation no distributions can be expected from these entities for some period ahead.

Sgd.

D Sumith Arangala

Chief Executive Officer

27 May 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 12 Months			
	Group		Company		Group		Company	
	Period ended 31 March 2022	Period ended 31 March 2021	Period ended 31 March 2022	Period ended 31 March 2021	Period ended 31 March 2022	Period ended 31 March 2021	Period ended 31 March 2022	Period ended 31 March 2021
<b>Revenue</b>								
Investment income	32	51	-	-	721	437	-	-
Interest income	868	4,952	25	2,410	9,110	12,832	2,165	6,643
Subsidiary company income	33,659	50,213	-	-	428,140	336,993	-	-
Other income	39	3,720	180	1	8,538	3,815	326	1,245
	<u>34,599</u>	<u>58,936</u>	<u>205</u>	<u>2,411</u>	<u>446,509</u>	<u>354,077</u>	<u>2,491</u>	<u>7,888</u>
<b>Operating expenses</b>								
Administrative expenses	(2,341)	(2,295)	(2,341)	(2,295)	(8,742)	(8,128)	(8,742)	(8,128)
Sales and establishment expenses	-	(135)	-	-	(103)	(135)	-	-
Other operating expenses	(4,598)	(3,900)	(1,854)	(1,964)	(18,685)	(16,917)	(8,428)	(7,166)
Direct expenses - subsidiaries	(22,959)	(21,653)	-	-	(136,038)	(116,536)	-	-
<b>Results from operating activities</b>	<u>4,701</u>	<u>30,953</u>	<u>(3,990)</u>	<u>(1,848)</u>	<u>282,942</u>	<u>212,361</u>	<u>(14,679)</u>	<u>(7,406)</u>
Share of earnings of equity accounted investees	268,660	90,986	212,863	106,191	849,361	774,764	862,007	848,026
Finance cost	(90,171)	(37,242)	(77,984)	(33,406)	(285,270)	(249,561)	(243,487)	(207,387)
<b>Profit/(loss) before income tax</b>	<u>183,190</u>	<u>84,697</u>	<u>130,889</u>	<u>70,937</u>	<u>847,033</u>	<u>737,564</u>	<u>603,842</u>	<u>633,232</u>
Tax expense	(55,616)	(11,051)	-	-	(179,932)	(49,023)	-	-
<b>Profit/(loss) for the period</b>	<u>127,575</u>	<u>73,646</u>	<u>130,889</u>	<u>70,937</u>	<u>667,101</u>	<u>688,541</u>	<u>603,842</u>	<u>633,232</u>
<b>Profit/(loss) attributable to:</b>								
Equity holders of the company	130,889	70,937	130,889	70,937	603,842	633,232	603,842	633,232
Non-controlling interest	(3,315)	2,709	-	-	63,259	55,309	-	-
<b>Profit/(loss) for the period</b>	<u>127,575</u>	<u>73,646</u>	<u>130,889</u>	<u>70,937</u>	<u>667,101</u>	<u>688,541</u>	<u>603,842</u>	<u>633,232</u>
<b>Other comprehensive income, net of income tax</b>								
<b>Items that are or may be re-classified subsequently to profit or loss</b>								
Foreign operations - foreign currency translation difference	2,561,208	280,847	2,561,208	280,847	2,545,562	253,088	2,545,562	253,088
Share of other comprehensive income from equity accounted investees	-	(20)	-	(20)	-	(20)	-	(20)
<b>Total other comprehensive income that are or may be re-classified to profit or loss in subsequent period</b>	<u>2,561,208</u>	<u>280,827</u>	<u>2,561,208</u>	<u>280,827</u>	<u>2,545,562</u>	<u>253,068</u>	<u>2,545,562</u>	<u>253,068</u>
<b>Items that will not be re-classified subsequently to profit or loss</b>	-	-	-	-	-	-	-	-
<b>Total other comprehensive income that will not be re-classified to profit or loss in subsequent period</b>	<u>-</u>							
<b>Total other comprehensive income for the period</b>	<u>2,561,208</u>	<u>280,827</u>	<u>2,561,208</u>	<u>280,827</u>	<u>2,545,562</u>	<u>253,068</u>	<u>2,545,562</u>	<u>253,068</u>
<b>Total comprehensive income for the period</b>	<u>2,688,782</u>	<u>354,473</u>	<u>2,692,097</u>	<u>351,764</u>	<u>3,212,662</u>	<u>941,609</u>	<u>3,149,403</u>	<u>886,300</u>
<b>Total comprehensive income attributable to:</b>								
Equity holders of the company	2,692,097	351,764	2,692,097	351,764	3,149,403	886,300	3,149,403	886,300
Non-controlling interest	(3,315)	2,709	-	-	63,259	55,309	-	-
<b>Total comprehensive income for the period</b>	<u>2,688,782</u>	<u>354,473</u>	<u>2,692,097</u>	<u>351,764</u>	<u>3,212,662</u>	<u>941,609</u>	<u>3,149,403</u>	<u>886,300</u>
Basic earnings per share (Rs.)	0.22	0.12	0.22	0.12	1.04	1.09	1.04	1.09

## LVL ENERGY FUND PLC

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Unaudited)

(All amounts in Sri Lanka Rupees thousands)

	Group As at 31 March 2022	Company As at 31 March 2022	Group As at 31 March 2021 Audited	Company As at 31 March 2021 Audited
<b>Assets</b>				
<b>Non current assets</b>				
Property, plant and equipment	1,682,100	4,396	1,143,176	6,506
Right-to-use land	2,991	-	3,178	-
Investment in equity accounted investees	9,034,876	10,430,280	6,539,210	7,281,206
Intangible assets	85,760	-	70,787	-
<b>Total non current assets</b>	<b>10,805,727</b>	<b>10,434,676</b>	<b>7,756,351</b>	<b>7,287,712</b>
<b>Current assets</b>				
Loans and receivables	244,704	1,826	135,262	155
Amounts due from related parties	847	56,079	580	26,817
Other receivables	719,475	92,758	73,200	73,200
Income tax receivables	5,761	5,235	6,378	5,236
Cash and cash equivalents	70,700	1,033	391,129	93,196
<b>Total current assets</b>	<b>1,041,488</b>	<b>156,932</b>	<b>606,549</b>	<b>198,604</b>
<b>Total assets</b>	<b>11,847,215</b>	<b>10,591,607</b>	<b>8,362,900</b>	<b>7,486,316</b>
<b>Equity</b>				
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	3,268,174	3,268,174	722,612	722,612
Retained earnings	1,827,299	1,842,287	1,427,254	1,442,242
<b>Total equity attributable to equity holders of the Company</b>	<b>8,011,045</b>	<b>8,026,034</b>	<b>5,065,439</b>	<b>5,080,427</b>
Non controlling interest	230,255	-	207,631	-
<b>Total equity</b>	<b>8,241,301</b>	<b>8,026,034</b>	<b>5,273,070</b>	<b>5,080,427</b>
<b>Liabilities</b>				
<b>Non current liabilities</b>				
Interest bearing borrowings	2,983,888	2,114,832	1,729,799	1,350,532
Cumulative redeemable preference shares	-	-	75,000	-
Deferred tax liability	39,903	-	42,413	-
<b>Total non current liabilities</b>	<b>3,023,792</b>	<b>2,114,832</b>	<b>1,847,212</b>	<b>1,350,532</b>
<b>Current liabilities</b>				
Interest bearing borrowings	463,583	380,447	1,181,371	1,048,441
Cumulative redeemable preference shares	-	-	20,000	-
Amounts due to related parties	66,285	66,285	4,103	4,103
Other payables	25,732	4,010	17,929	2,813
Income tax payable	26,524	-	19,215	-
<b>Total current liabilities</b>	<b>582,123</b>	<b>450,742</b>	<b>1,242,618</b>	<b>1,055,357</b>
<b>Total liabilities</b>	<b>3,605,915</b>	<b>2,565,574</b>	<b>3,089,830</b>	<b>2,405,889</b>
<b>Total equity and liabilities</b>	<b>11,847,215</b>	<b>10,591,607</b>	<b>8,362,900</b>	<b>7,486,316</b>
Net assets per share (Rs.)	13.76	13.78	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

27 May 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
<b>Balance as at 01 April 2020</b>	2,906,472	9,112	469,524	997,828	173,345	4,556,281
Profit/(loss) for the period	-	-	-	633,232	55,309	688,541
Foreign operations - foreign currency translation difference	-	-	253,088	-	-	253,088
Share of OCI - equity accounted investees	-	-	-	(9)	-	(9)
Revaluation reserve - equity accounted investees	-	(11)	-	-	-	(11)
<b>Total comprehensive income for the period</b>	-	(11)	253,088	633,223	55,309	941,609
<b>Transactions with equity holders recognized directly in equity</b>						
Dividend paid	-	-	-	(203,797)	(21,023)	(224,820)
	-	-	-	(203,797)	(21,023)	(224,820)
<b>Balance as at 31 March 2021</b>	<b>2,906,472</b>	<b>9,101</b>	<b>722,612</b>	<b>1,427,254</b>	<b>207,631</b>	<b>5,273,070</b>
<b>Balance as at 01 April 2021</b>	2,906,472	9,101	722,612	1,427,254	207,631	5,273,070
Profit/(loss) for the period	-	-	-	603,842	63,259	667,101
Foreign operations - foreign currency translation difference	-	-	2,545,562	-	-	2,545,562
<b>Total comprehensive income for the period</b>	-	-	2,545,562	603,842	63,259	3,212,662
<b>Transactions with equity holders recognized directly in equity</b>						
Issue of shares by a subsidiary	-	-	-	-	10,396	10,396
Dividend paid	-	-	-	(203,797)	(51,031)	(254,828)
	-	-	-	(203,797)	(40,635)	(244,432)
<b>Balance as at 31 March 2022</b>	<b>2,906,472</b>	<b>9,101</b>	<b>3,268,174</b>	<b>1,827,299</b>	<b>230,255</b>	<b>8,241,301</b>

Company	Stated capital	Revaluation reserve	Translation reserve	Retained earnings	Total
<b>Balance as at 01 April 2020</b>	2,906,472	9,112	469,525	1,012,815	4,397,924
Profit/(loss) for the period	-	-	-	633,232	633,232
Foreign operations - foreign currency translation difference	-	-	253,088	-	253,088
Share of OCI - equity accounted investees	-	-	-	(9)	(9)
Revaluation reserve - equity accounted investees	-	(11)	-	-	(11)
<b>Total comprehensive income for the period</b>	-	(11)	253,088	633,224	886,301
<b>Transactions with equity holders recognized directly in equity</b>					
Dividend paid	-	-	-	(203,797)	(203,797)
	-	-	-	(203,797)	(203,797)
<b>Balance as at 31 March 2021</b>	<b>2,906,472</b>	<b>9,101</b>	<b>722,612</b>	<b>1,442,242</b>	<b>5,080,427</b>
<b>Balance as at 01 April 2021</b>	2,906,472	9,101	722,612	1,442,242	5,080,427
Profit/(loss) for the period	-	-	-	603,842	603,842
Foreign operations - foreign currency translation difference	-	-	2,545,562	-	2,545,562
<b>Total comprehensive income for the period</b>	-	-	2,545,562	603,842	3,149,403
<b>Transactions with equity holders recognized directly in equity</b>					
Dividend paid	-	-	-	(203,797)	(203,797)
	-	-	-	(203,797)	(203,797)
<b>Balance as at 31 March 2022</b>	<b>2,906,472</b>	<b>9,101</b>	<b>3,268,174</b>	<b>1,842,287</b>	<b>8,026,034</b>

LVL ENERGY FUND PLC  
CONSOLIDATED STATEMENT OF CASHFLOWS (Unaudited)

(All amounts in Sri Lanka Rupees thousands)

For the period ended 31 March	Group		Company	
	2022	2021	2022	2021
<b>Cash flows from operating activities</b>				
Profit/(loss) before income tax	847,033	737,564	603,842	633,232
<b>Adjustments for:</b>				
Depreciation	50,865	44,942	2,110	2,110
Amortization of intangible assets	1,438	1,276	-	-
Share of earnings from equity accounted investees	(849,361)	(774,764)	(862,007)	(848,026)
Interest income on investments	(9,110)	(12,832)	(2,165)	(6,643)
Other income	(8,538)	(3,815)	(326)	(1,245)
Dividend on preference shares	274	10,329	-	-
Interest expense	281,378	237,016	241,427	207,022
	<b>313,978</b>	<b>239,715</b>	<b>(17,120)</b>	<b>(13,550)</b>
<b>Changes in</b>				
Loans and receivables	(109,442)	(5,281)	(1,671)	(37)
Amounts due from related parties	(267)	72,183	(29,262)	100,540
Other receivables	99,223	(696)	-	-
Amounts due to related parties	62,182	-	62,182	-
Other payables	7,807	(7,121)	1,197	(117)
<b>Cash generated from operating activities</b>	<b>373,481</b>	<b>298,800</b>	<b>15,325</b>	<b>86,836</b>
Taxes paid	(43,257)	(20,013)	-	-
Interest paid	(194,942)	(178,313)	(158,452)	(149,016)
<b>Net cash from operating activities</b>	<b>135,283</b>	<b>100,474</b>	<b>(143,128)</b>	<b>(62,180)</b>
<b>Cash flows from investing activities</b>				
Interest received	17,648	16,647	2,491	7,888
Dividend received	76,053	309,712	410,374	216,636
Additions to intangible assets	(16,224)	(16,523)	-	-
Investment in equity accounted investees	(71,437)	(78,490)	(171,437)	(198,490)
Additions to property plant & equipment	(589,790)	(246,136)	-	-
<b>Net cash from investing activities</b>	<b>(583,750)</b>	<b>(14,790)</b>	<b>241,429</b>	<b>26,034</b>
<b>Cash flows from financing activities</b>				
Preference dividend paid	(274)	(12,635)	-	(2,306)
Cash repayments of cumulative redeemable preference shares	(95,000)	(42,500)	-	(37,500)
Cash proceeds of interest bearing borrowings	1,578,513	459,021	925,000	200,000
Cash repayments of interest bearing borrowings	(1,110,768)	(194,573)	(911,667)	(111,016)
Dividend paid	(203,797)	(203,797)	(203,797)	(203,797)
Dividend paid to minority share holders by subsidiary	(51,031)	(21,023)	-	-
Share Issued to Minority Shareholders	10,396	-	-	-
<b>Net cash from financing activities</b>	<b>128,039</b>	<b>(15,506)</b>	<b>(190,464)</b>	<b>(154,619)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(320,428)</b>	<b>70,177</b>	<b>(92,163)</b>	<b>(190,766)</b>
<b>Cash and cash equivalent as at 01 April</b>	<b>391,129</b>	<b>320,952</b>	<b>93,196</b>	<b>283,962</b>
<b>Cash and cash equivalent as at 31 March</b>	<b>70,700</b>	<b>391,129</b>	<b>1,033</b>	<b>93,196</b>

**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. 80 Mn and Rs. 20 Mn in its subsidiaries namely Solar Energy Investments (Private) Limited and Pupilaketiya Hydro Power (Private) Limited respectively.
- 8 The management fees paid by the Company to its parent Lanka Ventures PLC, in respect of financial year 2021/22 was Rs. 1,450,000/-.
- 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.

- 11 The market price per share:

for the quarter ended 31 March	2022	2021
Highest price	11.90	10.50
Lowest price	7.90	9.00
Last traded price	8.50	9.70

- 12 Twenty major shareholders of the Company as at 31 March 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	3,117,595	0.54
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	2,000,000	0.34
16 Mrs. N. K. Samaraweera	1,891,651	0.32
17 Peoples Bank	1,700,000	0.29
18 Mr. C. R. Perera	1,670,000	0.29
19 Mr. H. A. Cabraal	1,500,000	0.26
20 Rubber Investment Trust Ltd A/C No 01	1,257,100	0.22
<b>Total</b>	<b>497,384,637</b>	<b>85.42</b>

- 13 Percentage of shares held by public as at 31 March 2022 : 30.52%  
No. of public shareholders as at 31 March 2022 : 1,418

- 14 Float adjusted market capitalization as at 31 March 2022 was Rs. 1,510,545,891/-. 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.

- 15 Shareholding of Directors/CEO as at 31 March 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