FALCON VALLEY HYDRO (PRIVATE) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST MARCH 2022

T & D Associates
CHARTERED ACCOUNTANTS

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T&D Associates
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF FALCON VALLEY HYDRO (PVT) LTD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Falcon Valley Hydro (Pvt) Ltd ("the Company"), which comprise the statement of financial position as at 31 March 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2022, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

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T & D ASSOCIATES COLOMBO CHARTERED ACCOUNTANTS

Chartered Accountants
28 April 2022
Colombo

FALCON VALLEY HYDRO (PRIVATE) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March

	Note	2022 LKR	2021 LKR
Revenue	4	77,783,804	63,903,484
Cost of sales		(31,533,544)	(30,612,019)
Gross profit		**46,250,261**	**33,291,465**
Administrative expenses	5	(5,039,538)	(4,126,835)
Profit from operating activities		**41,210,722**	**29,164,630**
Net finance expense	6	(3,926,649)	(9,637,940)
Profit before tax	7	**37,284,073**	**19,526,690**
Income tax (expense)/reversal	8	(6,406,391)	9,650,260
Profit for the year		**30,877,682**	**29,176,950**
Other comprehensive income			
Actuarial gain /(loss) from employee benefit obligation	18	614,500	(192,927)
Deferred tax on actuarial gain/(loss)	19	(86,030)	27,010
Total comprehensive income for the year		**31,406,152**	**29,011,033**
Earnings per share	9	1.96	1.81

Figures in brackets indicate deductions.

The accounting policies and notes on pages 7 through 19 form an integral part of these financial statements.

T & D ASSOCIATES COLOMBO CHARTERED ACCOUNTANTS

FALCON VALLEY HYDRO (PRIVATE) LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 March

	Note	2022 LKR	2021 LKR
ASSETS			
Non-current assets			
Property, plant and equipment	10	204,094,505	221,423,044
Prepaid land lease	11	3,204,375	3,656,755
		207,298,880	**225,079,799**
Current assets			
Inventories	12	6,809,541	5,098,248
Trade and other receivables	13	62,470,919	42,790,401
Prepaid land lease	11	452,380	452,380
Short term investment	14	-	30,000,000
Cash and cash equivalents	15	221,748	6,428,431
		69,954,588	**84,769,460**
Total assets		**277,253,469**	**309,849,259**
EQUITY AND LIABILITIES			
Equity			
Stated capital	16	160,000,000	160,000,000
Retained earnings		76,487,926	45,081,774
Total equity		**236,487,926**	**205,081,774**
Non-current liabilities			
Interest bearing borrowings	17	-	43,132,628
Retirement benefit obligations	18	587,692	1,042,196
Deferred tax liabilities	19	14,418,362	13,007,633
		15,006,054	**57,182,457**
Current liabilities			
Trade and other payables	20	1,515,913	1,303,152
Amount due to related parties	21	2,800,000	3,100,000
Income tax payable		2,002,215	865,708
Interest bearing borrowings	17	-	15,523,383
Bank overdraft	15	19,441,360	26,792,785
		25,759,489	**47,585,028**
Total equity and liabilities		**277,253,469**	**309,849,259**

The accounting policies and notes on pages 7 through 19 form an integral part of these financial statements.

These financial statements have been prepared in compliance with the requirements of Companies Act No. 07 of 2007.

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Chief Financial Officer

The Board of directors is responsible for the preparation and presentation of these financial statements.
Approved and signed for and on behalf of the Board of Directors of Falcon Valley Hydro (Private) Limited;

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Director

28 April 2022

Colombo

.....

Director

T & D ASSOCIATES COLOMBO CHARTERED ACCOUNTANTS

FALCON VALLEY HYDRO (PRIVATE) LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

	Stated capital LKR	Retained earnings LKR	Total LKR
Balance as at 01 April 2020	**160,000,000**	**16,070,742**	**176,070,742**
Net profit for the year	-	29,011,033	29,011,033
Balance as at 31 March 2021	**160,000,000**	**45,081,774**	**205,081,774**
Net profit for the year	-	31,406,152	31,406,152
Balance as at 31 March 2022	**160,000,000**	**76,487,926**	**236,487,926**

Figures in brackets indicate deductions.

The accounting policies and notes on pages 7 through 19 form an integral part of these financial statements.

T & D ASSOCIATES COLOMBO CHARTERED ACCOUNTANTS

STATEMENT OF CASH FLOWS

For the year ended 31 March

	Note	2022 LKR	2021 LKR
Profit before tax		37,284,073	19,526,690
Adjustments for;			
Interest income	6	(1,047,851)	(2,381,657)
Finance cost	6	4,974,500	12,019,597
Depreciation	10	17,482,038	17,423,362
Provision for defined benefit obligation	18	159,996	203,310
Amortization of land lease	11	452,380	452,380
Operating profit before working capital changes		**59,305,136**	**47,243,682**
(Increase)/decrease in inventories	12	(1,711,293)	(1,417,024)
(Increase)/decrease in trade and other receivables	13	(20,573,014)	3,995,998
Increase/(decrease) in trade and other payables	20	212,762	646,457
Increase/(decrease) in amounts due to related parties	21	(300,000)	(150,000)
Cash generated from operations		**36,933,591**	**50,319,114**
Finance cost paid	6	(4,974,500)	(12,019,597)
Income tax paid		(3,079,689)	(1,926,949)
Net cash from/(used in) operating activities		**28,879,402**	**36,372,568**
Cash flows from / (used in) investing activities			
Acquisition of property, plant and equipment	10	(153,499)	(125,402)
Interest received		1,047,851	2,381,657
Disposal of investment in fixed deposits		30,000,000	-
Net cash from/(used in) investing activities		**30,921,350**	**2,256,255**
Cash flows from/(used in) financing activities			
Interest bearing borrowings repaid	17	(58,656,011)	(18,633,821)
Net cash from/(used in) financing activities		**(58,656,011)**	**(18,633,821)**
Net increase/ (decrease) in cash and cash equivalents		1,144,741	19,995,001
Cash and cash equivalents at the beginning of the year		(20,364,354)	(40,359,355)
Cash and cash equivalents at the end of the year	15	**(19,219,613)**	**(20,364,354)**

Figures in brackets indicate deductions.

The accounting policies and notes on pages 7 through 19 form an integral part of these financial statements.

T & D ASSOCIATES COLOMBO CHARTERED ACCOUNTANTS

1. Corporate information

1.1 Domicile and legal form

Falcon Valley Hydro (Private) Limited ("the Company") is a limited liability company incorporated in and domiciled in Sri Lanka. The registered office of the Company and the principal place of business is located at Level 04, Access Tower, No. 278, Union Place, Colombo 02, Sri Lanka.

1.2 Principal activities and nature of operations

The principle activity of the company is the generation and supply of hydroelectric power.

There were no significant changes in the nature of the principal activity of the Company during the financial period under review.

1.3 Number of Employees

The number of employees as at 31 March 2022 was 15 (2021; 15).

1.4 Parent Entity and Ultimate Parent Enterprise

Parent of Falcon Valley Hydro (Private) Limited is Blue Maven Asia Energy (Private) Limited, which is incorporated in Sri Lanka. CES Green Power Ltd, which is incorporated in Singapore is considered as the ultimate parent of the company.

2. Summary of significant accounting policies

2.1 Basis of preparation

2.1.1 Basis of measurement

The financial statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with Sri Lanka Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company accounting policies. The areas involving a higher degree of judgments or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

2.1.1.1 Comparative Figures

Where necessary, comparative figures have been rearranged to conform with the current year's presentation.

2.2 Functional and Presentation Currency

All values presented in the financial statements are in Sri Lankan Rupees (LKR) unless otherwise indicated.

2.3 Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the period,

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using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable or receivable in respect of previous periods.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for temporary differences on the initial recognition of assets or liabilities in a transaction that affects neither accounting nor taxable profit or loss.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgments regarding the adequacy of the existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

2.4 Property, Plant and Equipment

Property Plant and Equipment are stated at cost of purchase less accumulated depreciation and any impairment losses. The cost of an item of Property, Plant and Equipment comprise its purchase price and any directly attributable cost of bringing the asset to working condition for its intended use.

The cost of self-constructed assets includes the costs of materials, direct labour, and any other costs directly attributable to bringing the asset to working condition of its intended use. This also includes costs of dismantling and removing the items and restoring the site on which they are located.

Subsequent expenditure is capitalized only when it is possible that the future economic benefits embodied with the expenditure will flow to the Company and its cost can be measured reliably.

All other ongoing repairs and maintenance are expensed as incurred.



Depreciation

Depreciation is calculated by using the reducing balance method on the cost of all Property Plant and Equipment in order to write off such amounts over the estimated useful economic life of such assets.

The estimated useful life of asset is as follows:

Asset	*Useful Lives*
Plant and Machinery	Over the project period/20 years
Civil Constructions	Over the project period/20 years
Site Equipment	05 years
Furniture and Fittings	04 years
Office Equipment	03 years
Computer Equipment	02 years
Motor Vehicles	03 years
Tools and Utensils	01 year

2.5 Impairment of non-financial assets other than inventories

At each end of reporting period, the company reviews the carrying amounts of its property, plant and equipment and investment in subsidiaries to determine whether there is any indication that those assets have impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the company determines the cash-generating unit (CGUs) and estimates the recoverable amount of the CGUs to which the asset belongs.

2.6 Impairment of non-financial assets other than inventories (continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive income.

2.7 Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is generally determined by reference to weighted average cost principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and locations. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

The cost of Finished Goods and Work-in-progress comprises packaging costs, raw material, direct labour, other direct costs and related production overheads (based on normal operation capacity).

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At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less cost to complete and sell; the impairment loss is recognized immediately in profit or loss.

2.8 Trade receivables

Trade receivables are amounts due from customers for sale of goods and services rendered in the ordinary course of business. Collection is expected in the normal operating cycle of the business (within one year or less) and the receivables are classified as current assets. Trade receivables are recognized initially at fair value (invoice value) and subsequently measured at the original invoice value less provision for impairment as the dues are expected to receive in the normal operating cycle of the business.

The company assesses at the end of each reporting period whether there is objective evidence that trade receivables are impaired. Objective evidence of impairment for trade receivables include the company's past experience in collecting payments, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default payments. Trade receivables are impaired and impairment losses are incurred, only if there is objective evidence of impairment. Trade receivables which are significant in values are assessed individually and balances which are insignificant in values are assessed collectively for impairment.

2.9 Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand and cash at bank which are highly liquid investments and readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalents consists of cash in hand , cash at bank and highly liquid interest bearing securities of three months or less and net of outstanding bank overdrafts.

The cash flow statements are reported based on the indirect method.

2.10 Stated capital

Ordinary shares are classified as equity.

2.11 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due in the normal operating cycle of the business (within one year or less). If not, they are classified as non -current liabilities. Trade payables are recognized initially at fair value (transaction price) and subsequently measured at the transaction price as they are expected to pay in the normal operating cycle of the business and within short-term.

2.12 Borrowings

Borrowings are recognized initially at the transaction price including transaction costs. Borrowings are subsequently stated at amortized cost. Interest expense is recognized on the basis of the effective interest method and is included in finance costs.



2.13 Employee Benefits

The Company has both defined benefit and defined contribution plans.

(a) Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions. The contributions are recognized as employee benefit expense when they are due. The company contributes 12% on gross emoluments of employee to Employee Provident Fund (EPF) and 3% on gross emoluments of employee to Employee Trust Fund (ETF).

(b) Defined benefit plan

The company's obligation in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is measured annually using the projected unit credit method calculated use the gratuity formula. The present value of the defined benefit obligation is determined by discounting the estimated future benefit that employee have earned in return for their services in the current and prior period. Gains and losses arising from changes in the assumptions, current service cost and interest are recognized in the statement of comprehensive income in the period in which they arise.

The retirement benefit obligation is not externally funded.

(c) Short-term employee benefit

Short-term employee benefit obligations are measured on an undiscounted amount expected to be paid for related services provided by the employees.

2.14 Leases

The Group recognizes a right- of- use assets and lease liability from the beginning of the year. Using the modified retrospective approach the comparative information are not restated. The right- of-use assets initially measured at cost which comprises the present value of future lease rental payments discounted using the incremental borrowing rate adjusted for any prepayments made as at the date and any incentives received from the lessor.

The right-of –use assets subsequently depreciated using the straight line method from the date of recognition over the lease period.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, and the Group's incremental borrowing rate. Generally the group uses its incremental borrowing rate.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement.

Lease payments for leases of low- value assets and variable lease payments not included in the measurement of lease liability are classified as cash flows from operating activities.

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2.15 Provisions and contingent liabilities

Provisions for legal claim and other operational expenses are recognized when the company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the company and amounts can be estimated reliably.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation.

All contingent liabilities are disclosed as a note to the financial statements unless the possibility of an outflow of resources is remote.

2.16 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and sales taxes. The following specific criteria are used for the purpose of recognition of revenue.

a) Revenue from services

Revenue from rendering of services is recognized in the accounting period in which the services are rendered or performed. The following specific criteria was used for the purpose of recognition of revenue.

2.17 Revenue Recognition (continued)

Revenue from energy supplied is recognized, upon delivery of hydroelectric power from the plant and the adjusted for transmission line losses shall be adjusted monthly upon receiving the meter reading by Ceylon Electricity Board at the at the metering point. Delivery of hydroelectric power shall be completed when electrical energy meets the specifications as set out in the power purchase agreement is received at the meeting point. As per the Standard Power Purchasing Agreement, the power plants are to be operated as a must run facility and tariff/price is also governed by the same agreement.

2.18 Expenses

All Expenditure incurred in the running of the operation has been charged to income in arriving at the profit for the reporting period.

2.19 Events after the reporting period

All material events after the reporting period have been considered and where appropriate adjustments or disclosures have been made in the respective notes to the financial statements.

2.20 Commitments

All material commitments at the reporting period end have been identified and disclosed in the notes to the financial statements.

2.21 Statement of Cash Flows

The Statement of Cash Flows has been prepared using the Indirect Method.

For cash flow purposes, cash and cash equivalents are presented net of bank overdrafts.

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3. Significant accounting estimates and judgments

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

The Following are significant judgments in applying the accounting policies that have most significant effect on the Financial Statements.

Recognition of deferred tax assets
The Extent to which differed tax asset can be recognized is based on an assessment of the probability of the future taxable income against which the differed tax assets can be utilized.

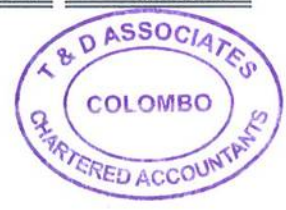
Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below:

Useful life time of depreciable assets
The Company reviews its estimate of the useful life time of depreciable assets at each reporting date, based on the expected economic utility of the assets.

Defined benefit plan
The present value of the defined benefit plan obligations depends on a number of factors that are determined on projected unit credit basis by using number of assumptions. The assumptions used in determining the net cost and obligation for defined benefit plan including the discount rate are disclosed in the notes to the financial statements. Any changes in these assumptions will impact the carrying amount of defined benefits obligation.



		2022 LKR	2021 LKR
4	**REVENUE**		
	Revenue from supply of electricity	77,783,804	63,903,484
		77,783,804	63,903,484
5	**ADMINISTRATIVE EXPENSES**		
	Administrative expenses	5,039,538	4,126,835
		5,039,538	4,126,835
6	**NET FINANCE INCOME / (EXPENSE)**		
	6.1 Finance income		
	Interest income	1,047,851	2,381,657
	Total finance income	1,047,851	2,381,657
	6.2 Finance cost		
	Overdraft interest	1,335,507	3,015,436
	Loan interest	3,706,122	9,061,195
	Net foreign exchange (gain)/loss	(67,129)	(57,034)
	Total finance cost	4,974,500	12,019,597
	Net finance expense	(3,926,649)	(9,637,940)
7	**PROFIT /(LOSS) BEFORE TAXATION**		
	Is stated after charging all the expenses including the following:		
	Staff cost (Note 7.1)	8,564,934	8,158,781
	Insurance	1,549,526	1,579,653
	Depreciation on property, plant and equipment	17,482,038	17,423,362
	Audit fee	69,562	59,054
	7.1 Staff cost		
	Salaries and wages	3,960,900	3,725,700
	Other staff cost	4,009,899	3,874,226
	Defined contribution plan cost - EPF and ETF	594,135	558,855
		8,564,934	8,158,781



8 INCOME TAX EXPENSE

	2022 LKR	2021 LKR
Current income tax expense for the year	5,081,692	2,090,833
Under/(over) provision of income tax in respect of prior years	-	(1,432)
Deferred taxation charge/(reversal) (Note 19)	1,324,699	(11,739,661)
Income tax expense/(reversal) in the income statement	6,406,391	(9,650,260)

8.1 A reconciliation between current tax (expense)/income and the accounting profit

Accounting profit before tax		37,284,073	19,526,690
Aggregate disallowed expenses		18,108,794	17,423,362
Aggregate allowed expenses		(20,891,380)	(21,757,703)
Profit from the business		34,501,487	15,192,349
Investment income			
Interest income		1,047,851	2,381,657
Assessable income / taxable income		35,549,338	17,574,006
Tax on business income	14%	4,830,208	1,519,235
Tax on interest income	24%	251,484	571,598
Total tax expense		5,081,692	2,090,833

9 EARNINGS / (LOSS) PER SHARE

Basic earning per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

	2022 LKR	2021 LKR
Amounts used as numerator		
Total comprehensive profit for the year	31,406,152	29,011,033
Net profit attributable to equity holders for basic earning per share	31,406,152	29,011,033
Number of ordinary shares used as denominator		
Weighted average number of ordinary shares in issue (No's)	16,000,000	16,000,000
Basic earnings per share (LKR)	1.96	1.81



10 PROPERTY, PLANT AND EQUIPMENT

10.1 Cost

	Freehold Land	Civil construction	Plant and machinery	Site equipment	Furniture and fittings	Office equipment	Computer equipment	Motor vehicles	Tools and utensils	Total
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Balance as at 01st April 2020	21,000,000	198,218,418	144,568,780	109,019	326,295	58,740	93,770	599,500	122,137	365,096,659
Additions during the year	-	-	-	-	-	-	95,500	-	29,901	125,402
Balance as at 31st March 2021	21,000,000	198,218,418	144,568,780	109,019	326,295	58,740	189,270	599,500	152,038	365,222,061
Additions during the year	-	-	-	26,999	-	34,000	-	-	92,500	153,499
Balance as at 31st March 2022	21,000,000	198,218,418	144,568,780	136,018	326,295	92,740	189,270	599,500	244,538	365,375,560

10.2 Accumulated depreciation

Balance as at 01st April 2020	-	72,130,228	53,205,777	52,161	145,034	30,936	89,880	599,500	122,138	126,375,655
Charge for the year	-	10,018,998	7,260,636	21,805	81,574	17,754	7,030	-	15,565	17,423,362
Balance as at 31st March 2021	-	82,149,226	60,466,413	73,966	226,608	48,690	96,910	599,500	137,703	143,799,017
Charge for the year	-	10,018,997	7,260,636	14,743	81,574	16,633	47,750	-	41,705	17,482,038
Balance as at 31st March 2022	-	92,168,223	67,727,049	88,709	308,182	65,323	144,660	599,500	179,408	161,281,055
Carrying amount as at 31st March 2022	21,000,000	106,050,195	76,841,731	47,309	18,113	27,417	44,610	-	65,130	204,094,505
Carrying amount as at 31st March 2021	21,000,000	116,069,192	84,102,367	35,053	99,687	10,050	92,360	-	14,335	221,423,044

Property, plant and equipment includes fully depreciated assets that are still in use having a gross carrying value of LKR 975,979/- (2021-LKR 840,429/-)



		2022 LKR	2021 LKR
11	**PREPAID LAND LEASE**		
	Cost		
	Balance at the beginning of the year	9,500,000	9,500,000
	Additions during the year	-	-
	Balance at the end of the year	9,500,000	9,500,000
	Amortization		
	Balance at the beginning of the year	5,390,865	4,938,485
	Amortization for the year	452,380	452,380
	Balance at the end of the year	5,843,245	5,390,865
	Carrying amount at the end of the year	3,656,755	4,109,135
	Within one year	452,380	452,380
	After one year	3,204,375	3,656,755
	Total	3,656,755	4,109,135
12	**INVENTORIES**		
	Consumables and spare parts	6,809,541	5,098,248
		6,809,541	5,098,248
13	**TRADE AND OTHER RECEIVABLES**		
	Trade receivables - due from CEB	55,224,914	41,670,529
	Other receivables	221,044	216,854
	Advances and prepayments	7,024,962	903,017
		62,470,919	42,790,401
14	**SHORT TERM INVESTMENT**		
	Fixed deposits	-	30,000,000
		-	30,000,000
15	**CASH AND CASH EQUIVALENTS**		
	15.1 Favorable balances		
	Cash at bank	191,748	6,407,587
	Cash in hand	30,000	20,844
		221,748	6,428,431
	15.2 Unfavorable balances		
	Bank overdraft	(19,441,360)	(26,792,785)
	Cash and cash equivalent for the purpose of statement of cash flows	(19,219,613)	(20,364,354)

16	**STATED CAPITAL**	**Total No. of shares 2022 No's**	**Total No. of shares 2021 No's**	**Total Value 2022 LKR**	**Total Value 2021 LKR**
	Ordinary shares	16,000,000	16,000,000	160,000,000	160,000,000

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		2022 LKR	2021 LKR
17	**INTEREST BEARING BORROWINGS**		
	Balance at the beginning of the year	58,656,011	77,289,833
	Borrowed during the year	-	-
	Repayments during the year	(58,656,011)	(18,633,822)
	Balance at the end of the year	-	58,656,011
	Within one year	-	15,523,383
	After one year	-	43,132,628
	Total	-	58,656,011
18	**RETIREMENT BENEFIT OBLIGATION**		
	Balance at the beginning of the year	1,042,196	645,959
	Current service cost	69,325	138,714
	Interest charged for the period	90,671	64,596
	Benefits paid	-	-
	Actuarial loss/(gain) on obligation	(614,500)	192,927
	Balance at the end of the year	587,692	1,042,196

18.1 Messers. Acturial & Management Consultants (Pvt) Ltd carried out the acturial valuations of the defined benefit plan gratuity on 31st March 2022. Appropriate and compatible assumptions were used in determining the cost of retirement benefits.

The principle assumptions used are as follows,

Rate of discounts	16.0%	8.7%
Salary increment rate	7.50%	7.5%
Retirement age	55/60 Years	55/60 Years
Staff turnover rate	5.3%	5%
The Company will continue business as a going concern		

In addition to the above, demographic assumptions such as mortality, withdrawal and disability and retirement age were considered for the actuarial valuation. "A 1967/70 mortality table" issued by the Institute of Actuaries, London was used to estimate the gratuity liability of the Company.

19	**DEFERRED TAX LIABILITIES**		
	Balance at the beginning of the year	13,007,633	24,774,304
	Recognized in comprehensive income	1,324,699	(11,739,661)
	Recognized in other comprehensive income	86,030	(27,010)
	Balance at the end of the year	14,418,362	13,007,633

The deferred tax (asset)/ liability recognised on temporary differences are as follows:

	2022		2021	
	Temporary differences	**Tax effect**	**Temporary differences**	**Tax effect**
On property, plant and equipment	103,575,978	14,500,637	93,953,857	13,153,540
On retirement benefit obligation	(587,692)	(82,277)	(1,042,196)	(145,907)
Deferred tax liability	102,988,286	14,418,362	92,911,661	13,007,633

Company has used 14% for deferred tax computation.

		2022 LKR	2021 LKR
20	**TRADE AND OTHER PAYABLES**		
	Other payables	1,331,064	962,252
	Accrued expenses	184,849	340,900
		1,515,913	1,303,152

21	**AMOUNT DUE TO RELATED PARTIES**	**Relationship**		
	Blue Maven Asia Energy (Pvt) Ltd.	Parent	2,800,000	3,100,000
			2,800,000	3,100,000

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22 RELATED PARTY TRANSACTIONS

22.1	**Transactions with related parties of the company.** Details of significant related party disclosures are as follows:	**2022 LKR**	**2021 LKR**
	Blue Maven Asia Energy (Pvt) Ltd		
	Balance as at beginning of the year	(3,100,000)	(3,250,000)
	Payments/ (Receipts)	300,000	150,000
	Balance as at end of the year	(2,800,000)	(3,100,000)

22.2 WKV Hydro Techniques (Pvt) Ltd has given a corporate guarantee to the Pan Asia Banking Corporation worth LKR. 400 Million on behalf of a facility obtained by Falcon Valley Hydro (Pvt) Ltd.

22.3 **Transactions with Key Management Personnel of the Company**

Key management personnel (KMPs) are those people having authority and responsibility for planning, directing, and controlling the activities of an entity, either directly or indirectly. Key Management Personnel includes members of the Board of directors of the Company. No any transactions had taken place during the year with the parties/ entities in which Key Management Personal or their close family members were involved.

23 EVENTS OCCURRING AFTER THE REPORTING DATE

There have been no other material events occurring after the reporting date that require adjustments to or disclosure in the Financial Statements.

24 ASSETS PLEDGED

The company has pledged the following assets as at the year end.

Description of asset	**Pledged for**	**Cost/caring value (LKR)**
Property situated at Anguruwela Estate in Meeyanpaha village Lot Nos. 1,2 and 4	Permanent overdraft	20,000,000
Property situated at Anguruwela Estate in Meeyanpaha village Lot Nos. D and E	Permanent overdraft	1,000,000
Lease hold right over the lands Lot No. 1and 2	Permanent overdraft	19,441,360

25 LITIGATIONS AND CLAIMS

There are no pending litigations for the year ended 31st March 2022

