FALCON VALLEY HYDRO (PRIVATE) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST MARCH 2023

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 2023, 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 2023, 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.

T&D

Chartered Accountants
27 April 2023
Colombo,

FALCON VALLEY HYDRO (PRIVATE) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March

	Note	2023 LKR	2022 LKR
Revenue	4	81,015,927	77,783,804
Cost of sales		(34,170,475)	(31,533,544)
Gross profit		**46,845,452**	**46,250,261**
Administrative expenses	5	(4,726,194)	(5,039,538)
Profit from operating activities		**42,119,258**	**41,210,722**
Net finance expense	6	(4,348,637)	(3,926,649)
Profit before tax	7	**37,770,620**	**37,284,073**
Income tax expense	8	(13,580,590)	(6,406,391)
Profit for the year		**24,190,031**	**30,877,682**
Other comprehensive income			
Actuarial gain /(loss) from employee benefit obligation	16	(136,444)	614,500
Deferred tax on actuarial gain/(loss)	17	27,289	(86,030)
Total comprehensive income for the year		**24,080,875**	**31,406,152**
Earnings /(loss) per share	9	1.51	1.96

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	2023 LKR	2022 LKR
ASSETS			
Non-current assets			
Property, plant and equipment	10	186,695,735	204,094,505
Prepaid land lease	11	2,751,995	3,204,375
		189,447,730	**207,298,880**
Current assets			
Inventories	12	7,451,390	6,809,541
Trade and other receivables	13	93,517,241	62,470,919
Prepaid land lease	11	452,380	452,380
Cash and cash equivalents	14	1,895,273	221,748
		103,316,285	**69,954,588**
Total assets		**292,764,016**	**277,253,469**
EQUITY AND LIABILITIES			
Equity			
Stated capital	15	160,000,000	160,000,000
Retained earnings		100,568,802	76,487,926
Total equity		**260,568,802**	**236,487,926**
Non-current liabilities			
Retirement benefit obligations	16	812,387	587,692
Deferred tax liabilities	17	18,604,892	14,418,362
		19,417,279	**15,006,054**
Current liabilities			
Trade and other payables	18	6,152,949	1,515,913
Amount due to related parties	19	2,500,000	2,800,000
Income tax payable		3,936,647	2,002,215
Bank overdraft	14	188,337	19,441,360
		12,777,933	**25,759,489**
Total equity and liabilities		**292,764,016**	**277,253,469**

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;

.....

Director

.....

Director

27 April 2023

Colombo

T & D ASSOCIATES COLOMBO CHARTERED ACCOUNTANTS

FALCON VALLEY HYDRO (PRIVATE) LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2023

	Stated capital LKR	Retained earnings LKR	Total LKR
Balance as at 01 April 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**
Net Profit for the year	-	24,080,875	24,080,875
Balance as at 31 March 2023	**160,000,000**	**100,568,802**	**260,568,802**

Figures in brackets indicate deductions.

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



FALCON VALLEY HYDRO (PRIVATE) LIMITED

STATEMENT OF CASH FLOWS

For the year ended 31 March

	Note	2023 LKR	2022 LKR
Profit before tax		37,770,620	37,284,073
Adjustments for;			
Interest income	6	(843)	(1,047,851)
Finance cost	6	4,349,480	4,974,500
Depreciation	10	17,433,925	17,482,038
Provision for defined benefit obligation	16	165,651	159,996
Amortization of land lease	11	452,380	452,380
Operating profit before working capital changes		**60,171,214**	**59,305,136**
Increase in inventories	12	(641,849)	(1,711,293)
Increase in trade and other receivables	13	(31,046,322)	(20,573,014)
Increase in trade and other payables	18	4,637,036	212,762
Decrease in amounts due to related parties	19	(300,000)	(300,000)
Cash generated from operations		**32,820,078**	**36,933,591**
Finance cost paid	6	(4,349,480)	(4,974,500)
Gratuity paid		(77,400)	-
Income tax paid		(7,432,337)	(3,079,689)
Net cash from operating activities		**20,960,861**	**28,879,402**
Cash flows from / (used in) investing activities			
Acquisition of property, plant and equipment	10	(35,155)	(153,499)
Interest received		843	1,047,851
Disposal of fixed deposits		-	30,000,000
Net cash from/(used in) investing activities		**(34,312)**	**30,894,351.15**
Cash flows from/(used in) financing activities			
Interest bearing borrowings repaid	17	-	(58,656,011)
Net cash from/(used in) financing activities		**-**	**(58,656,011)**
Net increase in cash and cash equivalents		20,926,549	1,144,741
Cash and cash equivalents at the beginning of the year		(19,219,613)	(20,364,354)
Cash and cash equivalents at the end of the year	14	**1,706,936**	**(19,219,613)**

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 principal 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 year under review.

1.3 Number of employees

The number of employees of Falcon Valley Hydro (Pvt) Ltd as at 31 March 2023 was 14 (2022:14).

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 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.

2.1.2 Comparative figures

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

2.1.3 Functional and presentation currency

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

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis for measurement (Continued)

2.1.4 Going concern

In determining the basis of preparing the financial statements for the year ended 31 March 2023, based on available information, the management has assessed the existing and anticipated effects of economic changes on the company and the appropriateness of the use of the going concern basis.

Having evaluated by the Board of Directors, and after due consideration of the range and likelihood of outcomes, the Directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing and presenting financial statements.

2.2 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the statement of comprehensive income, except to the extent that it relates to items recognized in other comprehensive income. In this case, the tax is also recognized in other comprehensive income. Management establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred tax is determined using tax rates that have been enacted at the reporting period end date and are expected to apply when the related deferred tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority.

A deferred tax asset is recognized only to the extent that it is probable that future profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduce to the extent that is no longer probable that the related tax benefit will be realized.

2.3 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.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation

Depreciation is calculated by using the straight line 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 assets are as follows:

Asset	*Useful Lives*
Plant and machinery	20 years/ Over the project period
Civil constructions	20 years/ Over the project period
Site equipment	05 years
Furniture and fittings	04 years
Office equipment	03 years
Motor vehicles	03 years
Computer equipment	02 years
Tools and utensils	01 year

2.4 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.

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.

2.5 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.

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 sell; the impairment loss is recognized immediately in profit or loss.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 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.

2.7 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents include cash in hand, term deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less net of bank overdraft.

2.8 Stated capital

Ordinary shares are classified as equity.

2.9 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 also measured at the transaction price as they are expected to pay in the normal operating cycle of the business and within short-term.

2.10 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.

2.11 Employee benefits

The Company has both defined benefit and defined contribution plans.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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).

(a) 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 actuarial valuation method. The present value of the defined benefit obligation is determined by discounting

the estimated future benefit that employees 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.

(b) 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.

2.12 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.



For the year ended 31 March 2023,

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Revenue recognition

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.

Revenue from energy supplied is recognized, upon delivery of hydroelectric power from the plant and adjusted for transmission line losses monthly upon receiving the meter reading by Ceylon Electricity Board 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.

(b) Others

Other income is recognized on an accrual basis

2.14 Expenses

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

2.15 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.

2.16 Commitments

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

2.17 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.

3 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

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For the year ended 31 March 2023,

3 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

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.

3.2 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 lifetime 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 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.

4 EFFECTIVE OF ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted. However, the Company has not early adopted the new and amended standards in preparing these consolidated financial statements.

4.1 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to LKAS 12)

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. The amendments apply for annual reporting periods beginning on or after 1 January 2023. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

4.2 Other standards

The following new and amended standards are not expected to have a significant impact on the financial statements.

– Classification of Liabilities as Current or Non-current (Amendments to LKAS 1).c
– Disclosure of Accounting Policies (Amendments to LKAS 1 and SLFRS Practice Statement 2).
– Definition of Accounting Estimates (Amendments to LAKS 8).

T & D ASSOCIATES COLOMBO CHARTERED ACCOUNTANTS

		2023 LKR	2022 LKR
4	**REVENUE**		
	Revenue from supply of electricity	81,015,927	77,783,804
		81,015,927	77,783,804
5	**ADMINISTRATIVE EXPENSES**		
	Administrative expenses	4,726,194	5,039,538
		4,726,194	5,039,538
6	**NET FINANCE INCOME / (EXPENSE)**		
	6.1 Finance income		
	Interest income	843	1,047,851
	Total finance income	843	1,047,851
	6.2 Finance cost		
	Overdraft interest	4,343,572	1,335,507
	Loan interest	-	3,706,122
	Net foreign exchange gain/(loss)	5,909	(67,129)
	Total finance cost	4,349,480	4,974,500
	Net finance expense	(4,348,637)	(3,926,649)
7	**PROFIT /(LOSS) BEFORE TAXATION**		
	Is stated after charging all the expenses including the following:		
	Staff cost (Note 7.1)	8,788,786	8,564,934
	Insurance	2,024,254	1,549,526
	Depreciation on property, plant and equipment	17,433,925	17,482,038
	Auditors Remuneratin	76,226	69,562
	7.1 Staff cost		
	Salaries and wages	4,119,150	3,960,900
	Other staff cost	4,051,763	4,009,899
	Defined contribution plan cost - EPF and ETF	617,873	594,135
		8,788,786	8,564,934



8 INCOME TAX EXPENSE

	2023 LKR	2022 LKR
Current income tax expense for the year	9,360,620	5,081,692
Under/(over) provision of income tax in respect of prior years	6,149	-
Deferred taxation charge (Note 17)	4,213,821	1,324,699
Income tax expense reported in the income statement	13,580,590	6,406,391

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

		2023 LKR	2022 LKR
Accounting profit before tax		37,770,620	37,284,073
Aggregate disallowed expenses		17,802,936	18,108,794
Aggregate allowed expenses		(512,399)	(20,891,380)
Profit from the business		55,061,158	34,501,487
Investment income			
Interest income		843	1,047,851
Assessable income / taxable income		843	35,549,338
Tax on taxable income	14% and 20%	9,360,397	4,830,208
Tax on interest income	24% & 30%	223	251,484
Total tax expense		9,360,620	5,081,692

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.

	2023 LKR	2022 LKR
Amounts used as numerator		
Total comprehensive profit/(loss) for the year	24,080,875	31,406,152
Net profit /(loss) attributable to equity holders for basic earning per share	24,080,875	31,406,152
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 /(loss) per share (LKR)	1.51	1.96



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 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
Additions during the year		-	-	-	-	35,155	-	-	-	35,155
Balance as at 31st March 2023	21,000,000	198,218,418	144,568,780	136,018	326,295	127,895	189,270	599,500	244,538	365,410,715

10.2 Accumulated depreciation

Balance as at 01st April 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
Charge for the year	-	10,018,998	7,260,636	12,824	18,113	13,614	44,610	-	65,130	17,433,925
Balance as at 31st March 2023	-	102,187,221	74,987,685	101,533	326,295	78,937	189,270	599,500	244,538	178,714,980
Carrying amount as at 31st March 2023	21,000,000	96,031,197	69,581,095	34,485	-	48,958	-	-	-	186,695,735
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

Property, plant and equipment includes fully depreciated assets that are still in use having a gross carrying value of LKR 1,490,274/- (2022-LKR 975,979/-)



		2023	2022
		LKR	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	5,843,245	5,390,865
	Amortization for the year	452,380	452,380
	Balance at the end of the year	6,295,625	5,843,245
	Carrying amount at the end of the year	3,204,375	3,656,755
	Within one year	452,380	452,380
	After one year	2,751,995	3,204,375
	Total	3,204,375	3,656,755
12	**INVENTORIES**		
	Consumables and spare parts	7,451,390	6,809,541
		7,451,390	6,809,541
13	**TRADE AND OTHER RECEIVABLES**		
	Trade receivables - due from CEB	86,574,873	55,224,914
	Other receivables	186,201	221,044
	Advances and prepayments	6,756,167	7,024,962
		93,517,241	62,470,919
14	**CASH AND CASH EQUIVALENTS**		
	14.1 Favorable balances		
	Cash at bank	1,865,273	191,748
	Cash in hand	30,000	30,000
		1,895,273	221,748
	14.2 Unfavorable balances		
	Bank overdraft	(188,337)	(19,441,360)
	Cash and cash equivalent for the purpose of statement of cash flows	1,706,936	(19,219,613)

15 STATED CAPITAL

	2023 Total No. of shares No's	2022 Total No. of shares No's	2023 Total Value LKR	2022 Total Value LKR
Ordinary shares	16,000,000	16,000,000	160,000,000	160,000,000



16 RETIREMENT BENEFIT OBLIGATION

	2023 LKR	2022 LKR
Balance at the beginning of the year	587,692	1,042,196
Current service cost	71,620	69,325
Interest charged for the period	94,031	90,671
Benefits paid	(77,400)	-
Actuarial loss/(gain) on obligation	136,444	(614,500)
Balance at the end of the year	812,387	587,692

16.1 Messers. Acturial & Management Consultants (Pvt) Ltd carried out the acturial valuations of the defined benefit plan gratuity on 31st March 2023. Appropriate and compatible assumptions were used in determining the cost of retirement benefits.

The principle assumptions used are as follows,

Rate of discounts	18.0%	16.0%
Salary increment rate	10.00%	7.50%
Retirement age	60 Years	60 Years
Staff turnover rate	7.0%	5.3%

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.

17 DEFERRED TAX LIABILITIES

Balance at the beginning of the year	14,418,362	13,007,633
Recognized in comprehensive income	4,213,821	1,324,699
Recognized in other comprehensive income	(27,289)	86,030
Balance at the end of the year	18,604,892	14,418,362

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

	2023		2022	
	Temporary differences	Tax effect	Temporary differences	Tax effect
On property, plant and equipment	93,836,847	18,767,369	103,575,978	14,500,637
On retirement benefit obligation	(812,387)	(162,477)	(587,692)	(82,277)
Deferred tax liability	93,024,460	18,604,892	102,988,286	14,418,362

18 TRADE AND OTHER PAYABLES

	2023 LKR	2022 LKR
Other payables	4,963,791	1,331,064
Accrued expenses	1,189,157	184,849
	6,152,949	1,515,913

19 AMOUNT DUE TO RELATED PARTIES

	Relationship		
Blue Maven Asia Energy (Pvt) Ltd.	Parent	2,500,000	2,800,000
		2,500,000	2,800,000



20 RELATED PARTY TRANSACTIONS

20.1 Transactions with related parties of the company.

Details of significant related party disclosures are as follows:

	Blue Maven Asia Energy (Pvt) Ltd	
	2023	2022
	LKR	LKR
Balance as at 01 April 2022	2,800,000	3,100,000
Payments/ (Receipts)	300,000	300,000
Balance as at 31 March 2023	2,500,000	2,800,000

20.2 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.

21 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.

22 ASSETS PLEDGED

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

Description of asset	Pledged for	Cost/carring value (LKR)
Property situated at Anguruwela Estate in Meeyanpaha village Lot Nos. 1,2 and 4	Permanent overdraft and term loan	20,000,000
Property situated at Anguruwela Estate in Meeyanpaha village Lot Nos. D and E	Permanent overdraft and term loan	1,000,000
Lease hold right over the lands Lot No. 1and 2	Permanent overdraft	3,204,375

23 LITIGATIONS AND CLAIMS

There are no pending litigations for the year ended 31st March 2023

T & D ASSOCIATES COLOMBO CHARTERED ACCOUNTANTS