



VALLIBEL POWER ERATHNA PLC

INTERIM FINANCIAL STATEMENTS

Second Quarter

for the six months ended 30th September 2018

Statement of Financial Position

As at	Group		Company	
	30.09.2018 Rs.	31.03.2018 Rs. (Audited)	30.09.2018 Rs.	31.03.2018 Rs. (Audited)
ASSETS				
Non-Current Assets				
Property, Plant & Equipment	2,255,330,803	2,293,948,755	823,640,602	839,276,408
Investment in Subsidiary	-	-	821,619,980	821,619,980
Intangible Assets	87,057,092	93,035,425	800,000	1,600,000
Deposit on Leasehold Land	4,500,000	4,500,000	-	-
Deferred Tax Asset	5,054,787	12,305,159	-	-
	2,351,942,682	2,403,789,339	1,646,060,582	1,662,496,388
Current Assets				
Trade & Other Receivables	244,005,538	100,647,500	133,972,423	54,179,369
Amounts Due from Related Parties	1,064,150	1,156,218	2,585,367	2,832,330
Short Term Investments	347,243,217	266,601,729	127,200,006	66,398,930
Cash and Bank Balances	32,513,721	33,442,347	29,442,053	22,840,142
	624,826,626	401,847,794	293,199,849	146,250,771
Total Assets	2,976,769,308	2,805,637,133	1,939,260,431	1,808,747,159
EQUITY AND LIABILITIES				
Equity Attributable to Equity Holders of the Parent				
Stated Capital	1,174,365,278	1,174,365,278	1,174,365,278	1,174,365,278
Accumulated Profit	1,342,432,399	1,070,765,201	584,357,148	456,050,947
	2,516,797,677	2,245,130,479	1,758,722,426	1,630,416,225
Non - Controlling Interest	221,040,873	199,340,454	-	-
Total Equity	2,737,838,550	2,444,470,933	1,758,722,426	1,630,416,225
Non-Current Liabilities				
Retirement Benefit Obligations	26,093,334	25,946,318	16,888,972	18,120,442
Deferred Tax Liability	111,379,406	113,328,544	111,379,406	113,328,544
	137,472,740	139,274,862	128,268,378	131,448,986
Current Liabilities				
Trade and Other Payables	42,430,857	42,038,024	22,647,911	23,871,620
Interest Bearing Loans & Borrowings	-	157,403,048	-	-
Tax Payables	59,027,161	22,450,266	29,621,716	23,010,328
	101,458,018	221,891,338	52,269,627	46,881,948
Total Equity and Liabilities	2,976,769,308	2,805,637,133	1,939,260,431	1,808,747,159
Net Asset Per Share	3.37	3.01	2.35	2.18

These Financial Statements are in compliance with the requirements of the Companies Act, No. 7 of 2007.

Sgd.
Sajithra Thanoj
Accountant

Sgd.
Russell De Zilva
Jt.CEO

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Signed for and on behalf of the Board by.

Sgd.
H. Somashantha
Director
October 26, 2018 / Colombo

Sgd.
S.Shanmuganathan
Director

Statement of Profit or Loss

For the six months ended 30th September	Group						Company					
	Quarter			Six Months			Quarter			Six Months		
	2018 Rs.	2017 Rs.	Change %	2018 Rs.	2017 Rs.	Change %	2018 Rs.	2017 Rs.	Change %	2018 Rs.	2017 Rs.	Change %
Revenue	342,821,319	422,091,307	(19)	734,622,135	707,760,415	4	184,713,288	231,375,042	(20)	384,148,587	402,579,561	(5)
Cost of Sales	(43,083,916)	(38,128,890)	13	(81,545,872)	(73,879,310)	10	(16,532,496)	(14,297,579)	16	(29,175,756)	(26,499,026)	10
Gross Profit	299,737,403	383,962,417	(22)	653,076,263	633,881,105	3	168,180,792	217,077,463	(23)	354,972,831	376,080,535	(6)
Other Operating Income	6,400,000	-	>999	9,225,000	-	>999	60,240,418	-	>999	60,240,418	-	>999
Administration Expenses	(23,672,897)	(24,395,465)	(3)	(50,374,511)	(51,439,036)	(2)	(10,623,242)	(11,074,406)	(4)	(23,641,967)	(24,413,647)	(3)
Other Operating Expenses	(632,965)	(355,266)	78	(1,247,793)	(701,188)	78	(117,385)	(152,990)	(23)	(529,513)	(418,212)	27
Finance Cost	(76,298)	(9,885,084)	(99)	(4,304,653)	(21,519,166)	(80)	(44,030)	(21,396)	106	(57,080)	(95,722)	(40)
Finance Income	7,261,629	7,391,914	(2)	14,345,698	12,180,712	18	3,742,917	5,666,654	(34)	5,804,906	8,123,517	(29)
Profit Before Tax	289,016,872	356,718,516	(19)	620,720,005	572,402,427	8	221,379,470	211,495,325	5	396,789,596	359,276,471	10
Income Tax Expenses	(49,100,037)	(24,338,448)	102	(92,941,466)	(42,129,722)	121	(21,411,808)	(24,333,137)	(12)	(44,350,475)	(41,937,753)	6
Net Profit For the Period	239,916,835	332,380,068	(28)	527,778,538	530,272,705	(0)	199,967,662	187,162,188	7	352,439,121	317,338,718	11
Attributable to:												
Equity Holders of the Parent	225,552,845	313,507,700	(28)	495,800,117	502,448,195	(1)	199,967,662	187,162,188	7	352,439,121	317,338,718	11
Non Controlling Interest	14,363,990	18,872,368	(24)	31,978,421	27,824,510	15	-	-	-	-	-	-
	239,916,835	332,380,068	(28)	527,778,538	530,272,705	(0)	199,967,662	187,162,188	7	352,439,121	317,338,718	11
Basic Earnings Per Share	0.30	0.42		0.66	0.67		0.27	0.25		0.47	0.42	

Statement of Comprehensive Income

For the six months ended 30th September	Group						Company					
	Quarter			Six Months			Quarter			Six Months		
	2018 Rs.	2017 Rs.	Change %	2018 Rs.	2017 Rs.	Change %	2018 Rs.	2017 Rs.	Change %	2018 Rs.	2017 Rs.	Change %
Net Profit for the Period	239,916,835	332,380,068	(28)	527,778,538	530,272,705	(0)	199,967,662	187,162,188	7	352,439,121	317,338,718	11
Other Comprehensive Income /(Loss)				-	-	-				-	-	-
Total Comprehensive Income for the period, net of Tax	239,916,835	332,380,068	(28)	527,778,538	530,272,705	(0)	199,967,662	187,162,188	7	352,439,121	317,338,718	11
Attributable to:												
Equity Holders of the Parent	225,552,845	313,507,700	(28)	495,800,117	502,448,195	(1)	199,967,662	187,162,188	7	352,439,121	317,338,718	11
Non Controlling Interest	14,363,990	18,872,368	(24)	31,978,421	27,824,510	15	-	-	-	-	-	-
	239,916,835	332,380,068	(28)	527,778,538	530,272,705	(0)	199,967,662	187,162,188	>999	352,439,121	317,338,718	11

Statement of Cash Flows

For the six months ended 30th September	Group		Company	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Cash Flows from/(Used in) Operating Activities				
Net Profit Before Income Tax Expense	620,720,005	572,402,427	396,789,596	359,276,471
Adjustments for				
Amortization of Intangible Assets	5,978,333	5,978,333	800,000	800,000
Depreciation	38,963,204	39,285,306	15,750,411	16,157,123
Provision for Retirement Benefit Obligations	2,510,778	1,998,870	990,000	990,000
Profit on disposal of Property, Plant & Equipment	(9,225,000)	11,374	-	-
Dividend Income	-	-	(60,240,418)	-
Interest Income	(14,345,698)	(12,180,712)	(5,804,906)	(8,123,517)
Finance Cost	4,304,653	21,519,166	57,080	95,722
Operating Profit Before Working Capital Changes	648,906,274	629,014,763	348,341,763	369,195,799
(Increase) / Decrease in Trade and Other Receivables	(143,149,898)	(286,881,642)	(78,892,122)	(154,011,790)
(Increase) / Decrease in Amounts Due from Related Parties	92,068	36,026	246,963	16,434
Increase / (Decrease) in Trade and Other Payables	926,032	2,418,717	(1,223,709)	361,004
Increase / (Decrease) in Amounts Due to Related Parties	(1,843,281)	-	(1,843,281)	-
Cash Generated from / (used in) Operating Activities	504,931,196	344,587,864	266,629,614	215,561,447
Finance Cost Paid	(4,837,841)	(21,680,033)	(57,080)	(95,722)
Interest Received	14,137,544	9,578,682	4,903,974	5,375,751
Retirement Benefit Obligations Paid	(512,479)	(2,436,915)	(370,189)	(2,352,114)
Taxes Paid	(51,063,338)	(20,666,131)	(39,688,226)	(17,369,438)
Net Cash from / (used in) Operating Activities	462,655,082	309,383,468	231,418,092	201,119,925
Cash Flows From / (Used in) Investing Activities				
Acquisitions of Property, Plant & Equipments	(345,249)	(616,573)	(114,605)	(149,305)
Proceeds from disposal of property, plant & equipment	9,225,000	9,989	-	-
Dividend Received	-	-	60,240,418	-
Proceeds /(Investments) of Fixed Deposits (net)	(163,440,545)	(188,437,045)	(76,813,589)	(188,955,155)
Net Cash Flow from / (Used In) Investing Activities	(154,560,795)	(189,043,629)	(16,687,776)	(189,104,460)
Cash Flows from / (Used in) Financing Activities				
Repayments of Interest Bearing Loans & Borrowings	(157,403,048)	(103,173,372)	-	-
Dividends Paid	(234,418,921)	(761,924)	(224,140,919)	(761,924)
Net Cash Flows From / (Used In) Financing Activities	(391,821,969)	(103,935,296)	(224,140,919)	(761,924)
Net Increase / (Decrease) In Cash & Cash Equivalents	(83,727,683)	16,404,543	(9,410,603)	11,253,541
Cash and Cash Equivalents at the Beginning of the Period (Note A)	139,266,675	66,238,065	46,052,656	19,006,567
Cash and Cash Equivalents at the End of the Period (Note B)	55,538,992	82,642,608	36,642,053	30,260,108
Note A				
Cash and Cash Equivalents at the Beginning of the Period				
Cash in Hand & at Bank / (Bank Overdraft)	33,442,347	19,350,384	22,840,142	13,006,567
Savings Accounts & REPO	105,824,329	46,887,681	23,212,514	6,000,000
	139,266,675	66,238,065	46,052,656	19,006,567
Note B				
Cash and Cash Equivalents at the End of the Period				
Cash in Hand & at Bank / (Bank Overdraft)	32,513,721	27,942,609	29,442,053	14,560,108
Savings Accounts & REPO	23,025,272	54,699,999	7,200,000	15,700,000
	55,538,992	82,642,608	36,642,053	30,260,108

Statement of Changes in Equity

Group

	Stated Capital Rs.	Accumulated Profit Rs.	Non Controlling Interest Rs.	Total Equity Rs.
Balance as at 01 st April 2017	1,174,365,278	899,422,159	162,694,800	2,236,482,237
Net Profit for the Period	-	502,448,195	27,824,510	530,272,705
Balance as at 30th September 2017	1,174,365,278	1,401,870,354	190,519,310	2,766,754,942
Balance as at 01 st April 2018	1,174,365,278	1,070,765,201	199,340,454	2,444,470,933
Net Profit for the Period	-	495,800,117	31,978,421	527,778,538
Dividend	-	(224,132,919)	(10,278,002)	(234,410,921)
Balance as at 30th September 2018	1,174,365,278	1,342,432,399	221,040,873	2,737,838,550

Company

	Stated Capital Rs.	Accumulated Profit Rs.	Total Equity Rs.
Balance as at 01 st April 2017	1,174,365,278	525,444,554	1,699,809,832
Net Profit for the Period	-	317,338,718	317,338,718
Balance as at 30th September 2017	1,174,365,278	842,783,272	2,017,148,550
Balance as at 01 st April 2018	1,174,365,278	456,050,947	1,630,416,225
Net Profit for the Period	-	352,439,121	352,439,121
Dividend	-	(224,132,919)	(224,132,919)
Balance as at 30th September 2018	1,174,365,278	584,357,148	1,758,722,426

Notes to the Interim Financial Statements

- The above figures are provisional & subject to audit unless otherwise stated.
- The interim financial statements of the Group and the Company for the six months ended 30th September 2018 were authorised for issue by the Board of Directors on 26th October 2018.
- The financial statements for the period ended 30th September 2018, includes “the Company” referring to Vallibel Power Erathna PLC as the Holding Company and “the Subsidiary” referring to Country Energy (Private) Limited whose accounts have been consolidated therein.
- The Interim Financial Statements have been prepared in accordance with the accounting policies set out in the Annual report for the year ended 31st March 2018 and comply with the Sri Lanka Accounting Standards (SLFRS/LKAS). These Interim Financial Statements should be read in conjunction with the annual financial statements for the year ended 31st March 2018. They also provide the information required by the Colombo Stock Exchange and LKAS 34.
- The number of shares representing the stated capital is 747,109,731.
- The Company paid Thirty cents (Rs. 0.30) per share as an Interim Dividend for the financial year 2018/19 on August 15, 2018.
- The Group had no significant contingent liabilities outstanding as at the reporting date.
- No other circumstances have arisen since the reporting date, which would require adjustments to or disclosure in the Financial Statements.
- Operating Segment Information**

For the six months ended 30th September 2018

		Erathna MHPP	Denawaka Ganga MHPP	Kiriwaneliya MHPP	Group
Power Generation	kWh	28,144,337	14,477,890	11,164,536	53,786,763
Revenue	Rs.	384,148,587	199,159,278	151,314,270	734,622,135
Gross Profit	Rs.	354,972,831	171,925,894	130,622,538	653,076,263
Profit After Tax	Rs.	352,439,121	137,738,188	112,093,229	527,778,538
Total Assets	Rs.	1,939,260,431	934,168,196	852,449,786	2,976,769,308
Total Liabilities	Rs.	180,538,005	42,543,923	17,370,058	238,930,757

For the six months ended 30th September 2017

		Erathna MHPP	Denawaka Ganga MHPP	Kiriwaneliya MHPP	Group
Power Generation	kWh	28,061,916	11,180,033	10,095,049	49,336,998
Revenue	Rs.	402,579,561	161,192,138	143,988,716	707,760,415
Gross Profit	Rs.	376,080,535	135,415,010	126,830,560	633,881,105
Profit After Tax	Rs.	317,338,718	104,314,951	113,064,035	530,272,705
Total Assets	Rs.	2,164,175,431	929,589,188	842,478,902	3,195,931,134
Total Liabilities	Rs.	147,026,881	188,540,118	95,223,698	429,176,192

10. The Company's Standard Power Purchase Agreement (SPPA) entered with Ceylon Electricity Board (CEB) will expire in July 2019 and the CEB has informed the Company of another five years extension. Further, as per Sri Lanka Sustainable Energy Authority (SEA) Act No 35 of 2007, at the end of 20 years, the Board of SEA may, at request of the developer (Company) and in consultation with the Committee, extend the period, of validity of the permit by further period, not exceeding another 20 years.

11. Related Party Transactions with the Company

For the Period Ended	30-09-2018 Rs.	30-09-2017 Rs.
11.1 Key Management Personal (KMP)		
Directors Remuneration	(1,855,556)	(1,855,556)
Key Management Compensation	(3,162,444)	(2,874,948)
Close Family Members of KMP	Nil	Nil
11.2 Country Energy (Pvt) Ltd - Subsidiary		
Net operating expenses incurred on behalf of the Subsidiary	(13,211,966)	(12,478,176)
Reimbursement of operating expenses by the Subsidiary	13,497,053	12,653,591
11.3 Other Related companies		
11.3.1 Alternate Power Systems (Pvt) Ltd (APSL)		
Net operating expenses incurred on behalf of APSL	(5,615,317)	(7,371,047)
Reimbursement of operating expenses by APSL	5,603,144	7,372,250
11.3.2 Vallibel Finance PLC		
Investments in Fixed Deposit	(267,608,667)	(77,077,622)
Withdrawal of Fixed Deposits	190,795,078	3,000,000
FD Interest Received	2,371,317	122,467
11.3.3 LB Finance PLC		
Investments in Fixed Deposit	-	(115,000,000)
11.3.4 Greener Water Limited (GWL)		
Net operating expenses incurred on behalf of GWL	(4,269,138)	(4,385,857)
Reimbursement of operating expenses by GWL	4,243,187	4,402,048
11.3.5 The Kingsbury PLC		
Payment made for services obtained	(347,250)	(338,580)

12. Standards Issued but not yet effective

SLFRS 16 -Leases

SLFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('Lessee') and the supplier ('Lessor'). SLFRS 16 will replace Sri Lanka Accounting Standard – LKAS 17 (Leases) and related interpretations. SLFRS 16 introduces a single accounting model for the lessee, eliminating the present classification of leases in LKAS 17 as either operating leases or finance leases.

This will become effective on 1st January 2019. The impact on the implementation of the above Standard has not been quantified yet.

13. Share Information

13.1. The public share holding percentage as at 30th September 2018 was 40.517%, comprising of 4,322 shareholders.

13.2. The Float Adjusted Market Capitalization as at 30th September 2018 is Rs. 1,937,322,534.40. The Company complies with option 5 of the Listing Rules 7.13.1 (a) – Less than Rs.2.5 Bn Float Adjusted Market Capitalization.

13.3. Market price per share

For the quarter ended	30-09-2018 Rs.	30-09-2017 Rs.
Market Price – Highest	7.10	7.80
Market Price – Lowest	6.30	7.30
Market Price – Last Traded	6.40	7.60

13.4. Directors' share holding as at 30th September 2018

Director	No. of Shares
Mr. K D.D Perera	144,812,225
Mr. S H Amarasekera	30
Mr. P K Sumanasekera	150,000
Mr. H Somashantha	15,000
Mr. S Shanmuganathan	Nil
Mr. C V Cabraal	Nil

13.5. **Major Shareholders as at 30th September 2018**

Shareholder	No. of Shares	Percentage (%)
1. Vallibel Power Limited	299,425,830	40.078
2. Mr. K.D.D.Perera	144,812,225	19.383
3. Seylan Bank PLC / Dr. T. Senthilverl	82,692,543	11.068
4. Sampath Bank PLC/Dr. T. Senthilverl	50,925,829	6.816
5. Mr. K.D.A.Perera	18,750,000	2.510
6. Mr. K.D.H.Perera	18,750,000	2.510
7. Ayenka Holdings (Pvt) Ltd	11,252,000	1.506
8. Commercial Bank of Ceylon PLC / Metrocrop (Pvt) Ltd.	9,936,723	1.330
9. Ms. K.D.C. Samanthi	9,375,000	1.255
10. Employees Trust Fund Board	5,197,715	0.696
11. Mr. P P Subasinghe	5,122,214	0.686
12. Mr. B.C. Tay	3,000,000	0.402
13. Perera and Sons (Bakers) Ltd	2,900,000	0.388
14. Acuity Partners (Pvt) Ltd/Mr. Anthony Romesh Grero	2,478,196	0.332
15. DFCC Bank PLC A/C No.1	2,400,000	0.321
16. Mr. D. D. Gunaratne	2,200,000	0.294
17. Deutsche Bank AG as Trustee to Candor Opportunities Fund	2,000,000	0.268
18. Mr. M F Hashim	1,786,059	0.239
19. Mr. M H M Nazeer	1,500,000	0.201
20. Dr. Senthilverl	1,303,300	0.174

Corporate Information

Name of Company

Vallibel Power Erathna PLC

Legal Form

A Public quoted company with limited liability incorporated under the Provisions of the Companies Act, No. 07 of 2007.

Date of Incorporation

07 th November 2001

Company Registration Number

P.Q. 103

Nature of the Business

Generate and Supply Electric Power to the National Grid.

Board of Directors

Mr. K D D Perera – Chairman
Mr. S H Amarasekera - Deputy Chairman
Mr. P K Sumanasekera
Mr. H Somashantha
Mr. S Shanmuganathan
Mr. C V Cabraal

Head Office and Registered Office

27-2, East Tower, World Trade Center
Echelon Square, Colombo 01.
Telephone: 011 2381111
Fax: 011 2381115
E-mail: energy@vallibel.com
Web Site: www.vallibel-hydro.com

Subsidiary Company

Country Energy (Pvt) Ltd. (unquoted)

Company Secretaries

P W Corporate Secretarial (Pvt) Limited
No.3/17, Kynsey Road,
Colombo 08.
Telephone:011- 4640360
Fax :011- 4740588
E-mail :pwcs@pwcs.lk

Auditors

Ernst & Young
Chartered Accountants
No.201, De Saram Place
Colombo 10.

Bankers

Commercial Bank of Ceylon PLC
DFCC Bank PLC
Hatton National Bank PLC
Pan Asia Banking Corporation PLC