



VALLIBEL POWER ERATHNA PLC

INTERIM FINANCIAL STATEMENTS

Second Quarter

for the Six months ended 30th September 2017

Statement of Financial Position

As at	Group		Company	
	30.09.2017 Rs.	31.03.2017 Rs. (Audited)	30.09.2017 Rs.	31.03.2017 Rs. (Audited)
ASSETS				
Non-Current Assets				
Property, Plant & Equipment	2,331,981,877	2,370,671,974	855,296,574	871,304,392
Investment in Subsidiary	-	-	821,619,980	821,619,980
Intangible Assets	99,013,755	104,992,089	2,400,000	3,200,000
Deposit on Leasehold Land	4,500,000	4,500,000	-	-
Deferred Tax Asset	11,276,381	10,332,335	-	-
	2,446,772,013	2,490,496,398	1,679,316,554	1,696,124,372
Current Assets				
Trade & Other Receivables	361,758,059	72,274,406	196,024,214	39,264,659
Amounts Due from Related Parties	1,050,199	1,067,593	2,661,237	2,854,049
Short Term Investments	357,824,703	161,575,339	271,613,318	72,958,162
Tax Receivables	583,551	-	-	-
Cash and Bank Balances	27,942,609	19,884,034	14,560,108	13,006,567
	749,159,121	254,801,372	484,858,877	128,083,437
Total Assets	3,195,931,134	2,745,297,770	2,164,175,431	1,824,207,809
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	1,401,870,354	899,422,159	842,783,272	525,444,554
	2,576,235,632	2,073,787,437	2,017,148,550	1,699,809,832
Non - Controlling Interest	190,519,310	162,694,800	-	-
Total Equity	2,766,754,942	2,236,482,237	2,017,148,550	1,699,809,832
Non-Current Liabilities				
Interest Bearing Loans & Borrowings	55,669,749	157,403,056	-	-
Retirement Benefit Obligations	18,366,481	18,785,895	12,390,680	13,929,171
Deferred Tax Liability	80,943,846	81,377,602	80,943,846	81,377,602
	154,980,076	257,566,553	93,334,526	95,306,773
Current Liabilities				
Trade and Other Payables	40,226,882	38,730,972	26,069,788	26,470,707
Interest Bearing Loans & Borrowings	206,346,667	208,320,382	-	-
Tax Payables	27,622,567	4,197,626	27,622,567	2,620,496
	274,196,116	251,248,980	53,692,355	29,091,203
Total Equity and Liabilities	3,195,931,134	2,745,297,770	2,164,175,431	1,824,207,809
Net Asset Per Share	3.45	2.78	2.70	2.28

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.
S.H.Amarasekara
Deputy Chairman
October 27, 2017 / Colombo

Sgd.
C.V.Cabraal
Director

Statement of Profit or Loss

For the six months ended 30th September	Group						Company					
	Quarter			Six Months			Quarter			Six Months		
	2017 Rs.	2016 Rs.	Change %	2017 Rs.	2016 Rs.	Change %	2017 Rs.	2016 Rs.	Change %	2017 Rs.	2016 Rs.	Change %
Revenue	422,091,307	267,672,283	58	707,760,415	630,963,758	12	231,375,042	189,095,726	22	402,579,561	382,303,180	5
Cost of Sales	(38,128,890)	(36,411,064)	5	(73,879,310)	(74,008,720)	(0)	(14,297,579)	(11,943,915)	20	(26,499,026)	(25,248,032)	5
Gross Profit	383,962,417	231,261,218	66	633,881,105	556,955,037	14	217,077,463	177,151,810	23	376,080,535	357,055,147	5
Other Operating Income	-	18,500	(100)	-	18,500	(100)	-	105,088,997	(100)	-	105,088,997	(100)
Administration Expenses	(24,395,465)	(25,990,072)	(6)	(51,439,036)	(51,842,892)	(1)	(11,074,406)	(12,589,851)	(12)	(24,413,647)	(24,735,653)	(1)
Other Operating Expenses	(355,266)	(640,693)	(45)	(701,188)	(1,751,920)	(60)	(152,990)	(218,539)	(30)	(418,212)	(1,035,699)	(60)
Finance Cost	(9,885,084)	(15,820,027)	(38)	(21,519,166)	(31,205,054)	(31)	(21,396)	(15,750)	36	(95,722)	(34,657)	176
Finance Income	7,391,914	13,023,184	(43)	12,180,712	21,722,527	(44)	5,666,654	7,105,323	(20)	8,123,517	10,249,247	(21)
Profit/(Loss) Before Tax	356,718,516	201,852,111	77	572,402,427	493,896,199	16	211,495,325	276,521,991	(24)	359,276,471	446,587,383	(20)
Income Tax Expenses	(24,338,448)	(34,022,093)	(28)	(42,129,722)	(55,160,656)	(24)	(24,333,137)	(21,095,853)	15	(41,937,753)	(41,106,321)	2
Net Profit/(Loss) For the Period	332,380,068	167,830,018	98	530,272,705	438,735,543	21	187,162,189	255,426,138	(27)	317,338,718	405,481,063	(22)
Attributable to:												
Equity Holders of the Parent	313,507,700	163,814,483	91	502,448,195	418,966,650	20	187,162,189	255,426,138	(27)	317,338,718	405,481,063	(22)
Non Controlling Interest	18,872,369	4,015,535	370	27,824,510	19,768,893	41	-	-	-	-	-	-
	332,380,068	167,830,018	98	530,272,705	438,735,543	21	187,162,189	255,426,138	(27)	317,338,718	405,481,063	(22)
Basic Earnings Per Share	0.42	0.22		0.67	0.56		0.25	0.34		0.42	0.54	

Figures in brackets indicate deductions

Statement of Comprehensive Income

For the six months ended 30th September	Group						Company					
	Quarter			Six Months			Quarter			Six Months		
	2017 Rs.	2016 Rs.	Change %	2017 Rs.	2016 Rs.	Change %	2017 Rs.	2016 Rs.	Change %	2017 Rs.	2016 Rs.	Change %
Net Profit/(Loss) for the Period	332,380,068	167,830,018	98	530,272,705	438,735,543	21	187,162,189	255,426,138	(27)	317,338,718	405,481,063	(22)
Other Comprehensive Income / (Loss)				-	-	-				-	-	-
Total Comprehensive Income/(Loss) for the period, net of Tax	332,380,068	167,830,018	98	530,272,705	438,735,543	21	187,162,189	255,426,139	(27)	317,338,718	405,481,063	(22)
Attributable to:												
Equity Holders of the Parent	313,507,700	163,814,483	91	502,448,195	418,966,650	20	187,162,189	255,426,139	(27)	317,338,718	405,481,063	(22)
Non Controlling Interest	18,872,369	4,015,535	370	27,824,510	19,768,893	41	-	-		-	-	-
	332,380,068	167,830,018	98	530,272,705	438,735,543	21	187,162,189	255,426,139	(27)	317,338,718	405,481,063	(22)

Figures in brackets indicate deductions

Statement of Cash Flows

For the six months ended 30th September	Group		Company	
	2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
Cash Flows from/(Used in) Operating Activities				
Net Profit Before Income Tax Expense	572,402,427	493,896,199	359,276,471	446,587,383
Adjustments for				
Amortization of Intangible Assets	5,978,333	5,978,333	800,000	800,000
Depreciation	39,285,306	40,128,530	16,157,123	16,357,300
Provision for Retirement Benefit Obligations	1,998,870	1,188,000	990,000	600,000
(Profit)/Loss on disposal of Property, Plant & Equipment	11,374	(3,819)	-	(18,500)
Dividend Income	-	-	-	(105,070,497)
Interest Income	(12,180,712)	(21,722,527)	(8,123,517)	(10,249,247)
Finance Cost	21,519,166	31,205,054	95,722	34,657
Operating Profit Before Working Capital Changes	629,014,764	550,669,770	369,195,800	349,041,095
(Increase)/ Decrease in Trade and Other Receivables	(286,881,642)	(139,450,646)	(154,011,790)	(110,740,036)
(Increase)/ Decrease in Amounts Due from Related Parties	36,026	(547,595)	16,434	(450,050)
Increase / (Decrease) in Trade and Other Payables	2,418,717	(7,889,028)	361,004	(1,561,074)
Cash Generated from /(used in) Operating Activities	344,587,865	402,782,501	215,561,448	236,289,936
Finance Cost Paid	(21,680,033)	(31,189,543)	(95,722)	(34,657)
Interest Received	9,578,682	21,369,708	5,375,751	10,456,051
Retirement Benefit Obligations Paid	(2,436,915)	(173,550)	(2,352,114)	-
Taxes Paid	(20,666,131)	(57,335,321)	(17,369,438)	(42,227,613)
Net Cash from / (used in) Operating Activities	309,383,469	335,453,795	201,119,925	204,483,717
Cash Flows From / (Used in) Investing Activities				
Acquisitions of Property, Plant & Equipments	(616,573)	(2,462,091)	(149,305)	(987,960)
Proceeds from disposal of property, plant & equipment	9,989	537,947	-	537,947
Dividend Received	-	-	-	105,070,497
Proceeds /(Investments) of Fixed Deposits (net)	(188,437,045)	109,466,948	(188,955,155)	44,223,764
Net Cash Flow from / (Used In) Investing Activities	(189,043,629)	107,542,804	(189,104,460)	148,844,248
Cash Flows from /(Used in) Financing Activities				
Repayments of Interest Bearing Loans & Borrowings	(103,173,372)	(103,173,371)	-	-
Dividends Paid	(761,924)	(390,877,760)	(761,924)	(373,747,760)
Net Cash Flows From / (Used In) Financing Activities	(103,935,296)	(494,051,131)	(761,924)	(373,747,760)
Net Increase / (Decrease) In Cash & Cash Equivalents	16,404,543	(51,054,532)	11,253,541	(20,419,795)
Cash and Cash Equivalents at the Beginning of the Period (Note A)	66,238,065	135,147,368	19,006,567	39,168,001
Cash and Cash Equivalents at the End of the Period (Note B)	82,642,608	84,092,836	30,260,108	18,748,206
Note A				
Cash and Cash Equivalents at the Beginning of the Period				
Cash in Hand & at Bank / (Bank Overdraft)	19,350,384	28,394,389	13,006,567	8,068,001
Savings Accounts & REPO	46,887,681	106,752,979	6,000,000	31,100,000
	66,238,065	135,147,368	19,006,567	39,168,001
Note B				
Cash and Cash Equivalents at the End of the Period				
Cash in Hand & at Bank / (Bank Overdraft)	27,942,609	11,192,836	14,560,108	10,548,206
Savings Accounts & REPO	54,699,999	72,900,000	15,700,000	8,200,000
	82,642,608	84,092,836	30,260,108	18,748,206

Figures in brackets indicate deductions

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 2016	1,174,365,278	1,001,587,474	165,859,338	2,341,812,090
Net Profit for the Period	-	418,966,650	19,768,893	438,735,543
Dividend	-	(373,554,866)	(17,130,000)	(390,684,866)
Balance as at 30th September 2016	1,174,365,278	1,046,999,258	168,498,231	2,389,862,767
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

Company

	Stated Capital Rs.	Accumulated Profit Rs.	Total Equity Rs.
Balance as at 01 st April 2016	1,174,365,278	597,096,745	1,771,462,023
Net Profit for the Period	-	405,481,062	405,481,062
Dividend	-	(373,554,866)	(373,554,866)
Balance as at 30th September 2016	1,174,365,278	629,022,942	1,803,388,219
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

Figures in brackets indicate deductions

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 2017 were authorised for issue by the Board of Directors on 27th October 2017.
- The financial statements for the period ended 30th September 2017, 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 2017 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 2017. 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 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 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

For the Six months ended 30th September 2016

		Erathna MHPP	Denawaka Ganga MHPP	Kiriwaneliya MHPP	Group
Power Generation	kWh	24,955,585	8,890,931	7,304,083	41,150,599
Revenue	Rs.	382,303,180	137,031,948	111,628,630	630,963,758
Gross Profit	Rs.	357,055,147	110,517,347	93,827,544	556,955,037
Profit After Tax	Rs.	405,481,063	78,585,545	75,858,933	438,735,543
Total Assets	Rs.	1,970,264,960	979,887,432	821,333,677 3	3,039,961,105
Total Liabilities	Rs.	166,676,740	320,267,265	164,713,027	650,098,342

9. **Related Party Transactions with the Company**

For the Period Ended	30-09-2017 Rs.	30-09-2016 Rs.
9.1 Key Management Personal (KMP)		
Directors Remuneration	(1,855,556)	(2,100,000)
Key Management Compensation	(2,874,948)	(2,613,418)
Close Family Members of KMP	Nil	Nil
9.2 Country Energy (Pvt) Ltd - Subsidiary		
Net operating expenses incurred on behalf of the Subsidiary	(12,478,176)	(13,742,543)
Reimbursement of operating expenses by the Subsidiary	12,653,591	13,840,088
9.3 Other Related companies		
9.3.1 Alternate Power Systems (Pvt) Ltd (APSL)		
Net operating expenses incurred on behalf of APSL	(7,371,047)	(7,731,261)
Reimbursement of operating expenses by APSL	7,372,250	7,801,034
9.3.2 Vallibel Finance PLC		
Investments in Fixed Deposit	(77,077,622)	(191,997,069)
Withdrawal of Fixed Deposits	3,000,000	246,220,832
FD Interest Received	122,467	7,997,069
9.3.3 LB Finance PLC		
Investments in Fixed Deposit	(115,000,000)	(10,000,000)
9.3.4 Greener Water Limited (GWL)		
Net operating expenses incurred on behalf of GWL	(4,385,857)	(1,942,438)
Reimbursement of operating expenses by GWL	4,402,048	1,325,070
9.3.5 The Kingsbury PLC		
Payment made for services obtained	(338,580)	(338,580)

10. Standards Issued but not yet effective

Certain new accounting standards and amendments / improvements to existing standards have been published, that are not mandatory for 31 March 2017 reporting periods. None of those have been early adopted by the Company and Subsidiary.

SLFRS 9 Financial Instruments: Classification and Measurement

SLFRS 9, as issued reflects the first phase of work on measurement of LKAS 39 and applies to classification and measurement of financial assets and liabilities. This standard is effective for the annual periods beginning on or after 01 January 2018.

SLFRS 15 Revenue from Contracts with Customers

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including LKAS 18 Revenue, LKAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programs. This standard is effective for the annual periods beginning on or after 01 January 2018.

SLFRS 16 -Leases

SLFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on balance sheet model similar to the accounting for finance leases, under LKAS 17 except for few exemptions for leases for "low value" assets and short term leases with a lease term of 12 months or less. This standard is effective for the annual periods beginning on or after 01 January 2019.

11. Share Information

11.1. The public share holding percentage as at 30th September 2017 was 40.413%, comprising of 4,247 shareholders.

11.2. Market price per share

For the quarter ended	30-09-2017 Rs.	30-09-2016 Rs.
Market Price – Highest	7.80	9.70
Market Price – Lowest	7.30	8.40
Market Price – Last Traded	7.60	8.70

11.3. Directors' share holding as at 30th September 2017

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

11.4. **Major Shareholders as at 30th September 2017**

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	84,786,402	11.349
4. Sampath Bank PLC/Dr. T. Senthilverl	54,024,835	7.231
5. Mr. K.D.A.Perera	18,750,000	2.510
6. Mr. K.D.H.Perera	18,750,000	2.510
7. Commercial Bank of Ceylon PLC / Metrocrop (Pvt) Ltd.	9,636,723	1.290
8. Ms. K.D.C. Samanthi	9,375,000	1.255
9. Employees Trust Fund Board	5,197,715	0.696
10. Mr. P P Subasinghe	4,303,869	0.576
11. Ayenka Holdings (Pvt) Ltd	3,596,190	0.481
12. Mr. B.C. Tay	3,000,000	0.402
13. Seylan Bank PLC/Lasantha Chandika Ranaweera Pathirana	2,803,326	0.375
14. DFCC Bank PLC A/C No.1	2,400,000	0.321
15. Mr. D. D. Gunaratne	2,070,000	0.277
16. Dr. Senthilverl	2,033,300	0.272
17. Deutsche Bank AG as Trustee to Candor Opportunities Fund	2,000,000	0.268
18. HINL-UBS AG Zurich – Mr Capital Management Ltd	1,991,500	0.267
19. Perera and Sons (Bakers) Ltd	1,900,000	0.254
20. Mr. M F Hashim	1,686,143	0.226

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