

VALLIBEL POWER ERATHNA PLC

INTERIM FINANCIAL STATEMENTS



Vallibel Power Erathna PLC

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*First Quarter
for the three months ended 30th June 2012*

VALLIBEL POWER ERATHNA PLC

BALANCE SHEET

As At	Company		Group	
	30.06.2012 Rs.	31.03.2012 Rs.(Audited)	30.06.2012 Rs.	31.03.2012 Rs.(Audited)
ASSETS				
Non-Current Assets				
Property, Plant & Equipment	1,061,299,659	1,068,209,507	2,765,596,957	2,771,166,813
Investment in Subsidiary	667,320,000	667,320,000	-	-
Other Investments	73,568,870	73,568,870	73,568,870	73,568,870
Intangible Assets	10,800,000	11,200,000	161,786,253	164,775,418
Deposit on leasehold land	-	-	4,500,000	4,500,000
	1,812,988,529	1,820,298,377	3,005,452,080	3,014,011,101
Current Assets				
Trade & Other Receivables	70,687,673	23,990,279	109,096,750	50,410,716
Amount Due from Related Parties	162,561,138	151,367,698	11,046,676	6,999,323
Other Investments	33,212,000	20,740,000	174,155,850	187,485,258
Cash and Bank Balances	745,242	994,771	16,484,020	19,594,658
	267,206,053	197,092,748	310,783,296	264,489,954
Total Assets	2,080,194,582	2,017,391,125	3,316,235,376	3,278,501,055
EQUITY AND LIABILITIES				
Capital and Reserves				
Stated Capital	1,174,365,278	1,174,365,278	1,174,365,278	1,174,365,278
Revaluation Reserves	12,629,932	15,174,424	12,629,932	15,174,424
Accumulated Profit	737,311,984	660,093,515	687,767,944	629,170,203
	1,924,307,194	1,849,633,217	1,874,763,154	1,818,709,905
Minority Interest	-	-	89,343,589	92,344,661
Total Equity	1,924,307,194	1,849,633,217	1,964,106,743	1,911,054,566
Non-Current Liabilities				
Interest Bearing Loans & Borrowings	62,514,526	80,754,051	1,116,449,938	1,135,216,832
Retirement Benefit Obligations	6,026,713	5,886,213	7,417,346	7,116,346
	68,541,239	86,640,264	1,123,867,284	1,142,333,178
Current Liabilities				
Trade and Other Payables	9,599,019	8,288,503	58,855,105	64,346,489
Interest Bearing Loans & Borrowings	77,612,348	72,517,839	155,187,736	157,245,771
Amount Due to Related Parties	-	-	11,508,581	1,655,532
Tax Payable	134,782	311,300	2,709,927	1,865,519
	87,346,149	81,117,643	228,261,349	225,113,311
Total Equity and Liabilities	2,080,194,582	2,017,391,125	3,316,235,376	3,278,501,055
Net Asset Per Share	2.58	2.48	2.51	2.43

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

(Sgd)

Yogesh Suriyapperuma

Head of Finance

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

Colombo. August 14, 2012

(Sgd)

L.D.Dickman

Executive Director

VALLIBEL POWER ERATHNA PLC

INCOME STATEMENT

For the period ended 30 th June	Company			Group		
	Quarter			Quarter		
	2012	2011	Change	2012	2011	Change
	Rs.	Rs.	%	Rs.	Rs.	%
Revenue	101,851,739	130,625,200	(22)	150,386,185	130,625,200	15
Cost of Sales	(10,025,993)	(9,165,172)	(9)	(26,505,591)	(9,165,172)	(189)
Gross Profit	91,825,746	121,460,028	(24)	123,880,594	121,460,028	2
Other Operating Income	450,000	478,000	(6)	450,000	488,575	(8)
Administration Expenses	(12,872,523)	(11,262,603)	(14)	(30,368,872)	(21,264,772)	(43)
Other Operating Expenses	(111,800)	(446,368)	75	(537,651)	(1,669,673)	68
Profit From Operating Activities	79,291,423	110,229,057	(28)	93,424,071	99,014,157	(6)
Finance Cost	(4,765,827)	(6,070,595)	21	(44,583,907)	(6,353,343)	(602)
Finance Income	381,202	502,552	(24)	6,025,134	507,977	1086
Profit Before Tax	74,906,798	104,661,014	(28)	54,865,298	93,168,791	(41)
Income Tax Expenses	(232,821)	(266,714)	13	(1,813,121)	(267,528)	(578)
Net Profit For the Period	74,673,977	104,394,300	(28)	53,052,177	92,901,263	(43)

Attributable to:

Equity Holders of the Parent	-	-	56,053,249	94,122,973
Minority Interest	-	-	(3,001,072)	(1,221,710)
	-	-	<u>53,052,177</u>	<u>92,901,263</u>
Basic Earnings Per Share	0.10	0.14	0.07	0.13

VALLIBEL POWER ERATHNA PLC

CASH FLOW STATEMENT

	Company		Group	
	2012	2011	2012	2011
	Rs.	Rs.	Rs.	Rs.
For the Three months period ended 30 th June				
Cash Flows from/(Used in) Operating Activities				
Net Profit Before Income Tax Expense	74,906,798	104,661,014	54,865,298	93,168,791
Adjustments for				
Amortization of Intangible Assets	400,000	400,000	2,989,166	400,000
Depreciation	7,637,122	7,947,947	17,663,118	8,887,284
Retirement Benefit Obligations	300,000	240,000	460,500	420,000
Profit on disposal of Property, Plant & Equipment	-	(28,000)	-	(28,000)
Interest Income	(381,202)	(502,552)	(6,025,134)	(507,977)
Finance Cost	4,765,827	6,070,595	44,583,907	6,353,343
Operating Profit Before Working Capital Changes	87,628,545	118,789,004	114,536,855	108,693,441
(Increase)/ Decrease in Trade and Other Receivables	(47,061,873)	(56,428,758)	(59,050,513)	10,809,110
(Increase)/ Decrease in Amounts Due from Related Parties	(11,193,442)	(22,943,593)	(4,047,351)	(59,875)
Increase / (Decrease) in Trade and Other Payables	1,316,966	(463,155)	(8,786,260)	3,910,258
Increase / (Decrease) in Amounts Due to Related Parties	-	84,340	9,853,048	183,804
Cash Generated from /(used in) Operating Activities	30,690,196	39,037,838	52,505,779	123,536,738
Finance Cost Paid	(4,765,827)	(6,070,595)	(41,282,581)	(6,353,343)
Interest Received	719,917	391,752	6,363,849	397,177
Gratuity Paid	(159,500)	-	(159,500)	-
Taxes Paid	(383,574)	(26,898)	(942,950)	(27,048)
Net Cash from / (used in) Operating Activities	26,101,212	33,332,097	16,484,597	117,553,524
Cash Flows From / (Used in) Investing Activities				
Acquisitions of Property, Plant & Equipments	(727,274)	(1,862,621)	(12,093,263)	(332,117,765)
Proceeds /(Investments) of Fixed Deposits	(2,000,000)	(9,585,813)	24,172,765	(9,585,813)
Proceeds from disposal of Property, Plant & Equipment	-	28,000	-	28,000
Net Cash Flow from / (Used In) Investing Activities	(2,727,274)	(11,420,434)	12,079,502	(341,675,578)
Cash Flows from /(Used in) Financing Activities				
Proceeds from Interest Bearing Loans & Borrowings	-	-	-	269,085,030
Repayments of Interest Bearing Loans & Borrowings	(17,484,261)	(17,484,261)	(23,734,262)	(17,484,261)
Dividends Paid	(6,450)	(39,985)	(6,450)	(39,985)
Principle Payments Under Finance Lease Liability	(579,156)	(403,044)	(1,032,442)	(652,620)
Net Cash Flows From / (Used In) Financing Activities	(18,069,867)	(17,927,290)	(24,773,154)	250,908,164
Net Increase / (Decrease) In Cash & Cash Equivalents	5,304,071	3,984,373	3,790,945	26,786,110
Cash and Cash Equivalents at the Beginning of the Period (Note A)	6,734,771	14,795,005	22,407,390	30,306,650
Cash and Cash Equivalents at the End of the Period (Note B)	12,038,842	18,779,378	26,198,335	57,092,760
Note A				
Cash and Cash Equivalents at the Beginning of the Period				
Cash in Hand & at Bank / (Overdraft)	994,771	2,316,005	(2,392,004)	7,827,650
Call Deposits, REPO & Savings A/C	5,740,000	12,479,000	24,799,394	22,479,000
	6,734,771	14,795,005	22,407,390	30,306,650
Note B				
Cash and Cash Equivalents at the End of the Period				
Cash in Hand & at Bank / (Overdraft)	(4,475,446)	1,837,378	(6,947,522)	5,150,760
Call Deposits, REPO & Savings A/C	16,514,288	16,942,000	33,145,857	51,942,000
	12,038,842	18,779,378	26,198,335	57,092,760

VALLIBEL POWER ERATHNA PLC

STATEMENT OF CHANGES IN EQUITY

COMPANY

	Stated Capital Rs.	Revaluation Reserve Rs.	Accumulated Profit Rs.	Total Rs.
Balance as at 1 st April 2011	1,174,365,278	25,352,392	555,264,842	1,754,982,512
Net Profit for the Period	-	-	104,394,300	104,394,300
Transfer of Realised Surplus on Usage	-	(2,544,492)	2,544,492	-
Balance as at 30 th June 2011	<u>1,174,365,278</u>	<u>22,807,900</u>	<u>662,203,634</u>	<u>1,859,376,812</u>
Balance as at 1 st April 2012	1,174,365,278	15,174,424	660,093,515	1,849,633,217
Net Profit for the Period	-	-	74,673,977	74,673,977
Transfer of Realised Surplus on Usage	-	(2,544,492)	2,544,492	-
Balance as at 30 th June 2012	<u>1,174,365,278</u>	<u>12,629,932</u>	<u>737,311,984</u>	<u>1,924,307,194</u>

GROUP

	Stated Capital Rs.	Revaluation Reserve Rs.	Accumulated Profit Rs.	Minority Interest Rs.	Total Equity Rs.
Balance as at 1 st April 2011	1,174,365,278	25,352,392	551,698,793	63,067,358	1,814,483,821
Net Profit / (Loss) for the Period	-	-	94,122,973	(1,221,710)	92,901,263
Transfer of Realised Surplus on Usage	-	(2,544,492)	2,544,492	-	-
Balance as at 30 th June 2011	<u>1,174,365,278</u>	<u>22,807,900</u>	<u>648,366,258</u>	<u>61,845,648</u>	<u>1,907,385,084</u>
Balance as at 1 st April 2012	1,174,365,278	15,174,424	629,170,203	92,344,661	1,911,054,566
Net Profit / (Loss) for the Period	-	-	56,053,249	(3,001,072)	53,052,177
Transfer of Realised Surplus on Usage	-	(2,544,492)	2,544,492	-	-
Balance as at 30 th June 2012	<u>1,174,365,278</u>	<u>12,629,932</u>	<u>687,767,944</u>	<u>89,343,589</u>	<u>1,964,106,743</u>

VALLIBEL POWER ERATHNA PLC

NOTES TO THE FINANCIAL STATEMENTS

1. The above figures are provisional & subject to audit.

2. Figures in brackets indicate deductions.

3. Market price per share for the quarter ended	30-06-2012	30-06-2011
	Rs.	Rs.
Market Price – Highest (For the Period)	6.90	11.70
Market Price – Lowest (For the Period)	4.80	8.80
Market Price – Last Traded (For the Period)	5.10	10.00

4. The Interim Financial Statements of the Company have been prepared on the basis of the same accounting policies and methods applied for the audited financial statements prepared for the year ended 31st March 2012 and are in compliance with Sri Lanka Accounting Standard 35 - Interim Financial Reporting.

5. The number of shares representing the stated capital is 747,109,731.

6. The group had no significant contingent liabilities outstanding as at the Balance Sheet date.

7. No other circumstances have arisen since the Balance Sheet date, which would require adjustments to or disclosure in the Financial Statements.

8. The Public Share Holding Percentage as at 30th June 2012 was 19.10%.

9. The 7.2 Mega Watt “Denawakaganga Mini Hydro Power Project” of its Subsidiary Company “Country Energy (Pvt) Limited” commenced its commercial operations on 14th February 2012.

10. The 4.65 Mega Watt “Kiriwaneliya Mini Hydro Power Project” of its Subsidiary Company “Country Energy (Pvt) Limited” commenced its commercial operations on 15th December 2011.

11. The Company experienced a decrease in the revenue by 22% as a result of two reasons. That is due to the decrease in power generation by 19% as a result of reduced rainfall and decrease in tariff paid by the Ceylon Electricity Board for year 2012, which were beyond the control of the Management.

12. Application of new/revised Sri Lanka Financial Reporting Standards (SLFRS/LKAS)

The Institute of Chartered Accountants of Sri Lanka had issued a new volume of Sri Lanka Accounting Standards which have become applicable for financial periods beginning on or after 1st January 2012. These Sri Lanka Accounting Standards comprise of Accounting Standards prefixed both SLFRS and LKAS. The Company is required to prepare interim financial statements in accordance with LKAS 34 - Interim Financial Reporting. However the Institute of Chartered Accountants of Sri Lanka has decided to allow companies to prepare interim financial statements during the first financial year commencing on or after 1st January 2012 in accordance with Sri Lanka Accounting Standards that existed immediately prior to the date (SLAS) with disclosures on impact to the Statement of Comprehensive Income for the period and Net Assets based on SLFRS/LKAS. If determination of that impact is impracticable the Company should disclose that fact. The Company is currently in the process of quantifying the impact on the new volume of Sri Lanka Accounting Standards.

13. Directors' Shareholding

Director	As at 30-06-2012
Mr. K.D.D.Perera	144,812,225
Mr. W.D.N.H.Perera	-
Mr. P.K.Sumanasekera	150,000
Mr. S.H.Amarasekera	30
Mr. D.S. Clark	-
Mr. H. Somashantha	15,000
Mr. S.E. De Silva	30,000
Mr. L.D.Dickman	-
Mr. S.Shanmuganathan	-

14. The Twenty Major Shareholders as at 30th June 2012

Shareholder	No. of Shares	Percentage (%)
1. Vallibel Power Limited	299,425,830	40.08
2. Asia Energy Management Systems Inc	160,000,000	21.42
3. Mr. K.D.D.Perera	144,812,225	19.38
4. Mr. K.D.A.Perera	18,750,000	2.51
5. Mr. K.D.H.Perera	18,750,000	2.51
6. Ms. K.D.C. Samanthi	9,375,000	1.26
7. Seylan Bank PLC / Dr. T. Senthilverl	8,085,900	1.08
8. DFCC Bank A/C No.1	7,500,000	1.00
9. NDB Aviva Wealth Management Ltd. S/A Hatton National Bank PLC	6,129,100	0.82
10. Employees Trust Fund Board	4,041,500	0.54
11. Aviva NDB Insurance PLC A/C No. 07	4,013,159	0.54
12. Mr. B.C. Tay	3,000,000	0.40
13. Seylan Bank PLC - A/C No. 3	2,616,000	0.35
14. Mr. F.G.N.Mendis	1,355,300	0.18
15. Deutsche Bank AG – Comtrust Equity Fund	1,294,078	0.17
16. Mr. D.D.Gunarathna	1,100,000	0.15
17. Waldock Mackenzie Ltd. / Mr.C.D.Kohombanwickramge	1,065,500	0.14
18. Pan Asia Banking Corp. PLC / Mr. A.F.Munas & Mrs. N.M.Muna	1,000,000	0.13
19. Mr. M.A.Omar	925,000	0.12
20. Bank of Ceylon No. 01 Account	850,000	0.11

VALLIBEL POWER ERATHNA PLC

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

K D D Perera – Chairman
W D N H Perera
P K Sumanasekera
S H Amarasekera
D S Clark
S E De Silva
H Somashantha
L D Dickman
S Shanmuganathan

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 Companies

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 Vardhana Bank Limited
DFCC Bank
Hatton National Bank PLC
Pan Asia Banking Corporation PLC