EXPAND

VIDULLANKA PLC

ANNUAL REPORT 2012/13

About Vidullanka

Incorporated in 1997 as a BOI venture, Vidullanka PLC operates with six mini hydro power projects delivering environmental friendly electricity to the national grid.

The company has successfully diversified and embarked itself as a total turnkey solutions provider in the renewable energy industry. Further, the company is also engaged in providing energy conservation services to both local and regional firms.

The company was listed in 2005 in the Colombo Stock Exchange and has been rated AA- by RAM Rating since 2011. Since its inception, the company has thrived to add value to its stakeholders whilst upholding high standards of ethics, care and compassion for people and the planet.

Vidullanka PLC continues to expand itself into new operations and geographical locations, thereby creating a positive impact on the lives of all the stakeholders involved.

VIDULLANKA PLC

ANNUAL REPORT 2012/13

EXPAND

Connecting the diverse opportunities of power generation with a capable team...

Looking out for opportunity both here and abroad...
Using our capabilities to supply the national grid and in turn strengthen a country...

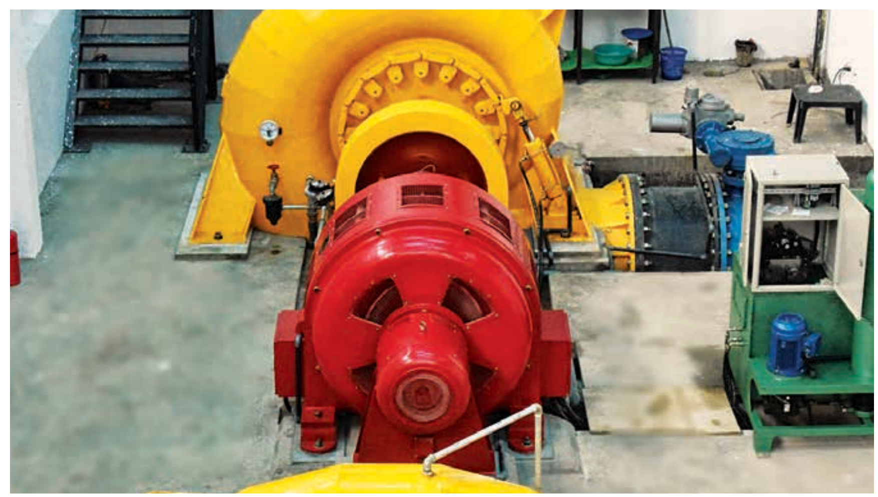
Expanding our capabilities as we seek to generate renewable power and serve Sri Lanka.

VIDULLANKA PLC

Wembiyagoda MHPP

The latest addition to the Vidullanka PLC's power plants, Wembiyagoda Mini Hydro Power Plant with a 1.3 MW installed capacity is located in Kalawana, Ratnapura. It is expected to generate 5.3 GWh of environmental friendly energy.

The structural elements of the power plant include a 19 m long weir, 440 m long channel, a forebay tank and 40 m penstock pipes. The electro-mechanical section of the power plant involves two 650kW synchronised generators with Francis type turbines.



Wembiyagoda MHPP Contd.

The Wembiyagoda MHPP is the sixth mini hydro power plant to be constructed and commissioned by Vidullanka PLC, and is the second power plant to commission during the financial year ending 2012/13.

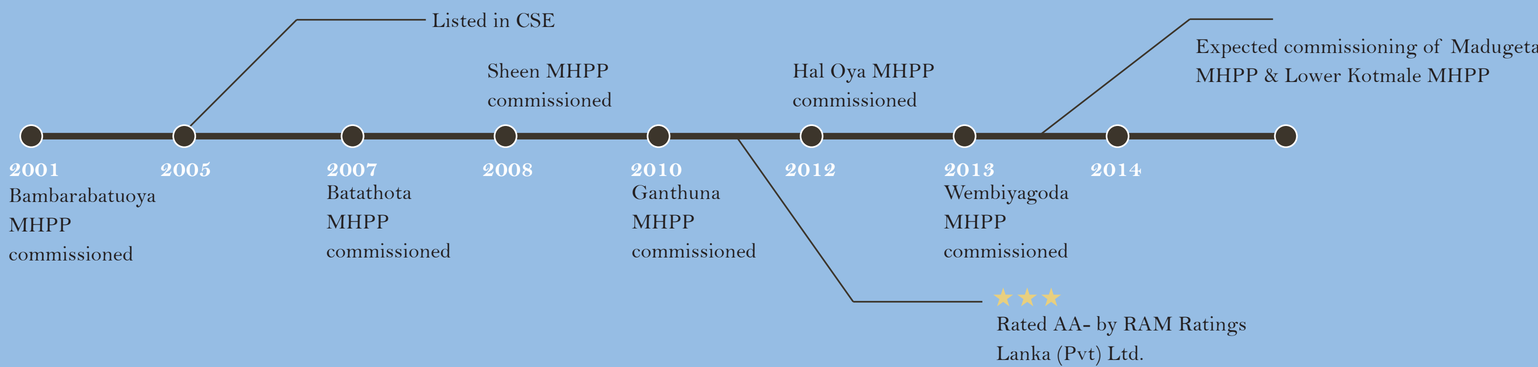
Financial Summary

Vidullanka PLC marked another successful year with a profit after tax of Rs.109.6 Mn and the commissioning of two mini hydro power projects in the financial year 2012/13. The Group has reiterated that it is committed to satisfy all the stakeholders of the Group.

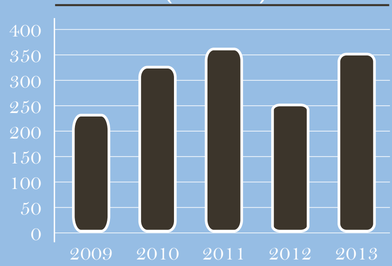
Year Ended 31st March Rs.000's	2009	2010	2011	2012*	2013*
Revenue	230,266	324,879	362,854	252,355	349,167
Gross Profit	154,317	224,278	282,891	200,791	258,276
Operating Cost	102,107	148,733	181,901	171,542	220,955
Profit Before Tax	68,483	122,586	167,737	25,080	118,725
Profit After Tax	68,394	122,457	166,363	23,524	109,558
Generation (GWh)	20.2	23.4	30.0	22.0	27.8
Key Indicators					
Total Assets/Equity	1.36	1.32	1.25	1.35	1.44
Net Profit Margin	29.7%	37.7%	45.8%	9.3%	31.6%
Turn Over /Assets	0.34	0.43	0.34	0.23	0.23
Return on Equity	13.9%	21.3%	19.2%	2.9%	10.2%
Return on Assets	10.3%	16.2%	15.4%	2.1%	7.2%
Current Ratio	1.02	0.94	11.51	3.04	1.73
Earning Per Share (Rs.)	1.72	0.32	0.41	0.05	0.23
Debt/Equity	32.4%	22.7%	17.9%	22.9%	24.9%

** The reported performances are based on the newly adopted Sri Lanka Accounting Standards (SLFRS & LKAS)*

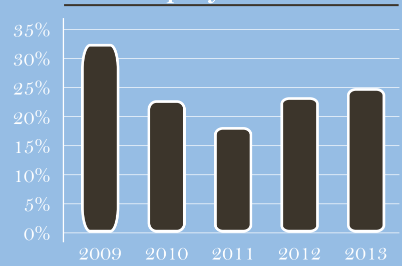
Performance at a Glance



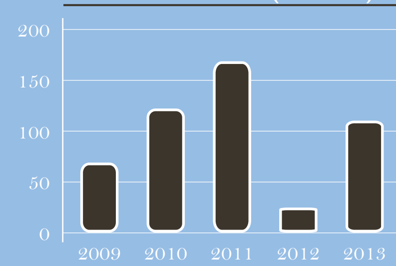
Revenue (Rs. Mn)



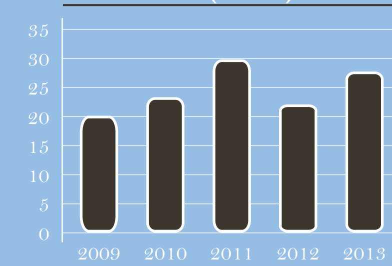
Debt/Equity



Profit After Tax (Rs. Mn)



Generation (GWh)



Chairman's Message

This year has been remarkable in terms of financial and operational performance, in line with our objective of constant value generation to our stakeholders. The company has also successfully commissioned two mini hydro power projects during this financial year.

It is my pleasure to welcome you all to the Annual General Meeting of Vidullanka PLC on behalf of the Board of Directors of the Company and present to you the audited financial statements for the financial year ended 31st March, 2013. This year has been remarkable in terms of financial and operational performance, in line with our objective of constant value generation for our stakeholders. The Company has also successfully commissioned two mini hydro power projects during this financial year.

Macro Economic Performance

The Sri Lankan economy has had a healthy growth rate of 6.4% in the year 2012 amidst the sluggish global economic recovery, whilst maintaining inflation within single digits for the fourth consecutive year. The country had a robust economic growth rate of 8.0% in the preceding two years consecutively as a result of improved business activities and increased investor confidence.

In accordance with government policy, the year 2012 also saw several social economic infrastructure development projects. The development initiatives taken by the government in the areas of ports, airports, roads, railroads, irrigation, energy and water supply bears testimony to the heavy investment in infrastructure development in the post-war economy. The Private sector also continued to play a significant role in strengthening the economic infrastructure of the country, particularly in relation to telecommunication and transportation sectors whilst contributing to enhance social infrastructure such as education, health care and housing.

Sri Lanka Renewable Energy Industry

The Sri Lanka Mini Hydro Power Industry is globally recognised and has been able to export its technological excellence to other developing countries. It is the extensive government support provided through the state institutions such as Sri Lanka Sustainable Energy Authority (SLSEA), CEB and Central Environmental Authority (CEA) which has led to the present prestigious status of the industry. As at the end of 2012, there were 234 MW of Mini Hydro Power, 74 MW of Wind Power, 111.5 MW of biomass energy and 1.4 MW of solar power plants connected to the national grid whilst another 135 renewable energy projects are under construction to add 350 MW of capacity to the national grid.

However, the year 2012 saw a severe setback to Sri Lanka's renewable energy industry due to the ongoing Feed-In Tariff issue. The CEB, being the monopoly customer buys power generated by the private sector renewable energy developers. The Feed-In Tariff is determined by the Public Utilities Commission of Sri Lanka (PUCSL) considering the cost of energy generation, through a lengthy stakeholder consultation process. According to the guidelines, the Non Conventional Renewable Energy (NCRE) Feed-In Tariff for the years 2012/13 should have been finalised and announced on or before 1st January 2012. However, it was delayed and was finally published in September, 2012. Further fuelling the turmoil, the CEB has refused to accept the NCRE Feed-In Tariff published by PUCSL. The NCRE projects which have signed the Standard Power Purchase Agreements (SPPA) and grid connected remain unpaid for the energy supplied to the CEB. In addition to the many hardships the industry faces in securing approvals, lands and transmission line availability, the ongoing issue in NCRE tariff is becoming a severe threat to the prospects of the renewable energy industry as well as achieving the target of 20% of the national energy supply from renewable energy sources by 2020 set by the Mahinda Chinthanaya.

The Sri Lanka Renewable Energy Industry has the potential to significantly contribute and relieve the CEB from relying on expensive thermal power plants. In addition to the existing mini hydro power projects (MHPP), at least another 200 MW capacity of MHPPs can be developed in Sri Lanka. Wind Power has a tremendous potential and only a small proportion of the total wind power potential is developed in the country. Biomass energy projects can contribute to the development of the standard of living of farmers along with environmental friendly electricity generation as a significant part of the tariff would be paid to the farmers for the purchase of biomass fuel.

Performance Of The Group

For the financial year 2012/13, Vidullanka Group has recorded a profit of Rs.109.6 Mn driven by an increase in generation coupled with significant

Chairman's Message Contd.

growth in the financial performance of its key business segment. The first time adoption of International Financial Accounting Standards which has become mandatory from the year 2012 was implemented in arriving at these financial results.

Your company is committed to generate value for your investment and sustain it through the future. It is in the process of building its generation capacity and expanding its operations overseas. Your Group added another two mini hydro power plants during the financial year under review. The 800 kW Hal Oya MHPP located in the Badulla District and the 1.3 MW Wembiyagoda MHPP located in Kalawana, Ratnapura are the latest additions to your company's list of commissioned projects. Thus the installed capacity of the group has risen to 9.0 MW at the end of the financial year.

Your company is in the final stages of commissioning the Madugeta MHPP in Neluwa, Galle. The project is with a design capacity of 2.5 MW and expected to generate approximately 10.2 GWh to the national grid. Your company is also in the process of constructing a 4 MW mini hydro power plant in Kothmale, Nuwara Eliya. The project is expected to deliver 13.7 GWh of energy to the national grid and is expected to be commissioned during the financial year 2013/14.

Apart from project development and power generation, your company is growing rapidly in the field of providing total turnkey solutions through its subsidiary, Vidul Engineering Limited. The excellence achieved through in-house innovations by Vidul staff has allowed the company to position itself as a reliable, quality oriented technology partner in the renewable energy space. During the year under review, the subsidiary served several external clients and is in the process of expanding its horizons to the international arena.

In line with corporate objectives of value generation to the shareholders, Your Company keeps on investing in energy projects which produce adequate returns. In line with that, the construction of a 1.75 MW mini hydro power project is envisaged during 2013. Your Company is also in the process of obtaining the final approvals for a 6.5 MW small hydro power project in Kabale District, Uganda. The construction of the project is expected to commence by early next year.

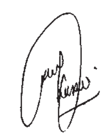
Further, during the year under review the company paid an interim dividend of 5 cents per share amounting to 23.8 mn and proposed a final dividend of 5 cents per share.

Conclusion

In conclusion, I would like to highlight that the performance of the group for the financial year 2012/13 remained remarkable. Your Company is committed to sustain the wealth generation through continuous capacity addition to its investment portfolio. We expect that the revenue generation of the group would double in the forthcoming years with the addition of projects under construction. We believe that the years to follow will bear fruit given the substantial investments made during the last two years.

I take this opportunity to express my gratitude to my fellow board members who have enabled us to make pragmatic decisions for the strategic direction of the group and continue to look forward to their cooperation in the future as well. I would also like to thank the management and staff of all levels for their commitment and support that has contributed to the growth of both operational and financial performance. I am also delighted to commend the Ganthuna MHPP site staff for securing the 5S award for the manufacturing sector for the year 2012 followed by the Batathota MHPP plant in 2011.

Last but not least, I wish to thank you all, the shareholders of the company, for the support & trust placed upon us and we look forward to your continuous support in the future as well.



Osman Kassim
Chairman

27 June, 2013.

Board of Directors

Mr. Osman Kassim
Chairman

The Chairman of Vidullanka PLC; Mr. Osman Kassim is the founder Chairman of Expolanka Holdings PLC, a conglomerate that has diversified to be a leading player in a range of business sectors such as transportation, manufacturing, travel & leisure, international trade, with subsidiary companies in 14 countries. He is a pioneer entrepreneur in Agro Exports, Commodity Trading, Freight Management, Islamic Banking and Insurance in Sri Lanka & counts over 35 years of senior management experience

Mr. Kassim is the visionary behind the Amana Group of Companies and is Founder Chairman of Amana Bank and sits on the Board of Amana Takaful PLC. He also serves in the Boards of several other companies both, locally and overseas. He is also renowned for his expertise in Islamic Banking & Financial Services and has participated in numerous international forums.

Mr. Riyaz Mohamed Sangani
Managing Director

Mr. Riyaz Sangani along with Mr. Ranjan Mather founded the Company in 1997. Mr. Riyaz Sangani serves on the Boards of several companies. He is a graduate from the University of Colombo and has also completed his MBA at the Post-Graduate Institute of Management (PIM), University of Sri Jayawardenapura. He is an Associate Member of the Chartered Institute of Management Accountants, UK. He also serves as the Vice President of the Small Hydro Power Developers Association.

Ranjan Mather
Non-Executive Director

Mr. Ranjan Mather has been a Director of Vidullanka PLC from the inception and is the Chairman of all subsidiary companies of Vidullanka PLC. He is a Director of Chesa Swiss Restaurants (Pvt) Ltd.

Dr. Aboobucker Admani M. Haroon
Independent Non-Executive Director

Dr. Haroon is a medical practitioner by profession and is a reputed businessman. He holds the Chairmanship of several private companies. His business experience encompasses different industries including Garments, Textiles manufacturing and exports, Health Care and Clinical Diagnostics. He serves the Board as an Independent Non-Executive Director.

Shahid Mohamed Sangani
Non-Executive Director

Mr. Shahid Sangani is the Managing Director of Lanka Equities (Pvt) Ltd, the holding company of the Lanka Equities Group. His experience in the apparel sector spans over two decades. He is also a Director of several companies. Mr. Shahid Sangani is an Attorney-at-Law of the Supreme Court of Sri Lanka. He serves the Board as a Non-Executive Director.

Dr. S. Senthilverl
Non-Executive Director

Dr. T. Senthilverl serves the Board as a Non-Executive Director. He holds Directorships in several entities including CT Land Development PLC, Lanka Ceramics PLC, C.W. Mackie PLC, The Finance Company PLC and Amana Takaful PLC.

C. F. Fuhrer
Non-Executive Director

Mr. Christian Fuhrer serves the Board of Vidullanka PLC as a Non-Executive Director. He is also a Director of Chesa Swiss Restaurants (Pvt) Ltd.

M. Zulficar Ghouse
Independent Non-Executive Director

Mr. M. Zulficar Ghouse is the Executive Director of Expack Corrugated Cartons (Pvt) Limited, a leading corrugated paper manufacturer. A Fellow Member of the Institute of Chartered Accountants of Sri Lanka & Certified Management Accountants of Sri Lanka, with more than 23 years experience in senior management positions both internationally and locally in multinational & listed companies. He currently holds Directorships several companies including FMCG and also served as the Chairman of Liberty Plaza Management Corporation from 2002 to 2010. He also serves as the Senior Vice President of the International Chamber of Commerce – Sri Lanka and Hon Treasurer of the National Chamber of Exporters of Sri Lanka.

He was a member of the Judging Panel for the Sri Lankan Entrepreneur in 2003 and 2004. He also served in the Panel of Judges for the Best Quality Software Award organised by British Computer Society from 2004 - 2012. He serves as the Chairman of Audit Committee, Member of the Strategic Planning and Remuneration Committees. He serves the Board as the Independent Non-Executive Director.

Board of Directors Contd.

Roshini Sangani
Independent Non-Executive Director

Mrs. Roshini Sangani is the Managing Director of Alankara Jewellery (Pvt) Ltd. She is also a Director of several companies within Lanka Equities Group. Mrs. Roshini Sangani is an Attorney-at-Law of the Supreme Court of Sri Lanka. She serves the Board as an Independent Non-Executive Director.

Mr. Sidath Fernando
Independent Non-Executive Director

Mr. Sidath Fernando is an entrepreneur with business interests in Manufacturing, Real Estate, Property Management and Information Communications Technology sectors. Mr. Fernando is the principal shareholder and Chairman of V.D.P. Fernando & Co. Ltd, and has got extensive experience in the Real Estate and Property Development Sector. He also served as a Director of the Sri Lanka Telecom and a Director of Sky Network (Pvt) Ltd and SLT Manpower Solution (Pvt) Ltd.

Mr. Fernando has more than 20 years of hands-on experience in business management, finance, manufacturing and marketing gained while managing his own Small & Medium Enterprises, He also has served as a Committee Member of the Chamber of Young Entrepreneurs in Sri Lanka and also a Rotarian. He serves the Board as an Independent Non-Executive Director.

Sattar Kassim
Independent Non-Executive Director

Mr. Sattar Kassim is one of the Founder Directors of the Expolanka Holding PLC, a conglomerate that has diversified to be a leading player in a range of business sectors such as transportation, manufacturing, travel & leisure, international trade and strategic investments, with subsidiary companies in 14 countries. He is the Group Director of the International Trading Sector with more than 30 years of senior management experience in private sector organisations locally and overseas. He is a pioneer in the commodity trading business in Sri Lanka and is also actively involved in trading, import & export of agricultural products and also Executive Council Member of the Sri Lanka Pakistan Business Council.

Sattar Kassim is the Chairman for more than 25 companies including Bio Extracts (Pvt) Ltd and Expack Corrugated Cartons (Pvt) Ltd.

Mr. Sujendra Mather
Alternative Director to Mr.Ranjan Mather and Mr.C.F Fuhrer

Mr. Sujendra Mather is currently a Director of York Street Partners (YSP), a specialist financial advisory firm based in Sri Lanka. In addition to this role at YSP, Mr. Sujendra Mather is also a Director with Argyle X (Pvt) Ltd., an analytically-driven sales and marketing outsourcing firm based in Sri Lanka.

Prior to co-founding YSP and Argyle X, he has had 11 years of International Investment Banking and Corporate Finance experience working with Houlihan Lokey Howard & Zukin, John Keells Holdings PLC and Deloitte & Touche Corporate Finance.

Mr. Sujendra Mather has successfully managed and led several billion dollars of Mergers & Acquisitions, Fund Raising, Restructuring and Strategic Advisory transactions in the North America and Asia Pacific region across the Consumer, Real Estate, Hospitality, Infrastructure, Technology, Mining and Financial Services sectors. He has acted both as a key strategic advisor to CEO's and entrepreneurs as well as a principal investor throughout his career.

Mr. Sujendra Mather received a B.A. in Economics-Mathematics from Claremont McKenna College in California, USA. He represented Sri Lanka and University in swimming for a period of seven years, winning many awards at university and international competitions including the South Asian Federation Games. He was captain of the Sri Lankan national swimming team and currently serves as a member of the selection committee.

Management Commentary

The Group delivered 27.8 GWh of environmental friendly energy at a cost lesser than its average unit cost of electricity to the Ceylon Electricity Board (CEB), our sovereign customer.

Management Commentary

Vidullanka PLC marked another successful year with a profit after tax of Rs.109.6 Mn and the commissioning of two mini hydro power projects in the financial year 2012/13. Vidullanka PLC declared and paid an interim dividend of 5 cents per share amounting to Rs. 23.8 Mn and further proposed a final dividend of 5 cents per share. The Group has reiterated that it is committed to satisfy all its stakeholders.

The Group delivered 27.8 GWh of environmental friendly energy at a cost lesser than its average unit cost of electricity to the Ceylon Electricity Board (CEB), our sovereign customer.

As part of the Community, the Group constructed bridges and renovated roads to uplift the well-being and standard of living. The Group also shared proven productivity improvement techniques with the schools and government institutions to create a positive impact on their daily life.

Following convergence with the International Financial Reporting Standards (IFRS), the Group adopted the new Sri Lanka Accounting Standards (Known as SLFRS and LKAS) effective 1st April, 2012. The financial statements up to 31st March, 2012 were prepared in accordance with Sri Lanka Accounting Standards which were in effect up to that date. Accordingly the financial statements for the previous years have been restated as per the new standards.

Performance Review

The Group recorded an increase in revenue of 38.4% to Rs.349.2 Mn in comparison to the previous financial year. Vidul Engineering Limited, a subsidiary of Vidullanka PLC engaged in delivering total turnkey solutions to renewable energy projects was a key contributor to this significant revenue growth, indicating that the group is expanding its business into provision of value added services which is in parallel to the generation of electricity from renewable energy sources.

Vidullanka PLC

Vidullanka PLC owns and operates two mini hydro power plants namely Bambarabatuoya MHPP and Batathota MHPP with a combined installed capacity of 5.2 MW. In addition, the Company has invested in several renewable energy projects which are in the form of fully owned subsidiaries and joint ventures.

The two power plants owned by the company sell electricity to the Ceylon Electricity Board (CEB) under the avoided cost based tariff for both seasons. The revenue of the company increased by 7.7 % to Rs.208.0 Mn during the year under review which is due to the improved weather patterns in comparison to the previous year. The Gross Profit of the company also improved by 10.8% with the reduction of direct cost associated with electricity generation.

The company recorded other income of 21 Mn from a loss of 42 Mn last year, mainly due to the fair value adjustment under SLFRS convergence.

The finance cost of the group increased by 29.6% due to the increase in benchmark interest rates and the additional borrowing to the group companies during the year under review. Further, there has been an increase of 12.3% in the group administration expenses. Despite the above, the group achieved a profit after tax of Rs.109.6 Mn.

Vidul Engineering Limited

For the financial year ended 2012/2013, Vidul Engineering Limited recorded a profit after tax of Rs. 10.1 Mn compared to a loss of Rs. 1.5 Mn during the previous financial year as a result of strategic shift in the year 2010/11 from construction of power plants to more diversified areas of design & project management, supply & installation of electro-mechanical equipment, commissioning of mini hydro power projects, operation & maintenance of power plants

Management Commentary Contd.

and feasibility studies of renewable energy projects.

During the year under review, Vidul Engineering Limited was involved in commissioning three mini hydro power projects namely Hal Oya MHPP, Rakwana Ganga MHPP and Wembiyagoda MHPP whereby positioning itself as a quality oriented total turnkey solution provider in the mini hydro power industry.

Vidul Engineering Limited is a proven example within the Vidullanka Group of companies on the convergence of innovation and in-house technical excellence by offering new service lines to external clients. The Vidul Control Solutions, the control panel division of the subsidiary is involved with manufacturing & supply of panel boards for renewable energy projects, to both internal and external clients.

Gurugoda Hydro (Pvt) Limited

The 1.3 MW Ganthuna MHPP is located in Aranayaka, Kegalle District. The project supplied 2.8 GWh of environmental friendly electricity to the national grid. The Project Company, Gurugoda Hydro (Pvt) Ltd has generated revenues of Rs. 45.8 Mn during the year under review, an increase of 19.3% from the previous financial year.

The Profit after tax increased to Rs. 28.1 Mn, an increase of 37.0% from the previous financial year. The project company was able to make significant level of operational cost savings synergies by centralizing the head office functions and engineering services. The Net profit margin is 61.0% for the year under review in comparison to 53.0% in the previous financial year. The Project Company is jointly owned by Vidullanka PLC and Hirdaramani Group.

Udaka Energy Group (Pvt) Ltd

The 800 kW Hal Oya MHPP is located in Uva Paranagama Divisional Secretariat in Badulla District. The Project was commissioned in July 2012 and delivered 1.7 GWh of environmental friendly electricity to the national grid and generated Rs. 24.9 Mn of revenue and a net profit of Rs.10.6 Mn during the year under review.

The Project is a joint venture between Vidullanka PLC and Vanguard Industries (Pvt) Ltd.

Walagamba Balashakthi (Pvt) Ltd

Walagamba Balashakthi (Pvt) Ltd is the Project Company of the newly commissioned 1.3 MW mini hydro power plant in Kalawana, Ratnapura. The project company is a fully owned subsidiary of Vidullanka PLC. The project, namely, Wembiyagoda MHPP was commissioned in March 2013 and supplied 131,030 units of environmental friendly electricity to the national grid during the eleven days of operation in the year under review.

Projects In Progress

Madugeta MHPP

Vidullanka PLC is constructing a 2.5 MW mini hydro power project in Neluwa, Galle. The project is the first low head – high flow run of the river mini hydro power project of the company and is expected to supply approximately 10.2 GWh of environmental friendly electricity to the national grid. The project company which is jointly owned by Vidullanka PLC and Esna Power (Pvt) Ltd has a power purchase agreement with the Ceylon Electricity Board for 20 years. The project is expected to be commissioned during the year FY13/14.

Lower Kotmale MHPP

Vidullanka PLC commenced construction of Lower Kotmale MHPP, a 4 MW mini hydro power project in Kotmale, Nuwara Eliya in July 2012. The project company,

Management Commentary Contd.

Lower Kotmale Oya Hydro Power (Pvt) Ltd is a joint venture between Vidullanka PLC and Consortium of Investors led by Jaywise Construction (Pvt) Ltd. The project is expected to be grid connected during FY13/14 and once commissioned the project would supply 13.7 Mn units of electricity annually to the national grid.

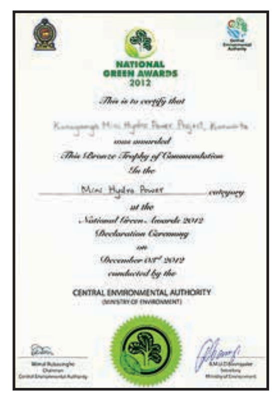
Achievements

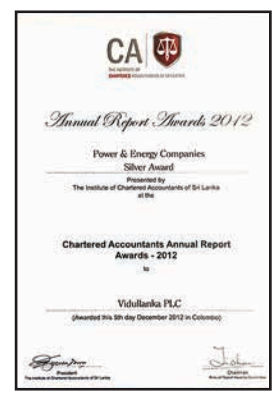
The Batathota MHPP of Vidullanka PLC has won the Bronze Medal in the National Green Awards contest from the Ministry of Environment and Renewable Energy and the National Productivity Award from the National Productivity Secretariat of Ministry of Productivity Promotion. These prestigious awards reflect the Group's passion for productivity improvement and concern for protection of environment at all times.

The Ganthuna MHPP won the 5S Sector Award under small manufacturing sector category in the JASTECA Awards 2012, an event organized by Japan Sri Lanka Technical and Cultural Association. Vidullanka PLC is continuously striving to enhance its reporting to the stakeholders, which the company considers a profound duty rather than merely compliance to the regulatory requirements. Vidullanka PLC was awarded a Certificate of Compliance by the Institute of Chartered Accountants of Sri Lanka in 2011 for the Annual Report and in addition won the Silver award under the Mini Hydro Power Category for the year 2012.

The Future Ahead

The Group revenue generation is expected to double in the upcoming years with the commissioning of Madugeta MHPP and Lower Kotmale MHPP. The Group is continuously on the lookout to identify new energy projects both with-in Sri Lanka and overseas. In line with this, the construction of a 1.75 MW mini hydro power project in Badulla District is scheduled to commence in 2013. In addition, Vidullanka PLC is in the process of obtaining the final approvals for a 6.5 MW Small Hydro Power Project in Kabale District, Uganda. The construction of the project is expected to commence early 2014.





Investor Information

Market Capitalisation

Market Capitalisation of the Vidullanka Group stood at Rs. 1.67bn as at 31st March, 2013 compared to Rs. 2.55bn as at the beginning of the financial year.

Dividend Pay-Out Ratio

During the financial year, the Company paid an interim dividend totalling Rs. 0.05 per share and proposed a final dividend of Rs. 0.05 with a dividend pay-out ratio of 43.5%

Price to Book Value

Price to Book Value Ratio of the group as at 31st March 2013 was 1.58 in comparison to 3.15 as at 31st March, 2012. The reduction in Price to Book Value was caused by the reduction in share prices and improved earnings.

Public Shareholding as at 31st March 2013.

Public Share Holding as at 31st March 2013				
Issued Share Capital				**477,269,193**
1	**Directors & Their Family Members**			
	Dr. T. Senthilverl	122,865,891		
	Mrs. Ren Lan Mather	24,500,000		
	Mr. R. M. Sangani	16,232,850		
	Mrs. Z. M. Sangani	11,259,274		
	Mr. Sidath Fernando	11,000,000		
	Mrs. S. R. Sangani	10,271,883		
	Mr. Suhayb M. Sangani	10,000,053		
	Mrs. Roshini Sangani	6,864,657		
	Mr. S. R. Mather	1,739,288		
	Mrs. S. S. Sangani	791,141		
	Mr. Shahid M.Sangani	513,583	216,038,620	
2	**More than 10%**			
	Belmont Agents Limited	75,000,000		
	Wembly Spirit Limited	66,026,286	141,026,286	(357,064,886)
Public Share Holding				**120,204,307**
Percentage Public Share Holding (%)				**25.2%**

Investor Information Contd.

Highest and Lowest Share Prices for the Year 2012/2013

Financial Year	Highest Share Price (Rs.)	Lowest Share Price (Rs.)	Closing price (Rs.)
2012/13	6.20	3.40	3.50
2011/12	11.00	5.50	5.90
2010/11	59.00	5.00	6.30
2009/10	39.75	20.50	33.50
2008/09	25.50	12.00	21.00

Classification of Shareholders – Local & Foreign

Description	Local Shareholding			Foreign Shareholding		
	No. of Local Shareholders	Shares held by Local Shareholders	Local Shareholding %	No. of Foreign Shareholders	Shares Held by Foreign Shareholders	Foreign Shareholding %
1 to 1,000 Shares	985	297,442	0.1%	5	2,780	0.0%
1,001 to 10,000 Shares	661	2,646,029	0.6%	3	17,000	0.0%
10,001 to 100,000 Shares	259	7,206,397	1.5%	5	188,062	0.0%
100,001 to 100,0000 Shares	37	11,803,065	2.5%	-	-	0.0%
Over 1,000,001 Shares	26	415,194,157	87.0%	3	39,914,261	8.4%
Total	**1968**	**437,147,090**	**91.6%**	**16**	**40,122,103**	**8.4%**

Investor Information Contd.

Twenty Largest Shareholders Of Vidullanka PLC as at 31st March, 2013.

Shareholder	2013		2012	
	No. of Shares	%	No. of Shares	%
Dr.T. Senthilverl	122,865,891	25.74%	122,865,891	28.38%
Belmont Agents Limited	75,000,000	15.71%	75,000,000	17.33%
Wembley Spirit Limited	66,026,286	13.83%	66,026,286	15.25%
Mrs. Ren Lan Mather	24,500,000	5.13%	20,000,000	4.62%
Vidullanka PLC - (Trustees to ESOS)	17,707,748	3.71%	17,812,860	4.11%
ABC International Limited	17,469,642	3.66%	15,528,571	3.59%
Mr. Riyaz Mohamed Sangani	16,232,850	3.40%	6,569,633	1.52%
Mrs. Yumna Kunimoto	15,664,708	3.28%	13,924,185	3.22%
Mr. Mohamed Shafee Mohideen	12,612,665	2.64%	11,211,258	2.59%
Mrs. Z. M Sangani	11,259,274	2.36%	11,110,466	2.57%
Mr. Sidath Fernando	11,000,000	2.30%	-	-
Mrs. S. R. Sangani	10,271,883	2.15%	12,887,438	2.98%
Mr. Suhayb M. Sangani	10,000,053	2.10%	10,000,053	2.31%
Equity Investments Lanka Limited	8,170,064	1.71%	8,270,064	1.91%
Mr. Ranjeeth Bhanwarlal Barmecha	7,200,001	1.51%	6,371,877	1.47%
Mrs. Roshini Sangani	6,864,657	1.44%	6,864,657	1.59%
Adl Equities Limited/Dynawash Ltd	6,676,900	1.40%	6,436,914	1.49%
Lanka Equities (Private) Limited	2,454,734	0.51%	2,181,986	0.50%
LEL Investments (Pvt) Ltd	2,180,855	0.46%		
Rosewood (Pvt) Limited	2,000,000	0.42%		
Mr. Shahid M. Sangani			1,699,177	0.39%
Mr. Fauzul Kabeer Mohideen			1,511,064	0.35%
Total Top 20 Shareholders	**446,158,211**	**93.48%**	**418,313,821**	**96.64%**
Others	**31,110,982**	**6.52%**	**14,563,779**	**3.36%**
Total Issued No of Shares	**477,269,193**	**100%**	**432,877,600**	**100%**

Madugeta MHPP

Madugeta Mini Hydro Power plant is the imminent power plant to start operations. The plant with a 2.5 MW design capacity is located in Neluwa, Galle. Madugeta MHPP is the first "High Flow- Low Head" mini hydro power project to be developed by Vidullanka PLC. The Project is expected to deliver 10.2 GWh of environmental friendly electricity to the national grid evading the emission of approximately 6,400 tons of carbon equivalent emission to the atmosphere per annum. The Structural elements of Madugeta MHPP include a 50m long weir across Ginganga, and a 660 m channel with a forebay tank and pressure tunnel. The Project uses three synchronous generators coupled with Kaplan type turbines.

Sustainability Report

Vidullanka Group strives to generate value for the shareholders whilst upholding the high standards of ethics, compassion and care for the people and the planet. These values are intertwined into the corporate culture of the Group and reflected in its day to day practices. Vidullanka PLC justifies its own existence with the positive impact it has created on the lives of its stakeholders.

Sustainability - "A process of change in which the exploitation of resources, the direction of investments, the orientation of technological development and institutional change are all in harmony and enhance both current and future potential to meet human needs and aspirations"

Economic Sustainability

Vidullanka PLC is dedicated on value generation to the stakeholders and sustaining it throughout the future. It is the corporate philosophy of the company that no economic success is perpetual without proper regard for the plant and the people. Thus, the company always considers the value addition to the stakeholders and the impact to the natural environment while looking at the economic prospects.

In line with that, the company commissioned two mini hydro power projects during the financial year under review. The fifth mini hydro power plant of the company Hal Oya MHPP located in Uva Paranagama, Badulla was commissioned in June 2012. The project is with an installed capacity of 800 kW and delivered 1.7 GWh of energy to the national grid during the financial year. The project is a joint venture between Vidullanka PLC and Vanguard Industries Ltd.

The sixth mini hydro power project, Wembiyagoda MHPP located in Kalawana, Rathnapura was commissioned in March 2013. The project, with an installed capacity of 1.3 MW is expected to supply 5.3 GWh of clean energy to the national grid. The project company, namely, Walagamba Balashakthi (Pvt) Ltd is a fully owned subsidiary of Vidullanka PLC and has signed a Standard Power Purchase Agreement with the Ceylon Electricity Board under the 2010/11 NCRE tariff published by the PUCSL.

Vidullanka PLC is also in the process of constructing a 2.5 MW mini hydro power plant in Neluwa, Galle and a 4 MW mini hydro power plant in Kotmale, Nuwara Eliya. The Madugeta MHPP, which is a joint venture with Esna Power (Pvt) Ltd, whilst Lower Kotmale MHPP is a joint venture of Vidullanka PLC with a consortium of investors led by Jaywise Construction (Pvt) Ltd. Both projects are expected to be grid connected during the financial year 2013/14.

Environmental Sustainability

Vidullanka PLC is in the business of generating energy from sustainable and environmental friendly indigenous sources. The six mini hydro power plants in operation are based on run of the river methodology. This would require a weir constructed across the stream and divert the water mass through a channel up to the location of the forebay tank, and then through the penstock pipes to the turbines. The turbines would convert the potential energy of the water mass to kinetic energy and the connected generators would convert it into electricity. Thereafter, the water flow would be diverted to the stream at a lower elevation. Further, an environmental release, determined by the relevant authorities also would be maintained to retain the existing ecosystem of stream between the weir and the tailrace of the project.

Unlike the large hydro power plant concept, the mini hydro power projects which are based on the run of the river methodology would not need mass water storage and is considered to be more environmental friendly in the hydro power project models.

However, disturbances could be posed to the environment during the construction phase of the project due to excavation, rock blasting, diversion of water flow and removal of trees and other vegetation for the construction of the civil structures. The Company ensures strict implementation and monitoring of recommendations made in

Sustainability Report Contd.

the Environmental Impact Assessment Report or Initial Environmental Examination Report to mitigate the adverse impact on the environment. Further, Vidullanka PLC places utmost priority in designing its power plants after considerations are made on any probable environmental disturbances. The design is prepared by highly skilled internal engineers and reviewed by company consultants who are also the key veterans in the industry. The approvals for the designs are obtained from relevant government authorities.

The project approving agencies also form a monitoring team and make periodic site visits during the construction phase of the project and report on the level of environmental impact. Given any deviation to the approved design or disturbance to the natural environment, the monitoring team would provide recommendations to rectify the impact. Vidullanka PLC ensures that all project construction activities adhere to the guidelines laid down by the project approving institutions and also maintain cordial relationship with the local communities.

The electricity generated through mini hydro power projects is regarded as "clean energy" and several international organisations including the United Nations Framework Convention on Climate Change (UNFCCC) promotes the development of power generations by the renewable energy power projects through Clean Development Mechanism (CDM). The following table depicts the carbon emission reduction attained by the five operating plants of the company.

Power Plant	Capacity	Annual Energy Generation	Carbon Emission Reduction
Bambarabatuoya MHPP	3.2 MW	11.1 GWh	7,020 tons
Batathota MHPP	2 MW	9.7 GWh	6,140 tons
Sheen MHPP	560 kW	2.1 GWh	1,340 tons
Ganthuna MHPP	1.3 MW	2.9 GWh	1,810 tons
Hal oya MHPP	800 kW	1.7 GWh	1,098 tons

Note – Conversion factor of 0.6302 has been used.

Apart from clean energy generation, Vidullanka PLC has also taken steps to incorporate the green initiatives into its corporate culture. The management is striving to create a paperless work environment within the organisation and the company staff is encouraged to use the intranet for information sharing in order to cut down the paper usage.

Vidullanka PLC is committed to preserve the natural environment both through clean energy generation and the internal green initiatives to sustain the natural environment for future generations.

Social Sustainability

Community Development

Vidullanka PLC plays an active role in the community development of the Banagoda, Batathota and Ganthuna Villages. The company identified the schools located in the above villages as the key change driver to the community. Thus Vidullanka PLC is actively involved as a key stakeholder in the extra-curricular activities of the schools.

In December 2012, Vidullanka PLC donated shoes and stationery items to the Preschool children of the Minimuthu Primary School at Kempanawaththa, Pubudu Primary School, Banagoda Primary School and Maldeniya

Sustainability Report Contd.

Primary School. In January 2013, Vidullanka PLC donated the school name board and the Staff from Bambarabatuoya MHPP took part in the "Sharmadana" campaign at the school premises.

Vidullanka PLC has successfully implemented the 5S productivity improvement tool in its power plants. 5S principles have played a key role in the preventive maintenance and overall quality management of the power plant operations. The Company decided to share the success story and the benefits of 5S program with its stakeholders and conducted several knowledge transfer workshops during the year under review.

In October 2012, Vidullanka PLC conducted a workshop at Maldeniya Maha Vidyalaya, sharing the knowledge about the 5S principles, practices and the benefits as a preventive maintenance and as a productivity improvement tool. Vidullanka PLC conducted a motivational and 5S Training Program to the Rathnapura and Kuruwita Divisional Secretariat Office Staff in March 2013. The programme was attended by over 250 participants.

Infrastructure and Green Environment Development

Most of the potential projects in the small hydro power industry are located in the remote areas of the country. As a social responsibility initiative, the Company develops necessary infrastructures for the benefits of the local communities. This creates long lasting bond with the local communities who are one of the key stakeholders of the company.

The company is also keen to create a positive impact on the socioeconomic and physical environment of the locations where the small hydro power plants are constructed. In this view, the company also carried out several community based infrastructure development works.

The Residents of Happitiya Village in Neluwa Divisional Secretariat of Galle District had only a wooden bridge to cross the Delwalaganga. The bridge was not motorable and dangerous to access during the rainy season. In 2011, the company took immediate steps to solve this issue by constructing a causeway across the river at a cost of Rs. 1.5 Mn. In 2012, Vidullanka PLC constructed a motorable bridge and fully renovated the access road at a cost of Rs. 16 Mn to provide a permanent solution to the plight faced by the residents of the village. In addition to that, the company took part in constructing a road to the "Munindaramaya" Temple in Happitiya by rendering the machinery and the equipment for the construction of the work.

In collaboration with the Forest Department, Vidullanka PLC commenced reforestation programs in July 2012. The first programme was to plant 8,000 native plants such as Kithul, Mahogany, and Hora along the river banks of Ginganga at Manikawita, Neluwa. The programme covered approximately 7.2 hectares of riparian area preventing floods and soil erosion.

Work Life at Vidullanka

Vidullanka prides itself of possessing a highly skilled and committed workforce of 134 staff deployed both in the power plants and the Head Office. As a renewable energy producer, the company needs highly innovative and multi skilled personnel to carry out the tasks effectively and efficiently. The management considers the work force as a key asset and the crucial factor in determining the success and growth of the company.

Sustainability Report Contd.

The organisational culture of Vidullanka encourages team spirit, innovation and continuous professional as well as personal development. The employees are also given the opportunity to learn and work along with the industry veterans who act as the consultants to the company's renewable energy projects. The technical expertise developed through the corporate culture and continuous training has resulted in innovation and new product developments. "Vidul Control Solutions" which is the service line offered through Vidul Engineering Limited, is a showcase of the company's technical excellence developed over time.

Recruitment

The recruitment policy is developed with a view to attract and hire the right persons at the right time for the right positions, and to ensure that they possess the required competencies at the required level to perform their jobs in an effective and efficient manner. The Company ensures that the recruitment and selection are fair, open and transparent and in compliance with the relevant legislations. The Company prefers to fill in the job vacancies through promotions and would call for candidates from outside only if the required skill is not available within the organisation.

Training & Development

Being a prominent player in the technology driven Sri Lanka Renewable Energy Industry, Vidullanka extensively invest in staff training and Continuous Professional Development (CPD). Training policy is developed with a view to enhance employee competencies and knowledge so that they will be fully competent to perform their jobs in an effective and efficient manner, and also to motivate and pay them to improve their soft skills. The policy also ensures that training exercises are focused and appropriate to the requirements. The following constitute the Organisation's Policy Objectives:

- Enabling employees to qualify for their work requirements.
- Fulfilling the gap between the actual performance and the expected performance.
- Enhancing the interpersonal skills to build up the performance standards.
- Familiarising the staff to the new innovations of the Renewable Energy Industry.
- Motivating the Staff.

The investment in training and development would initiate with a Training Needs Analysis (TNA) of a particular employee or a group. Training programs are selected based on the departmental and organisational perspective together with considering the particular individual's or group's competency level and the requirement. As a part of continuous human resource development initiative, employees participated in 40 various training programs both locally and internationally.

Performance Appraisal

Performance Appraisal is a measuring tape which the enterprise ascertain the extent of the performance, efficiency and development of an employee during a pre determined period of time. The Performance Management Policy of the organisation is developed to achieve business success. It is a systematic way of aligning individual aspirations with the organisation's aspiration. This system can be used to improve employee performance by optimising contribution, skills, knowledge and behavioural competencies.

Initially the performance targets and the evaluation criterion are established through one to one discussion with the immediate manager and the employee. The Performance Appraisal is performed bi-annually for a given year, i.e. April to

Sustainability Report Contd.

September cycle and October to March Cycle. A statistical method would be used to drive individual performance to achieve the organisational objectives thereby achieving the desired performance level within the organisation.

Health & Safety

The Company is extremely concerned about the health and safety of all it's employees. Especially the Staff in power plants are provided with high quality safety equipment and in addition they are regularly expose to extensive training on health and safety practices. The Power Plants conduct routine disaster management drills to simulate the effect of a catastrophe to train the staff. The implementation of 5S principles have contributed immensely to improvement in the health and safety standards across the company.

Equal employment opportunity policy

Vidullanka strictly prohibits discrimination against any employee or applicant for employment based on any individual's race, colour, religion, gender, age, disability, civil status, relationships, citizenship, veteran status or any other characteristics protected by law. Vidullanka ensures that employment decisions are not entirely limited to the Human Resources Department. Affirmative actions are taken in recruitment, promotion, training, compensation, benefits, transfer, discipline, and discharge to minimise discrimination.

Grievance Handling - Open Door Policy

When required Vidullanka provides free and direct access for employees to meet the management without any protocol or restrictions. This liberated access to management will provide employees an opportunity to voice their grievances and resolve issues with minimum adverse effect to the Company .

Corporate Governance

Vidullanka PLC considers corporate governance as an uncompromised quest to deliver assurance and comfort to the stakeholders regarding the sustainable growth of the company and the security of their investment.

Vidullanka PLC considers corporate governance as an uncompromised quest to deliver assurance and comfort to the stakeholders regarding the sustainable growth of the company and the security of their investment. As per the corporate culture of the entity, the corporate governance is no more considered as a rigorous regulatory framework, any incompliance of which would lead to severe penalty. It is a vital disclosure to the stakeholders regarding the company's standards such as honesty, transparency and accountability.

Role and Composition of the Board

The Board of Directors is responsible to the company's Shareholders for the success of the entity and the overall strategic direction, its values and governance. The Board formulates the long term strategy, based on the views and contributions on strategic options proposed by the Senior Management. All the Board members, regardless whether they are Executive or Non-Executive Directors have a fiduciary and statutory liability towards the stakeholders of the company.

The company presently has a Board of 12 Directors as at the end of the financial year 2012/13 which includes the Chairman, Managing Director, four Non-Executive Directors, five Independent Non-Executive Directors and an Alternative Director. Their profiles are presented on Page 8. The Corporate governance best practice necessitates a balance of Executive and Non- Executive Directors to alleviate the dominance of executives in decision makings. At Vidullanka PLC's Board, the Managing Director is the sole Executive Director.

The Non-Executive Board members perform an important role in providing an external perspective to the business. All Directors make a formal declaration of all their interests on an annual basis and five Non-Executive Directors have been declared by the Board as the Independent Non-Executive Directors as per corporate governance best practice rule 7.10.4 of continuing listing requirements of Colombo Stock Exchange (CSE).

The positions of the Chairman and the CEO (Managing Director) are kept separate in-line with the good corporate governance practices. All meetings of the Board and the sub-committees were well attended during the year. Board members have specific responsibilities in controlling and setting direction through various Board Committees.

Board Committees

The Board, as a collective body, is accountable to the shareholders of the company for governance and all operations and assets of the Company including the preparation and presentation of financial statements in accordance with Sri Lanka Accounting Standards (SLFRS & LKAS). The Board appoints some of its members to serve on sub-committees of the Board with specific responsibilities. Presently the Board, the Audit Committee, Remuneration Committee, and Investment & Strategy Committee were formed with specific objectives and responsibilities and in compliance with the CSE listing rule requirements.

Audit Committee

The role of the Audit Committee is to support the Board of the Company in relevance to discharging its responsibilities regarding management of business risks, internal control, compliance and conduct of business in accordance with the industry best practices, overview of the financial statements. The Report by the Audit Committee is presented on Page 33.

Remuneration Committee

The role of the Remuneration Committee is to recommend the remuneration payable to the Executive Director and the senior management of the company considering the performance of the individuals for the financial year under review. The report by the Remuneration Committee is presented on Page 34.

Investment & Strategy Committee

The Investment & Strategy Committee of the Board is tasked with formulating the long term strategy for the sustainable growth of the company and the value enhancement of shareholder wealth. The Committee evaluates the investment

Corporate Governance Contd.

proposals forwarded by the senior management of the company and assist the Board in decision makings. The report by the Investment & Strategy Committee is presented on Page 34.

Appointment & Re Election of the Board

The new appointments to the Board of Directors of the company are decided collectively by the Board by ensuring that the potential appointee best matches the needs of the Board in terms of skill and the level of expertise.

All Directors except for the Managing Director are subject to retirement by rotation. During the year under review, following Directors retire by rotation and offered themselves for re-election.

1. Dr. A. A. M. Haroon
2. Mr. S. R. Mather
3. Dr. T. Senthilverl
4. Mr. C. F. Fuhrer

Compliance Control

Regular self–assessment against policies and key controls has been embedded into the corporate culture of Vidullanka PLC. Policies relating to rights and privileges of personnel, whistle blowing, information & IT security are clearly laid out and communicated to staff at all levels. The security and safety of staff is a key concern in the work environment. The company employment policies also cover the fairness, integrity, standards of business conduct and environmental responsibility and the practices are continuously monitored and benchmarked against the standards.

Compliance with National Laws & Regulations

Being in a highly regulated industry, Vidullanka PLC is very much concerned about the regulatory guidelines imposed by various state institutions. National Laws and Regulations have been scrutinised and categorised in such a manner that each department can identify their compliance requirement and follow. In addition, the Audit Committee of the Board discusses and assesses the changes in the regulatory environment and the probable compliance risk and makes the necessary recommendations.

Risk Review & Management

The risk profile of the company is managed centrally with the ownership of processes such as risk identification, risk assessment and risk evaluation being taken by the Head of the Departments.(A Detailed Risk Analysis & Management is given on Page 28). Each department has created its own checklist of risk triggers and Heads of the Department are responsible to ensure that they adopt proper risk management procedures. The Audit Committee reviews the identified risks and ensures the mitigation measures are well in place. In addition, the company has identified the key risk areas where potential havocs can occur and taken steps to communicate and educate the operational staff regarding the risk procedures.

The company also conducts training sessions to the staff aiming to increase the awareness of the key principles of risk management, internal controls and corporate governance.

Corporate Governance Contd.

Attendance of Board and Board Committee Meetings

Name of the Director	Directorship Status	Board Meetings	Audit Committee Meetings	Investment Committee Meetings	Remuneration Committee Meetings
Mr. Osman Kassim	Chairman	3/5		1/1	
Mr. Riyaz Sangani	Managing Director	5/5		1/1	
Mr. S. Ranjan Mather	Non-Executive Director	5/5		1/1	1/1
Dr. A. A. Mohamad Haroon	Independent Non-Executive Director	4/5		1/1	
Dr. T. Senthilverl	Non-Executive Director	4/5			
Mr. M. Zulficar Ghouse	Independent Non-Executive Director	5/5	6/6	0/1	1/1
Mr. Shahid M. Sangani	Non-Executive Director	5/5	5/6		
Mrs. Roshini Sangani	Independent Non-Executive Director	4/5			
Mr. C. Fuhrer	Non-Executive Director	5/5			
Mr. Sidath Fernando	Independent Non-Executive Director	4/5	5/6		1/1
Mr. Sattar Kassim	Independent Non-Executive Director	4/5			

Corporate Governance Compliance Table

Rule	Requirement	Compliance Status (Yes/No)	Explanatory Notes
Directors			
7.10.1.(a) Non-Executive Directors	At least 1/3 of the total number of Directors should be Non-Executive Directors	Yes	Report on Corporate Governance. (Page 22)
7.10.2.(a) Independent Directors	2 or 1/3 of Non-Executive Directors, whichever is higher should be independent	Yes	

Corporate Governance Contd.

Rule	Requirement	Compliance Status (Yes/No)	Explanatory Notes
7.10.2.(b) Independent Directors	Each Non-Executive Director should submit a declaration of independence or Non-independence	Yes	Profile of Board of Directors. (Page 8)
7.10.3.(a) Disclosure regarding Directors	The Board shall make a determination annually as to the independence or non –independence of each Non-Executive Director	Yes	Annual Report of the Board of Directors on the Affairs of the Company is given in Page 30.
7.10.3.(b) Disclosure regarding Directors	In the event a Director does not qualify as independent, but the Board is of the view that the particular Director is nevertheless independent, shall specify the criteria not met and the basis for the determination in the Annual Report.	Yes	
7.10.3.(c) Disclosure regarding Directors	A brief resume of each Director should be included in the Annual Report	Yes	Refer Board of Directors. (Page 8)
7.10.3.(d) Disclosure regarding Directors	Upon appointment of a new director to the Board, a brief resume of each director should be provided to the CSE.	N/A	Resume of the new appointed Alternative Director was submitted to CSE.
Remuneration Committee			
7.10.5 Remuneration Committee	A listed Company shall have a Remuneration Committee	Yes	Report of Remuneration Committee is given in Page 34.
7.10.5.(a) Composition of Remuneration Committee	Shall Comprise Non-Executive Directors majority of whom shall be Independent	Yes	
7.10.5.(b) Report of Remuneration Committee	The Remuneration Committee shall recommend the remuneration of CEO & the Executive Directors	Yes	

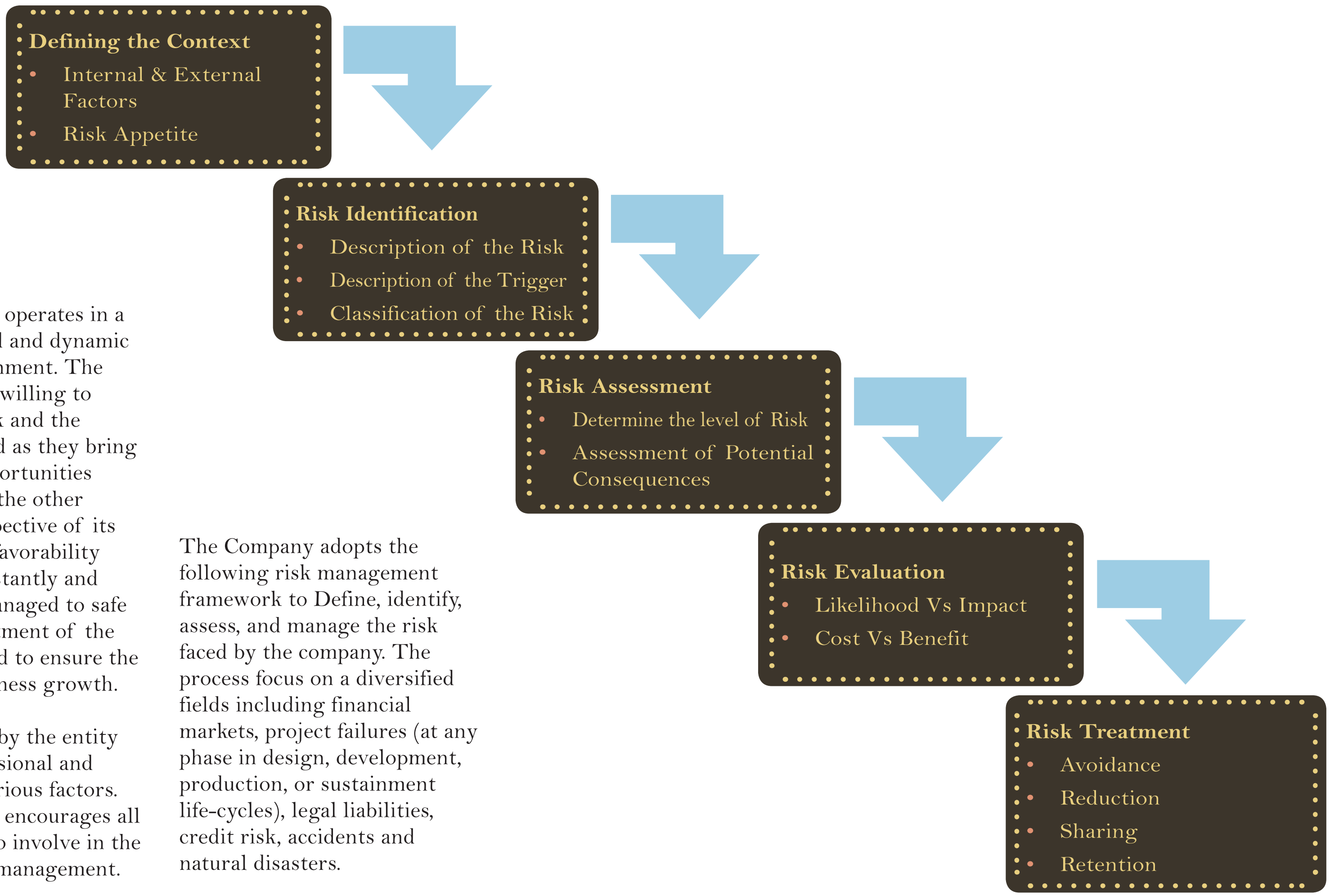
Corporate Governance Contd.

Rule	Requirement	Compliance Status (Yes/No)	Explanatory Notes
7.10.5.(c) Disclosure in the Annual Report relating to the Remuneration Committee	The Annual Report should set out the names of the Directors comprising the Remuneration Committee, a statement of the remuneration policy and the Aggregate remuneration to Executive & Non-Executive Directors	Yes	Remuneration Committee report given in Page 34 presents the name of the directors comprising the Remuneration committee and the Remuneration policy. Aggregate salary to the Directors indicated in the notes to the Financial Statements on Page 84.
Audit Committee			
7.10.6 Audit Committee	The company shall have an Audit Committee	Yes	Report of Audit Committee. (Page 33)
7.10.6.(a) The Composition of Audit Committee	Shall comprise Non-Executive Directors, a majority of whom can be Independent	Yes	
	The CEO and the CFO should attend Audit Committee meetings	Yes	
	The Chairman of the Audit Committee or one member should be a member of a professional accountancy body	Yes	The Chairman of the Audit Committee is a Fellow Member of CA Sri Lanka.

Corporate Governance Contd.

Rule	Requirement	Compliance Status (Yes/No)	Explanatory Notes
7.10.6.(b) The Audit Committee Functions	Overseeing of the • Preparation, Presentation and adequacy of disclosure in the financial statements, in accordance with Sri Lanka Accounting Standards (SLFRS & LKAS).	Yes	Report of Audit Committee. (Page 33)
	• Compliance with Financial reporting requirements , information requirements of the companies Act and other relevant financial reporting related regulations and requirements	Yes	
	• Processes to ensure that the internal controls and risk management are adequate, to meet the requirement of the Sri Lanka Financial Reporting Standards	Yes	
	• Assessment of the independence and performance of the external auditors.	Yes	
	• Make recommendations to the Board pertaining to the appointment, re-appointment and removal of external auditors and to approve the remuneration and terms of engagement of the external auditors.	Yes	
7.10.6.(c) Disclosure in the Annual Report relating to the Audit Committee	• Name of the Directors comprising the Audit Committee	Yes	Report of Audit Committee. (Page 33)
	• The Audit Committee shall make a determination of the independence of the Auditors and disclose the basis for such determination	Yes	
	• The Annual Report shall contain a Report of the Audit Committee setting out the manner of Compliance of the functions	Yes	

Risk Management



Vidullanka PLC operates in a highly regulated and dynamic business environment. The entity is always willing to embrace the risk and the challenges posed as they bring tremendous opportunities for growth. On the other hand, risk irrespective of its adverseness or favorability needs to be constantly and continuously managed to safe guard the investment of the shareholders and to ensure the sustainable business growth.

The risks faced by the entity are multi dimensional and emerge from various factors. Vidullanka PLC encourages all levels of staff to involve in the process of risk management.

The Company adopts the following risk management framework to Define, identify, assess, and manage the risk faced by the company. The process focus on a diversified fields including financial markets, project failures (at any phase in design, development, production, or sustainment life-cycles), legal liabilities, credit risk, accidents and natural disasters.

Risk Management Contd.

The following table summarises the identified risks and the respective mitigation strategies along with the probability of occurrence and the impact.

Type of Risk	Description	Impact	Likelihood	Mitigation Strategies
Economic Risk	Changes in the macro economic Environment	High	Medium to High	Vidullanka PLC carries out extensive analysis on macro economic variables periodically and prior to making any project investments.
Operational Risk	Risks arising from day to day operations of the Company	Very High	Low to Medium	The robustness of the internal control mechanism is audited and assured by the internal auditors of the Company.
Credit Risk	This arises from the customers & credit facilities offered	Extreme	Low to Medium	The only customer of Vidullanka PLC is the CEB, a state entity. The Group carries out transactions based on written agreements with the clients.
Financial Risk	Details given in Note No. 30 to the Financial Statements			
Environmental Risk	Impact on the environment	High	Medium	The Company carries out extensive geological surveys with renowned industry consultants and prepares Initial Environmental Examination Report & Environmental Impact Assessment reports during the feasibility stage of the projects. The engineering department & the site crew are engaged in continuous monitoring of the environmental impact and implementation of recommended mitigation measures.
Public Relations Risk	Adverse effects to the society and the negative response from the public	High	Low	The Company maintains close bonds with local communities of the project areas, through community development initiatives, awareness programmes and public consultations.
Fraud Risk	Misusage of Company assets	High	Low	This is managed and controlled by internal control measures developed by the company. The robustness of the controls is periodically reviewed by both internal auditors and the audit committee appointed by the Board.
Information Risk	Sensitive information being able to be accessed by those who are not authorised.	High	Low	The sensitive information is accessible to the authorised staff of the Company and the IT infrastructure is embedded with required software applications.

Annual Report of the Board of Directors on the Affairs of the Company

The Directors are pleased to submit their report together with the Auditor's Report and Financial Statements for the year ended 31st March 2013, to be presented at the 17th Annual General Meeting of the Company.

Review of the Year

Principal Activity of the Company / Core Business

The principal activity of the company is to produce electrical energy and transmit to feed the national grid.

Principal Activity of the Subsidiaries

The principal activity of the Subsidiary, Vidul Engineering Limited is to engage in the provision of total turnkey solutions to the renewable industry.

The principal activity of the Subsidiary, Walagamba Balashakthi (Pvt) limited is to produce electrical energy and transmit to feed the national grid.

Principal Activity of the Joint Ventures

The principal activity of the Joint Venture Companies, Gurugoda Hydro (Pvt) Limited, Udaka Energy Group (Pvt) Limited, Vidul Madugeta (Pvt) Limited and Lower Kotmale Oya Hydro Power (Pvt) Limited are to produce electrical energy and transmit to feed the national grid.

The principal business activity of Joint Venture Company, Co-Energi (Pvt) Limited is to deliver energy efficiency related services.

Financial Statements

The financial statements prepared in compliance with the requirements of Section 151 of the Companies Act No. 7 of 2007 are given on Page 38 in this annual report.

Independent Auditor's Report

The Auditor's Report on the financial statements is given on Page 37 in this report.

Accounting Policies

The Accounting Policies adopted in preparation of the financial statements is given on Page 44. There were no changes in Accounting Policies adopted by the Company during the year under review.

Financial Results / Profit and Appropriations

The Group made a profit of Rs. 109,558,221/- of which Rs. 106,830,758/- is attributable to equity shareholders. During the year under review, the Company paid an interim dividend of 5 cents per share amounting to Rs. 23,863,460/- and the board proposed a final dividend of 5 cents per share to be approved at the Annual General Meeting to be held on 31st July 2013.

Property, Plant & Equipment

During the year under review the Group invested a sum of Rs. 282,657,803/- (2012 - Rs.59,772,201/-) in property, plant & equipment of which Rs. 267,674,361/- is in machinery & equipment, Rs. 892,394/- is in Computer and Other equipment, Rs. 957,606/- is in Furniture and Fixtures, Rs. 1,343,530/-is in Motor Vehicles and Rs. 11,789,912/- is in Land.

Information relating to movement in Property, Plant & Equipment during the year is disclosed under Note 4 to the financial statement.

Market Value of Freehold Land

There was no freehold land classified as Investment Properties.

Investments

Details of long-term Investments held by the Group are given in Note 5 to the financial statements on Page 66.

Directors' Responsibilities

The Statement of the Directors' Responsibilities is given on Page 35 of this report.

Corporate Governance

The Company has complied with the corporate governance rules laid down under the listing rules of the Colombo Stock Exchange. The detail corporate governance report is given on Page 22 of this report.

Dividend

The company paid an interim dividend of 5 cents per share during the financial year and the Board recommends a final dividend of 5 cents per share for the year under review.

Reserves

The Reserves and Accumulated Profits as at 31st March 2013 amounts to Rs. 273,238,059/- (Rs. 249,374,599/- after the proposed final dividend) vs. Rs. 189,936,030/- as at 31st March 2012. The breakup and the movement are shown in the Statement of Changes in Equity in the financial statements.

Annual Report of the Board of Directors on the Affairs of the Company Contd.

Stated Capital

As per the terms of the Companies Act No. 7 of 2007, the stated capital of the Company was Rs. 829,258,508/-

Post Balance Sheet Events

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

Statutory Payments

The Directors to the best of their knowledge and belief are satisfied that all statutory payments in relation to the government and the employees have been made on time.

Interests Register

Details of the transactions with Director-related entities are disclosed in Note 27 to the financial statements on Page 84, and have been declared at the Board meeting, pursuant to Section 192 (2) of the Companies Act No. 7 of 2007.

Board Committees

Audit Committee

Following are the names of the Directors comprising the Audit Committee of the Board.

1. Mr. Zulficar Ghouse *(Chairman)*
2. Mr. Shahid M.Sangani
3. Mr. Sidath Fernando

The report of the Audit Committee on Page 33 set out the manner of compliance by the Company in accordance with the requirements of the Rule 7.10.6 of the Rules of the Colombo Stock Exchange on Corporate Governance.

Remuneration Committee

Following are the names of the Directors comprising the Remuneration Committee of the Board

1. Mr. Ranjan Mather
2. Mr. Sattar Kassim
3. Mr. Zulficar Ghouse

The report of the Remuneration committee on Page 34 contain a statement of the remuneration policy. The details of the aggregate remuneration paid to the Executive and Non–Executive Directors during the financial year are given in Note 27.2 on Page 84 to the financial statement.

Investor Information and Shareholdings

The investor information is given on Page 13.

Major Shareholders

Details of twenty largest shareholders of the company and the percentage held by each of them are disclosed in Page 15.

Directors

The Directors of the Company as at 31st March 2013 and their brief profiles are given on Page 8 in this report.

The following Directors retire by rotation and being eligible had offered themselves for re-election.

1. Dr. A. A. M. Haroon
2. Mr. S. R. Mather
3. Dr. T. Senthilverl
4. Mr. C. F. Fuhrer

Independent Directors

Four Non Executive Directors, namely Mr. Zulficar Ghouse, Dr. A. A. M. Haroon, Mr. Sidath Fernando and Mrs. B. R. I. Sangani have declared themselves to be Independent.

Mr. Sattar Kassim, a Non Executive Director fulfils all the criterion set out in the CSE Listing rules to be independent except for being a close family relative of a Director of the Company. Nevertheless, the Board took the view that it is reasonable and justified to consider him as an Independent Director of the Company.

Directors' Shareholding

The interest of the Directors in the shares of the Company as at 31st March 2012/2013 were as follows;

Annual Report of the Board of Directors on the Affairs of the Company Contd.

	As at 31.03.2012	As at 31.03.2013
Mr. Osman Kassim	-	-
Mr. Riyaz M. Sangani	6,569,633	16,232,850
Mr. S. Ranjan Mather	-	1,739,288
Dr. A. A. Mohammed Haroon	-	-
Dr. T. Senthilverl	122,865,891	122,865,891
Mr. M. Zulficar Ghouse	-	-
Mr. Shahid M. Sangani	1,699,167	513,583
Mrs. Roshini Sangani	6,864,557	6,864,557
Mr. C. F. Fuhrer	-	-
Mr. Sidath Fernando	-	11,000,000
Mr. Sattar Kassim	-	-

Auditors

The resolutions to appoint the present Auditors, Messrs. Ernst & Young Chartered Accountant, who have expressed their willingness to continue in office, will be proposed at the Annual General Meeting.

As far as the Directors are aware, the Auditors do not have any relationship or interest in the Company other than those disclosed above.

The Audit committee reviews the appointment of the Auditor, its effectiveness and its relationship with the Company including the level of audit and non-audit fees paid to the Auditor. The details of the work of the Audit Committee are set out in the Audit Committee Report.

Going Concern

The Directors are satisfied the company, its subsidiaries and associates have adequate resources to continue in operational existence for the foreseeable future to justify adopting the going concern basis in preparing the financial statements.

Notice of Meeting

The Annual General Meeting will be held at Bougainvillea Ballroom - Galadari Hotel, Colombo 01 on 31st July 2013 at 4 p.m.

The Notice of the Annual General Meeting appears on Page 89.

For and on behalf of the Board.

Osman Kassim
Chairman

Riyaz M. Sangani
Managing Director

Managers & Secretaries (Pvt) Ltd)
Secretaries

Vidullanka PLC
26 June 2013
Colombo

Board Committees

In compliance with the Colombo Stock Exchange (CSE) Continuing Listing Requirement 7.10.5 & 7.10.6, Vidullanka Board has delegated its responsibilities to the Sub Committees to ensure the practice of good Corporate Governance. The reports by the respective Board Committes are presented below.

Audit Committee Report

The Audit Committee appointed by the Vidullanka Board comprises the following Non-Executive Directors:

1. Mr. M. Zulficar Ghouse (*Chairman)*
2. Mr. Shahid M. Sangani
3. Mr. Sidath Fernando

The responsibilities of the committee includes assisting the Board of Directors in fulfilling the review of financial reporting process, overseeing the preparation, presentation and adequacy of disclosure in the financial statements in accordance with the accounting standards, reviewing the performance of internal audit function and make assessment of the independence & performance of the external auditors and recommendations on appointment, reappointment and removal of External & Internal auditors.

Further the audit committee objectively assess the financial and other risk factors of the group and make recommendations to the board.

The committee has met five times during the year under review and The Managing Director and Senior Management team attends the meetings by invitation. It has also undertaken the annual evaluation of the independence and objectivity of the external auditor and the effectiveness of the audit process. In addition, the committee has reviewed and discussed the Company's quarterly and annual financial statements with the managements and with the external auditors, prior to publication.

An internal audit was performed during the year in concern where the prime focus was to obtain an objective assurance on the overall internal control mechanism, risk management and governance. Internal audit was carried out by M/s Baker Tilly Merali's Chartered Accountants.

Based on the reports submitted by External Auditors and Internal Auditors, the Audit Committee is satisfied that Group's accounting policies and operational controls are in order and are being followed.

The Audit committee carried out an extensive assessment on the independence of the external auditors based on the facts available & disclosed and concluded satisfactory.

Mr. M. Zulficar Ghouse
Chairman
Audit Committee

26th June, 2013.

Board Committees Contd.

Remuneration Committee Report

Remuneration Committee is a part of the Corporate Governance Best Practice and a Continuing Listing Requirement of CSE which ensures that the strategic apex of the company is appropriately rewarded while ensuring adequate transparency and independence. The Committee is responsible for recommending the remuneration packages, annual salary increments and bonuses of the Executive Director and Senior management personnel.

During the year under review, two Independent Non-Executive Directors were newly appointed to the Remuneration Committee while Mr. Osman Kassim, a Non-Executive Director and the Chairman of the committee has resigned from his position, thereby adhering to the listing rule no. 7.10.5. (a) Which states that the Remuneration Committee shall comprise of Non-Executive Directors a majority of whom shall be independent.

Presently the Remuneration committee consist of following directors.

1. Mr. Ranjan Mather
   Non- Executive Director (Chairman)
2. Mr. M. Zulficar Ghouse
   Independent Non-Executive Director
3. Mr. Sattar Kassim
   Independent Non-Executive Director

The committee met once during the year to review the compensation structures and the performance evaluation procedure of the senior management staff. The group remuneration policy is set to retain and motivate the competent professionals to achieve the strategic goals of the organisation.

Mr. Ranjan Mather
Chairman
Remuneration Committee

26th June, 2012.

Investment & Strategy Committee Report

The board appointed investment committee comprises of three Non-Executive Directors of the Company namely, Mr. Osman Kassim, Mr. Ranjan Mather, Dr. A. A. M. Haroon and Mr. M. Zulficar Ghouse, an Independent Non-Executive Director. The main role of the committee is to effectively manage the asset portfolio of the group, formulating long term strategy for the development, expansion of the entity and monitoring performance of management in relation to the established targets, in order to enhance shareholder wealth.

The committee is headed by Mr. Osman Kassim and had one meeting during the year under review. The Managing Director and the senior management personnel of the Company attended the meeting by invitation.

Mr. Osman Kassim
Chairman
Investment & Strategy Committee

26th June, 2013.

Directors' Responsibility for Financial Reporting

The Directors' responsibility in relation to the Financial Statements is detailed below. The report of the Auditors sets out their responsibility in relation to the Financial Statements.

The Companies Act No. 07 of 2007 requires that the Directors prepare Financial Statements for each financial year, which reflect a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and the profit for that financial year. In preparation of these statements the Directors are required to ensure that,

1. Appropriate accounting policies have been selected and applied on a consistent basis. Material anomalies, if any, are disclosed and explained.
2. Ensure that all applicable accounting standards have been followed.
3. The adjustments and estimates are reasonable and prudent.
4. The Directors are responsible for ensuring that the Company keeps sufficient accounting records to disclose, with reasonable accuracy, the financial position of the Company and that of the Group and to enable them to ensure that the Financial Statements comply with the Companies Act. They are also responsible for taking reasonable steps to safeguard the assets of the Company and to establish appropriate systems of internal controls, which provide reasonable though not absolute assurance to the Directors that assets are safe guarded and internal controls, are in place with a view to the prevention and detection of fraud and error.
5. The Directors are required to prepare the Financial Statements and to provide the Auditors with every opportunity to take whatever steps, and undertake whatever inspection they consider to be appropriate for the purpose of enabling them to give their audit report.

The Directors are of the view that they have discharged their responsibilities as set out in this statement.

Compliance Report

The Directors confirm that to the best of their knowledge, all taxes, duties and levies and taxes payable on behalf of and in respect of employees of the Company and its group companies, and all other known statutory dues as were due and payable by the Company and its group companies as at the balance sheet date have been paid or where relevant provided for.

By order of the Board,

Managers & Secretaries (Pvt) Ltd
Secretaries

Vidullanka PLC
26 June 2013

Independent Auditor's Report

ERNST & YOUNG

Chartered Accountants
201 De Saram Place
P.O. Box 101
Colombo 10
Sri Lanka

Tel : +94 11 2463500
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Tax : +94 11 5578180
eysl@lk.ey.com

BW/PKG/AD

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF VIDULLANKA PLC AND ITS SUBSIDIARIES

Report on the Financial Statements

We have audited the accompanying financial statements of Vidullanka PLC ("Company"), the consolidated financial statements of the Company and its subsidiaries, which comprise the Consolidated Statements of Financial Position as at 31 March 2013, and the Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Scope of Audit and Basis of Opinion

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended 31 March 2013 and the financial statements give a true and fair view of the Company's Financial Position as at 31 March 2013 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

In our opinion, the consolidated financial statements give a true and fair view of the Financial Position as at 31 March 2013 and its financial performance and cash flows for the year then ended, in accordance with Sri Lanka Accounting Standards, of the Company and its subsidiaries dealt with thereby, so far as concerns the shareholders of the Company.

Report on Other Legal and Regulatory Requirements

In our opinion, these financial statements also comply with the requirements of Sections 151(2) and 153(2) to 153(7) of the Companies Act No. 07 of 2007.

Ernst & Young

26 June 2013
Colombo.

Partners: A D B Talwatte FCA FCMA M P D Cooray FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva ACA Ms. Y A de Silva FCA W R H Fernando FCA FCMA W K B S P Fernando FCA FCMA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond) H M A Jayesinghe FCA FCMA Ms. A A Ludowyke FCA FCMA Ms. G G S Manatunga ACA N M Sulaiman ACA ACMA B E Wijesuriya ACA ACMA

Statement of Financial Position

		Group			Company		
				As at			As at
		2013	2012	1 April 2011	2013	2012	1 April 2011
As at 31 March 2013	**Note**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**
ASSETS							
Non-Current Assets							
Property, Plant and Equipment	4	1,094,862,958	672,944,535	626,683,760	519,783,404	537,028,181	534,867,836
Investments in Subsidiaries and Joint Ventures	5.1	-	-	-	244,923,350	82,408,177	80,587,412
Other Project Investments	6	94,583,714	171,057,307	80,064,258	94,583,714	171,057,307	80,064,258
Deferred Tax Asset	11.2	-	694,369	-	-	694,369	-
Goodwill		56,501,963	6,687,411	6,687,411	-	-	-
		1,245,948,635	851,383,622	713,435,429	859,290,468	791,188,034	695,519,506
Current Assets							
Inventories		704,404	864,780	864,780	-	-	-
Trade and Other Receivables	7	174,784,793	89,827,523	72,413,326	336,863,956	145,097,750	113,565,395
Other Financial Assets	5.2	65,047,893	150,299,505	80,123,993	65,047,893	150,299,505	80,123,993
Cash and Bank Balances		39,890,252	8,796,273	214,572,556	20,477,270	4,894,088	211,743,150
		280,427,342	249,788,081	367,974,655	422,389,119	300,291,343	405,432,538
Total Assets		1,526,375,977	1,101,171,703	1,081,410,084	1,281,679,587	1,091,479,377	1,100,952,044
EQUITY AND LIABILITIES							
Capital and Reserves							
Stated Capital	8	829,258,508	673,887,932	673,887,932	829,258,508	673,887,932	673,887,932
Treasury Shares	9	(46,618,722)	(47,996,365)	(51,716,020)	-	-	-
Retained Earnings		273,238,059	189,936,030	243,142,274	260,061,622	188,190,648	240,617,456
Equity attributable to Equity Holders of the Parent		1,055,877,845	815,827,597	865,314,186	1,089,320,130	862,078,580	914,505,388
Non Controlling Interest		1,362,852	(1,382,615)	-	-	-	-
Total Equity		1,057,240,698	814,444,982	865,314,186	1,089,320,130	862,078,580	914,505,388
Non-Current Liabilities							
Interest-Bearing Loans and Borrowings	10	294,210,005	196,045,562	178,495,545	126,492,123	169,501,708	161,034,728
Defined Benefit Liability	13	10,249,770	8,643,188	5,644,208	7,792,152	6,547,585	4,667,523
Deferred Taxation	11.2	2,727,049	-	-	2,727,049	-	-
		307,186,824	204,688,750	184,139,753	137,011,324	176,049,293	165,702,251

Statement of Financial Position Contd.

		Group			Company		
				As at			As at
		2013	2012	1 April 2011	2013	2012	1 April 2011
As at 31 March 2013	**Note**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**
Current Liabilities							
Trade and Other Payables	12	101,561,646	35,093,982	20,414,149	12,730,823	11,982,379	15,400,629
Interest-Bearing Loans and Borrowings	10	56,553,031	46,285,550	10,147,452	42,617,308	40,889,737	4,283,342
Income Tax Liabilities		3,833,778	658,440	1,394,544	-	479,388	1,060,434
		161,948,455	82,037,972	31,956,145	55,348,131	53,351,504	20,744,405
Total Equity and Liabilities		1,526,375,977	1,101,171,703	1,081,410,084	1,281,679,587	1,091,479,377	1,100,952,044
Net Asset Value Per Share (Rs.)		2.21	1.87	2.00	2.27	1.98	2.11

These Financial Statements are in compliance with the requirements of the Companies Act No :07 of 2007.

Mafaz Ansar
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,

Riyaz M. Sangani
Director

M. Zulficar Ghouse
Director

The accounting policies and notes on Pages 44 through 88 form an integral part of the financial statements.

25 June 2013
Colombo

Statement of Comprehensive Income

		Group		Company	
		2013	**2012**	**2013**	**2012**
Year ended 31 March 2013	**Note**	**Rs.**	**Rs.**	**Rs.**	**Rs.**
Revenue	14	349,167,342	252,354,653	208,023,156	193,065,474
Cost of Sales		(90,891,310)	(51,563,623)	(33,236,330)	(35,333,804)
Gross Profit		258,276,032	200,791,030	174,786,826	157,731,670
Other Income and Gains / (Losses)	18	12,845,406	(52,140,397)	21,494,929	(42,737,364)
Profit from Disposal of Interest in Subsidiary		-	6,382,600	-	-
Administrative Expenses		(130,064,186)	(115,852,479)	(87,528,146)	(84,570,917)
Finance Cost	16	(31,373,713)	(24,198,536)	(24,108,922)	(21,328,942)
Finance Income	17	9,040,994	10,098,132	16,372,887	16,114,329
Profit Before Tax		118,724,533	25,080,350	101,017,574	25,208,776
Income Tax Expense	11	(9,166,312)	(1,556,562)	(5,526,270)	(1,201,056)
Profit for the Year		109,558,221	23,523,788	95,491,304	24,007,720
Other Comprehensive Income					
Net Actuarial Gain/(Loss) on Defined Benefit Plan		400,835	(1,356,183)	276,285	(945,761)
Income Tax on Other Comprehensive Income	11	(48,100)	379,731	(33,154)	264,813
Other Comprehensive Income for the Year, Net of Tax		352,735	(976,452)	243,131	(680,948)
Total Comprehensive Income for the Year, Net of Tax		109,910,956	22,547,336	95,734,435	23,326,772
Profit attributable to:					
Equity Holders of the Parent		106,830,758	23,523,788	95,491,304	24,007,720
Non-Controlling Interests		2,727,463	-	-	-
		109,558,221	23,523,788	95,491,304	24,007,720
Total Comprehensive Income attributable to:					
Equity Holders of the Parent		107,165,489	22,547,336	95,734,435	23,326,772
Non-Controlling Interests		2,745,467	-	-	-
		109,910,956	22,547,336	95,734,435	23,326,772
Earnings Per Share - Basic	19	0.23	0.05	-	-
Dividend Per Share		0.05	0.18	0.05	0.18

The accounting policies and notes on Pages 44 through 88 form an integral part of the financial statements.

Statement of Changes in Equity

Group Year ended 31 March 2013	Stated Capital Rs.	Treasury Shares Rs.	Retained Earnings Rs.	Non-Controlling Interest Rs.	Total Rs.
Balance as at 1 April 2011	673,887,932	-	262,169,984	-	936,057,916
Impact of adopting SLFRSs as at 1 April 2011	-	(51,716,020)	(19,027,710)	-	(70,743,730)
Adjusted Balance as at 1 April 2011	673,887,932	(51,716,020)	243,142,274	-	865,314,186
Profit for the Year	-	-	23,523,788	-	23,523,788
Other comprehensive income	-	-	(976,452)	-	(976,452)
Total Comprehensive Income for the Year	-	-	22,547,336	-	22,547,336
Shares Purchased by the Employees	-	3,719,655	-	-	3,719,655
Dividend	-	-	(75,753,580)	-	(75,753,580)
Disposal of Stake in Subsidiary	-	-	-	(1,382,615)	(1,382,615)
Balance as at 31 March 2012	673,887,932	(47,996,365)	189,936,030	(1,382,615)	814,444,982
Profit for the Year	-	-	106,830,758	2,727,463	109,558,221
Other Comprehensive Income	-	-	334,731	18,004	352,735
Total Comprehensive Income for the Year	-	-	107,165,489	2,745,467	109,910,956
Shares Purchased by the Employees	-	1,377,643	-	-	1,377,643
Dividend	-	-	(23,863,460)	-	(23,863,460)
Right Issue	155,370,576	-	-	-	155,370,576
Balance as at 31 March 2013	829,258,508	(46,618,722)	273,238,059	1,362,852	1,057,240,697

Company	Stated Capital Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 1 April 2011	673,887,932	288,033,744	961,921,676
Impact of adopting SLFRSs as at 1 April 2011	-	(47,416,288)	(47,416,288)
Adjusted Balance as at 1 April 2011	673,887,932	240,617,456	914,505,388
Profit for the Year	-	24,007,720	24,007,720
Other Comprehensive Income	-	(680,948)	(680,948)
Total Comprehensive Income for the Year	-	23,326,772	23,326,772
Dividend	-	(75,753,580)	(75,753,580)
Balance as at 31 March 2012	673,887,932	188,190,648	862,078,580
Profit for the Year	-	95,491,304	95,491,304
Other Comprehensive Income		243,131	243,131
Total Comprehensive Income for the Year	-	95,434,435	95,734,435
Dividend	-	(23,863,460)	(23,863,460)
Right Issue	155,370,576	-	155,370,576
Balance as at 31 March 2013	829,258,508	260,061,622	1,089,320,130

The accounting policies and notes on Pages 44 through 88 form an integral part of the financial statements.

Cash Flow Statement

Year ended 31 March 2013	Notes	Group 2013 Rs.	Group 2012 Rs.	Company 2013 Rs.	Company 2012 Rs.
Profit from Ordinary Activities Before Tax		118,724,533	25,080,350	101,017,574	25,208,776
Adjustments for					
Depreciation	4	31,780,018	28,895,699	21,159,435	22,104,853
(Profit) on Disposal of Property, Plant & Equipment		(559,502)	(98,341)	-	-
Provision for Retiring Gratuity	13	2,695,434	1,642,796	1,778,938	934,300
(Profit) on Disposal of Stake of Project	18	(4,344,783)	(29,429,235)	(4,344,783)	(29,429,235)
Write Off of Other Projects		1,258,018	1,650,150	1,258,018	1,650,150
Bad Debts Written Back		433,340	(327,103)	-	-
Profit from Disposal of Interest in Subsidiary		-	(6,382,600)	-	-
Finance Income	17	(9,040,994)	(1,602,398)	(16,372,887)	(16,114,329)
Finance Cost	16	31,373,713	24,198,536	24,108,922	21,328,942
Operating Profit Before Working Capital Changes		172,319,776	43,627,854	128,605,217	25,683,457
Decrease in Inventories		160,376	-	-	-
(Increase)/Decrease in Trade & Other Receivables		(84,794,726)	(17,414,197)	(191,603,663)	(31,532,352)
(Increase)/ Decrease in Other Financial Assets		85,251,615	(70,175,515)	85,251,615	(70,175,515)
(Increase)/Decrease in Treasury shares		1,377,643	3,719,655	-	-
Increase/(Decrease) in Other Payables		66,467,664	14,679,834	641,441	(3,311,249)
Cash Generated from Operations		240,782,348	(25,562,369)	22,894,610	(79,335,660)
Finance Cost Paid		(29,659,944)	(23,041,527)	(22,097,166)	(11,974,725)
Interest Received		8,048,578	-	8,048,578	8,495,734
Defined Benefit Plan Cost Paid	13	(645,005)	-	(123,255)	-
Income Tax Paid		(154,616)	(249,531)	(47,355)	(124,037)
Net Cash from Operating Activities		218,371,361	(48,853,427)	8,675,412	(82,938,688)
Cash Flows Used in Investing Activities					
Acquisition of Property, Plant & Equipment		(281,803,307)	(49,109,157)	(3,999,904)	(18,203,654)
Proceeds from sale of Property Plant and Equipment		1,656,500	195,500	-	-
Investment in New Projects		(151,453,774)	(119,916,096)	(18,231,278)	(113,085,348)
Disposal Proceed from Investment		5,128,500	36,250,000	5,128,500	36,250,000
Investment in Joint Ventures and Subsidiaries		-	-	(74,679,336)	(1,820,765)
Dividend Received		224,262	792,032	9,433,287	6,882,657
Net Cash Flows Used in Investing Activities		(426,247,819)	(131,787,721)	(82,348,731)	(89,977,110)

Cash Flow Statement Contd.

Year ended 31 March 2013	Notes	Group 2013 Rs.	Group 2012 Rs.	Company 2013 Rs.	Company 2012 Rs.
Cash Flows From/(Used in) Financing Activities					
Dividend Payments		(23,863,460)	(75,753,580)	(23,863,460)	(75,753,580)
Right Issue of Shares	8	155,370,576	-	155,370,576	-
Principal Payment Under Ijara Facilities/(Finance Leases)		(7,843,044)	(6,674,829)	(5,735,449)	(4,731,801)
Principal Payment Under Murabaha Facilities		(11,558,978)	(6,089,014)	(11,515,167)	(6,089,014)
Principal Payment Under Diminishing Musharakah Facilities		(29,247,786)	(7,618,389)	(25,000,000)	-
Proceeds from Ijara Facilities		-	7,421,060	-	-
Proceeds from Murabaha Facilities		3,929,570	49,571,454	-	52,641,129
Proceeds from Diminishing Murabaha Facilities		152,183,558	14,008,162	-	-
Net Cash Flows From/(Used in) Financing Activities		238,970,436	(25,135,136)	89,256,500	(33,933,266)
Net Increase/(Decrease) in Cash & Cash Equivalents		31,093,979	(205,776,283)	15,583,181	(206,849,062)
Cash & Cash Equivalents at the Beginning of the year		8,796,273	214,572,556	4,894,088	211,743,150
Cash & Cash Equivalents at the End of the year	21	39,890,252	8,796,273	20,477,270	4,894,088

The accounting policies and notes on Pages 44 through 88 form an integral part of the financial statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1 General

Vidullanka PLC ("Company") is a public quoted Company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at Level 4, Access Towers, No.278, Union Place, Colombo 02 and the principal places of business are situated in Rathnapura District.

Subsidiaries

Vidul Engineering Limited is an 80% owned Subsidiary of Vidullanka PLC. Vidul Engineering Limited was incorporated on 3 September 2007 under the Companies Act No.07 of 2007. The registered office of the subsidiary is located at Level 04, Access Tower, No, 278, Union Place, Colombo 02.

Walagamba Balashakthi (Private) Limited is a fully owned Subsidiary of Vidullanka PLC. Walagamba Balashakthi (Private) Limited was incorporated on 3 September 2007 under the Companies Act No.07 of 2007. The registered office of the subsidiary is located at Level 04, Access Tower, No, 278, Union Place, Colombo 02.

Joint Ventures

Vidullanka PLC has following investment in the following joint venture companies;

Joint Venture	Holding Percentage	Joint Venture Partner
Gurugoda Hydro (Private) Limited	50%	Hirdaramani (Private) Limited
Co-Energi (Private) Limited	50%	Mr and Mrs Ralapanawe
Udaka Energy Group (Private) Limited	50%	Vanguard Industries (Private) Limited
Vidul Madugeta (Private) Limited	50%	ESNA Power (Private) Limited
Lower Kotmale Oya Hydro (Private) Limited	50%	A Consortium of Investors led by Jaywise Constructions (Private) Limited

The registered offices of the above companies are located at Level 4, Access Tower, No. 278, Union Place, Colombo 02.

1.2 Principal Activities and Nature of Operations

Company

The principal activity of the company is to produce electrical energy and transmit to feed the national grid. For this purpose the company has constructed two hydro power plants at Bambarabatuoya Rathnapura and Batathota Kuruwita. Bambarabatuoya Mini Hydro power plant commenced its operation during June 2001 and the Batathota Mini Hydro Power Plant commenced its operation during February 2007.

Subsidiary

The principal activity of Vidul Engineering Limited is the provision of construction and engineering services related to hydro power plants & hydraulic structures.

The principal activity of Walagamba Balashakthi (Private) Limited is to produce electrical energy and transmit to feed the national grid from its Wembiyagoda mini hydro power plant in Kalawana, Rathnapura.

Joint Venture

The principal activity of Gurugoda Hydro (Private) Limited is to produce electrical energy and transmit to feed the national grid from its Ganthuna mini hydro power plant in Aranayaka, Kegalle.

The principal activities of Co-Energi (Private) Limited is to provide Energy Efficiency consultancy to Construction and Industrial companies, to import and sell innovative Energy Efficiency products to the local market.

The principal activity of Udaka Energy Group (Private) Limited is to produce electrical energy and transmit to feed the national grid from its Hal Oya mini hydro power plant in Uva Paranagama, Badulla.

The principal activity of Vidul Madugeta (Private) Limited is to produce electrical energy and transmit to feed the national grid from its Madugeta mini hydro power plant in Neluwa, Galle. The plant is under construction and is expected to be commissioned in year 2013/2014.

The principal activity of Lower Kotmale Oya Hydro Power (Private) Limited is to produce electrical energy and transmit to feed the national grid from its Lower Kotmale Oya mini hydro power plant in Kotmale, Nuwaraeliya. The plant is under construction and is expected to be commissioned in year 2013/2014.

1.3 Date of Authorisation for Issue

The Financial Statements of Vidullanka PLC, for the year ended 31 March 2013 was authorised to issue in accordance with a resolution of the Board of Directors on 25 June 2013.

2.1 Basis of Preparation

2.1.1 Basis of preparation and adoption of SLAS (SLFRS and LKAS) effective for the financial period beginning on or after 01 April 2012

The consolidated financial statements of the Group have been prepared in accordance

Notes to the Financial Statements Contd.

with Sri Lanka Accounting Standards comprising SLFRS and LKAS (hereafter "SLFRS"), as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

For all periods up to and including the year ended 31 March 2012, the Group prepared its financial statements in accordance with SLASs effective up to 31 March 2012.

These financial statements for the year ended 31 Mach 2013 are the first the Group has prepared in accordance with SLFRS effective for the periods beginning on or after 01 April 2012. (Refer Note 3 for explanations of the transition).

Subject to certain transition elections and exceptions disclosed in Note 3, the Group has consistently applied the accounting policies used in preparation of its opening SLFRS statement of financial position at 01 April 2011 through all periods presented, as if these policies had always been in effect.

Note 3 discloses the impact of the transition to SLFRS on the Group's reported financial position and cash flows including the nature and effect of significant changes in accounting policies from those used in the Group's Consolidated financial statements for the year ended 31 March 2012 prepared under SLASs.

2.1.2 Basis of Measurement

The consolidated financial statements have been prepared on a historical cost basis, except financial instruments at fair value through profit or loss that have been measured at fair value.

The consolidated financial statements are presented in Sri Lankan Rupees and all values are rounded to the nearest rupee, except when otherwise indicated.

2.1.3 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Vidullanka PLC and its subsidiaries as at 31 March 2013.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Minority interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the statement of comprehensive income and within equity in the consolidated statement of financial position, separately from parent shareholders' equity. Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if it results in a deficit balance. Acquisitions of minority interests are accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired is recognised as goodwill.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the carrying amount of any non-controlling interest

Non Controlling Interest represents the portion of profit or loss and net assets not owned, directly or indirectly, by the Group and are presented separately in the Consolidated Statement of Comprehensive Income and within equity in the Consolidated Statement of Financial Position, separately from parent shareholders' equity.

Jointly-controlled entities are accounted for using the proportionate consolidation method, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

2.1.4 Statement of Compliance

The financial statements have been prepared on a historical cost basis. The Consolidated Financial Statements have been prepared in accordance with Sri Lanka Accounting Standards. The preparation and presentation of these financial statements are in compliance with the Companies Act. No. 07 of 2007.

2.1.5 Going Concern

The Directors have made an assessment of the Company's ability to continue as a going concern and they do not intend either to liquidate or to cease trading.

2.2 Significant Accounting Judgments, Estimates and Assumptions

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which has the most significant effect on the amounts recognised in the Financial Statements.

Impairment losses on receivables and other receivables:

Group reviews its receivables and other receivable at each reporting date to assess whether an allowance for impairment should be recorded

Notes to the Financial Statements Contd.

in the financial statements. Judgment by the management is required in the estimation of these amounts and such estimations are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Deferred Tax Assets:

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Useful lives of Property, Plant and Equipment:

The Group reviews the assets' residual values, useful lives and methods of depreciation at each reporting date. Judgment by the management is exercised in the estimation of these values, rates and methods.

Fair value of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

Taxes

The Group is subject to income taxes and other taxes. Significant judgment was required to determine the total provision for current, deferred and other taxes pending the issue of tax guidelines on the treatment of the adoption of SLFRS in the financial statements and the taxable profit for the purpose of imposition of taxes. Uncertainties exist, with respect to the interpretation of the applicability of tax laws, at the time of the preparation of theses financial statements.

The Group recognised assets and liabilities for current, deferred and other taxes on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income, deferred and tax amounts in the period in which the determination is made.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below. The respective carrying amounts of assets and liabilities are given in related notes to the Financial Statements.

Impairment Losses on Assets

The Group determines whether the assets have been impaired by performing an impairment review. If any such indication exists or when annual impairment testing for assets is required, the Group makes an estimate of the assets recoverable amount. This requires the estimation of the 'value in use' of the cash generating units. Estimating the value in use requires the management to make an estimate of the expected future cash flows from the cash generating unit and also to select a suitable discount rate in order to calculate the present value of the relevant cash flows. This valuation requires the Group to make estimates about expected future cash flows and discount rates, and hence, they are subject to uncertainty.

Defined Benefit Plans

The Defined Benefit Obligation and the related charge for the period are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long term nature of such obligation, these estimates are subjected to significant uncertainty. Further, details are given in Note 13 to these Financial Statements.

2.3 Summary of Significant Accounting Policies

2.3.1 Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at fair value at the date of acquisition and the amount of any non-controlling interest in the acquiree.

For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree at the fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred and included in administrative expenses.

Notes to the Financial Statements Contd.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised as a profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.3.2 Interest in a Joint Venture

The Group has an interest in a joint venture which is a jointly controlled entity, whereby the venturers have a contractual arrangement that establishes joint control over the economic activities of the entity. The arrangement requires unanimous agreement for financial and operating decisions among the venturers. The Group recognises its interest in a joint venture using the 'proportionate consolidation' method. The Group combines its proportionate share of each of the assets, liabilities, income and expenses of the joint venture with similar items, line by line, in its consolidated financial statements. The financial statements of the joint venture are prepared for the same reporting period as per the Group. Adjustments are made where necessary to bring the accounting policies in line with those of the Group.

The Group's share of intra -group balances, transactions and unrealised gains and losses on such transactions between the Group and its joint ventures are eliminated on consolidation.

Losses on these transactions are recognised immediately if there is an evidence of a reduction in the net realisable value of current assets or an impairment loss.

The joint venture is proportionately consolidated until the date on which the Group ceases to have joint control over the joint venture company.

Upon loss of joint control, the Group measures and recognises its remaining investment at its fair value. The difference between the carrying amount of the investment upon loss of joint control and the fair value of the remaining investment and proceeds from the disposal is recognised as a profit or loss. When the remaining investment constitutes significant influence, it is accounted for as an investment in an associate.

2.3.3 Foreign Currency Translation

The Financial Statements are presented in Sri Lankan Rupees, which is the Group's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to profit or loss. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2.3.4 Taxation

Current Taxes

Current income tax assets and liabilities for current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax law used to compute the amount are those that are enacted or substantively enacted at the reporting date.

The provision for income tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the Inland Revenue Act.

Gurugoda Hydro (Private) Limited, Vidul Madugeta (Private) Limited, Lower Kotmale Oya Hydro Power (Private) Limited and Walagamba Balashakthi (Private) Limited are the companies approved under Board of Investments Law, as such the companies enjoy a tax holiday for five years effective from the year in which the company commences to make profits or any year of assessment not later than

Notes to the Financial Statements Contd.

two years reckoned from the date of commencement of commercial operations, whichever is earlier, as per the agreement dated 28 May 2009, 29 September 2011, 2 June 2011 28 October 2010 respectively. Currently companies are in the tax holiday period.

After the expiration of the tax exemption period or tax holiday, the income of the Company shall be charged at the concessionary rate of 10% for a period of 2 years. After the expiration of the aforesaid concessionary tax rate the profits and income of the enterprise shall for any year of assessment be changed at the rate of 20%.

However, other income of the company is liable for income tax in accordance with the provisions of the Inland Revenue Act.

Deferred Taxation

Deferred income tax is provided, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

2.3.5 Borrowing Costs

Borrowing costs are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.3.6 Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowances for obsolete and slow moving items. Net realisable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

The cost incurred in bringing the inventories to its present location and conditions are accounted as follows:-

Raw Materials - At actual cost on first-in first-out basis

2.3.7 Financial Instruments – Initial Recognition and Subsequent Measurement

2.3.7.1 Financial Assets

Initial Recognition and Measurement

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent Measurement

The subsequent measurement of financial assets depends on their classification as described below:

(a) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate method (EIR) less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the

Notes to the Financial Statements Contd.

EIR. The EIR amortisation is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognised in the statement of comprehensive income in finance costs for loans and in cost of sales or other operating expenses for receivables.

(b) Available-for-Sale Financial Investments
Available-for-sale financial investments include equity investments and debt securities. Equity investments classified as available for sale are those that are neither classified as held for trading nor designated at fair value through profit or loss.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the available-for sale reserve to the statement of comprehensive income in finance costs. Interest earned whilst holding available-for-sale financial investments is reported as interest income using the EIR method.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term is still appropriate. If, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification of the held to maturity category is permitted only when the entity has the ability and intention to hold the financial assets accordingly.

(c) Financial Assets at Fair Value through Profit or Loss
Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as other income (positive and negative net changes in fair value) in the statement of comprehensive income.

Financial assets designated upon initial recognition at fair value through profit or loss are designated at their initial recognition date and only if the criteria under LKAS 39 are satisfied. The Group has not designated any financial assets at fair value through profit or loss.

The Group evaluates its financial assets held for trading, other than derivatives, to determine whether the intention to sell them in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the Group may elect to reclassify them. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation, as these instruments cannot be reclassified after initial recognition.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when: the rights to receive cash flows from the asset have expired and the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of Financial Assets
The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the

Notes to the Financial Statements Contd.

estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2.3.7.2 Financial Liabilities

Initial Recognition and Measurement

Financial liabilities within the scope of LKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings, financial guarantee contracts, and derivative financial instruments.

Subsequent Measurement

The measurement of financial liabilities depends on their classification as described below:

Loans and Borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of comprehensive income.

Financial Guarantee Contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender with substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

Fair value of Financial Instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques.

2.3.8 Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short-term highly liquid investments, 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 consist of cash in hand and deposits in banks net of outstanding overdrafts. Investments with short maturities i.e. three months or less from the date of acquisitions are also treated as cash equivalents.

2.3.9 Property, Plant and Equipment

a) Cost and Valuation

All items of Property, Plant and Equipment are initially recorded at cost. Where items of Property, Plant and Equipment are subsequently revalued, the entire class of such assets is revalued. Revaluations are made with sufficient regularity to ensure that their carrying amounts do not differ materially from their fair values at the reporting date. Subsequent to the initial recognition as an asset at cost/revaluation Property, Plant and Equipment are carried at revalued amounts less any subsequent depreciation thereon. All other Property, Plant and Equipment are stated at historical cost less depreciation.

b) Depreciation

The provision for depreciation is calculated by using a straight line method on the cost or valuation of all property, plant and equipment other than freehold land, in order to write off such amounts over the following estimated useful lives by equal installments.

Notes to the Financial Statements Contd.

Office Furniture	10 Years
Office Equipment	05 Years
Plant and Machinery	05 Years to 40 Years
Computer and Computer Equipment	04 Years
Vehicles	05 Years

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management.

2.3.10 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Group as a lessee

Operating lease payments are recognised as an operating expense in the income statement on a straight-line basis over the lease term.

2.3.11 Other Project Investments

The Group's investments in various power generating projects are included under this category. Other Project Investments are stated at cost or lower of management's estimation of realisable value. The Group assesses the viability of the projects at each reporting date for any indications of impairment. Any impairment recognised will be charged to the statement of comprehensive income.

2.3.12 Impairment of Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for individual assets, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Whereby, the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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 assets. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiplies or other available fair value indicators.

Impairment losses of continuing operations are recognised in the statement of comprehensive income in those expense categories consistent with the function of the impaired assets, except for property previously revalued where the revaluation was taken to equity. In this case, impairment is also recognised in equity up to the amount of any previous revaluation.

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of the recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. If that is the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation. Had no impairment loss been recognised for the asset in prior years such reversal is recognised in the statement of comprehensive income unless the asset is carried at the revalued amount, in which case the reversal is treated as a revaluation increase.

2.3.13 Treasury Shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in the profit or loss on the purchase, sale, issue or cancellation of the Group equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in share premium.

2.3.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Notes to the Financial Statements Contd.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of comprehensive income net of any reimbursement.

2.3.15 Defined Benefit Plan – Gratuity

The Company annually measures the present value of the promised retirement benefits for gratuity, which is a defined benefit plan using the Actuarial Valuation technique which is based on the Projected Unit Credit method.

This item is stated under the Defined Benefit Liability in the Statement of Financial Position.

a) Recognition of Actuarial Gains and Losses

Actuarial gains and losses are recognised as other comprehensive income/ expenses in the year in which it arose itself.

The gratuity liability is not funded or actuarial valued. This item is grouped under other Defined Benefit Liabilities in the Statement of Financial Position.

b) Recognition of Past Service Cost

Past Service Costs are recognised as an expense on a straight line basis over the average period and until the benefits become vested. If the benefits have already been vested, immediately following the introduction of changes to the plan, past service costs are recognised immediately.

c) Funding Arrangements

The gratuity liability is not externally funded.

2.3.16 Defined Contribution Plans – Employees' Provident Fund & Employees' Trust Fund

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with the respective statutes and regulations. The Company contributes 12 % and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

2.4 Statement Of Comprehensive Income

2.4.1 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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) Energy Supplied

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

b) Interest

Interest Income is recognised as the interest accrues (taking into account the effective yield on the asset) unless collectibles are doubtful.

c) Rendering of Services

Revenue from rendering of services is recognised by reference to the stage of completion.

d) Others

Other income is recognised on an accrual basis.

Net gains and losses of a revenue nature on the disposal of property, plant & equipment and other non-current assets including investments have been accounted for in the statement of comprehensive income, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses.

Gains and losses arising from incidental activities to main revenue generating activities and those arising from a group of similar transactions which are not material are aggregated, reported and presented on a net basis.

2.4.2 Expenditure Recognition

a) Expenses are recognised in the income statement on the basis of direct association between the cost incurred and the earning of specific item of income. All expenditure incurred in the running of the business and the maintenance of the property , plant & equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

b) For the purpose of presentation of the Statement of comprehensive income the Directors are of the opinion that the function of expenses

Notes to the Financial Statements Contd.

method presents fairly the elements of the Company's performance, and hence such presentation method is adopted.

c) Finance expenses are recognised in the statement of comprehensive income on an accrual basis

2.5 Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relating to transactions with any of the Group's other components.

The Group comprises the following major business segments: Power Generation, Energy Efficiency and Construction and Project Management.

2.6 Effect of Sri Lanka Accounting Standards Issued but not yet Effective

The following standards have been issued by the Institute of Chartered Accountants of Sri Lanka (ICASL) to be effective for the financial periods beginning on or after 01 January 2013.

SLFRS 09 Financial Instruments: Classification and Measurement

SLFRS 9 reflects the first phase of work on replacement of LKAS 39 and applies to classification and measurement of financial assets and liabilities as defined in LKAS 39. SLFRS 9 was issued in 2012 and become effective for the financial periods beginning on or after 01 January 2015. Accordingly, the financial statements for the year ending 31 December 2015 will adopt the SLFRS 9.

Pending the full study of this standard, the financial impact is not yet known and reasonably estimable.

SLFRS 10 - Consolidated Financial Statements

SLFRS 10 replaces the portion of LKAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in Standard Interpretation Committee (SIC), SIC-12 Consolidation Special Purpose Entities. SLFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by SLFRS 10 will require management to exercise significant judgment to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in LKAS 27. This standard was initially effective for annual periods beginning on or after 1 January 2013. Subsequently ICASL has decided to defer the application of this standard.

Pending the full study of this standard, the financial impact is not yet known and reasonably estimable.

SLFRS 11 - Joint Arrangements

SLFRS 11 replaces LKAS 31 Interests in joint ventures and SIC-13 Jointly-controlled Entities, Non-Mandatory Contributions by Ventures. SLFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. This Standard was initially effective for annual periods beginning on or after 1 January 2013, and is to be applied retrospectively for joint arrangements held at the date of initial application. However a notice of deferment of the application this standard has been issued by ICASL.

Pending the full study of this standard, the financial impact is not yet known and reasonably estimable.

SLFRS 12 - Disclosure of Interests in Other Entities

SLFRS 12 includes all of the disclosures that were previously in LKAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in LKAS 31 and LKAS 28. These disclosures relate to an entity's interest in subsidiaries, joint arrangements, associates and structured entities. The number of new disclosures is also required, but such disclosures have no impact on the Group's financial position or performance. This standard was initially effective for annual periods beginning on or after 1 January 2013 but subsequently ICASL has decided to defer the application of this standard.

Pending the full study of this standard, the financial impact is not yet known and reasonably estimable.

SLFRS 13 - Fair Value Measurement

SLFRS 13 establishes a single source of guidance under SLFRS for all fair value measurements. SLFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under SLFRS when fair value is required or permitted. This standard was initially effective for annual periods beginning on or after 1 January 2013 but subsequently ICASL has decided to defer the application of this standard.

Pending the full study of this standard, the financial impact is not yet known and reasonably estimable.

Notes to the Financial Statements Contd.

3. FIRST-TIME ADOPTION OF SLFRS

As stated in Note 2.1.4 (Statement of compliance) of Accounting policies, the financial statements for the year ended 31 March 2013, are the first, the Company and the Group have prepared in accordance with SLFRS.

Accordingly, the Group has prepared financial statements which comply with SLFRS applicable for periods ending on or after 31 March 2012, together with the comparative period data as at and for the year ended 31 March 2011, as described in the accounting policies. In preparing these financial statements, the Group's opening statement of financial position was prepared as at 1 April 2011, the Group's date of transition to SLFRS. This note explains the principal adjustments made by the Group in restating its statement of financial position as at 1 April 2011 prepared in accordance with SLASs effective up to 31 March 2011 and its previously published SLAS financial statements as at and for the year ended 31 March 2012.

Exemptions Applied

SLFRS 1 First- time adoption of Sri Lanka Accounting Standards allows first time adopters certain exemptions from the retrospective application of certain SLFRS.

The company and the Group applied following exemptions; SLFRS 2 Share-based Payment has not been applied to equity instruments in share-based payment transactions that were granted on or before January 1, 2011, and the issues after that date but vesting conditions were satisfied before January 1, 2012.

The Group has applied the transitional provision in IFRIC 4 Determining Whether an Arrangement Contains a Lease and has assessed all arrangements based upon the conditions in place as at the date of transition.

The following requirements of LKAS 27 are applied prospectively from the date of transition to SLFRS (provided that SLFRS 3 is not applied retrospectively to past business combinations):

- To attribute total comprehensive income to non-controlling interests irrespective of whether this results in a deficit balance
- To treat changes in a parents ownership interest as equity transactions
- To apply LKAS 27 to loss of control of a subsidiary

The Group has designated unquoted equity instruments held at 1 April 2011 as available-for-sale investments

Estimates

The estimates at 1 April 2011 and at 31 March 2011 are consistent with those made for the same dates in accordance with SLASs effective up to 31 March 2011 (after adjustments to reflect any differences in accounting policies)

The estimates used by the Group to present these amounts in accordance with SLFRS reflect conditions at 1 April 2011, the date of transition to SLFRS and as of 31 March 2012.

Notes to the Financial Statements Contd.

3. FIRST-TIME ADOPTION OF SLFRS (Contd.)

3.1 Group Reconciliation of Equity as at 1 April 2011 (Date of Transition to SLFRS)

	Notes	SLAS Rs.	Reclassifications Rs.	Remeasurements Rs.	SLFRS as at 1 April 2011 Rs.
ASSETS					
Non-Current Assets					
Property, Plant & Equipment	A	642,525,045	-	(15,841,285)	626,683,760
Other Project Investments		80,064,258	-	-	80,064,258
Goodwill		6,687,411	-	-	6,687,411
		729,276,714	-	(15,841,285)	713,435,429
Current Assets					
Inventories		864,780	-	-	864,780
Trade and Other Receivables	B	127,515,938	-	(55,102,612)	72,413,326
Other Financial Assets		80,123,993	-	-	80,123,993
Cash and Bank Balances		214,572,556	-	-	214,572,556
		423,077,267	-	(55,102,612)	367,974,655
Total Assets		1,152,353,981	-	(70,943,897)	1,081,410,084
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital		673,887,932	-	-	673,887,932
Treasury Shares	C	-	-	(51,716,020)	(51,716,020)
Retained Earnings	A,B	262,169,984	-	(19,027,710)	243,142,274
Equity attributable to Equity Holders of the Parent		936,057,916	-	(70,743,730)	865,314,186
Non Controlling Interest		-		-	-
Total Equity		936,057,916	-	(70,743,730)	865,314,186
Non-Current Liabilities					
Interest Bearing Loans and Borrowings		178,495,545	-	-	178,495,545
Defined Benefit Liability		5,644,208	-	-	5,644,208
		184,139,753	-	-	184,139,753
Current Liabilities					
Trade and Other Payables		22,008,860	(1,394,544)	(200,167)	20,414,149
Interest Bearing Loans and Borrowings		10,147,452	-	-	10,147,452
Income Tax Liabilities		-	1,394,544	-	1,394,544
		32,156,312	-	(200,167)	31,956,145
Total Equity and Liabilities		1,152,353,981	-	(70,943,897)	1,081,410,084

Notes to the Financial Statements Contd.

Notes to the reconciliation of statement of financial position as at 1 April 2011

A Property, Plant and Equipments

The Group had reassessed the economic useful life of the plant and machinery from 60 years to 40 years at the date of transition as a result of that additional depreciation has been recognised. Changes have been applied retrospectively in accordance with SLFRS 01 resulting in the restatement of prior year financial information. This amount has been recognised against retained earnings.

B Trade and Other Receivables

The fair value of the long outstanding receivables had not been recognised under the previous standards. However at the transition to SLFRS, the Group had re-assessed the fair value of the long outstanding receivables. Further the fair value of the interest free loan granted to ESOS (Employee Share Option Scheme) trust had been recognised at the transition date and these amount has been recognised against retained earnings.

C Treasury Shares

The Group had consolidated the ESOS trust at the transition date in accordance with SIC 12 (Special Purpose Entities) and owned equity instruments that are re-acquired are recognised at cost and deducted from equity.

D Statement of cash flows

The transition from Local GAAP to SLFRS has not had a material impact on the statement of cashflows.

E Taxation of Adoption of SLFRS/LKAS

The effect of SLFRS/LKAS adjustments on Income Tax, Deferred Tax are adjusted on judgment.

3.2 Group Reconciliation of Equity as at 31 March 2012

	Notes	SLAS Rs.	Reclassifications Rs.	Remeasurements Rs.	SLFRS as at 31 March 2012 Rs.
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	A	686,006,326	-	(13,061,790)	672,944,536
Other Project Investments		171,057,307	-	-	171,057,307
Investments	B	87,835,837	(87,835,837)	-	-
Deferred Tax Asset	F	-	-	694,369	694,369
Goodwill		6,687,411	-	-	6,687,411
		951,586,881	(87,835,837)	(12,367,421)	851,383,623
Current Assets					
Inventories		864,780	-	-	864,780
Trade and Other Receivables	C	142,537,676	-	(52,710,153)	89,827,523
Investments		106,058,389	(106,058,389)	-	-
Other Financial Assets	D	-	193,894,226	(43,594,720)	150,299,506
Cash and Bank Balances		8,796,273	-	-	8,796,273
		258,257,118	87,835,837	(96,304,873)	249,788,082
Total Assets		1,209,843,999	-	(108,672,294)	1,101,171,705

Notes to the Financial Statements Contd.

	Notes	SLAS Rs.	Reclassifications Rs.	Remeasurements Rs.	SLFRS as at 31 March 2012 Rs.
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital		673,887,932	-	-	673,887,932
Treasury Shares	E	-	-	(47,996,365)	(47,996,365)
Retained Earnings	A,B,C,D	242,205,245	1,382,615	(53,651,830)	189,936,030
Equity attributable to Equity Holders of the Parent		916,093,177	1,382,615	(101,648,195)	815,827,597
Non Controlling Interest		-	(1,382,615)	-	(1,382,615)
Total Equity		916,093,177	-	(101,648,195)	814,444,982
Non-Current Liabilities					
Interest-bearing Loans and Borrowings		199,115,239	-	(3,069,676)	196,045,563
Defined Benefit Liability		8,643,188	-	-	8,643,188
Deferred Taxation	F	3,894,335	-	(3,894,335)	-
		211,652,762	-	(6,964,011)	204,688,751
Current Liabilities					
Other Payables		35,812,510	(658,440)	(60,088)	35,093,982
Interest-bearing Loans and Borrowings		46,285,550	-	-	46,285,550
Income Tax Liabilities		-	658,440	-	658,440
		82,098,060	-	(60,088)	82,037,972
Total Equity and Liabilities		1,209,843,999	-	(108,672,294)	1,101,171,705

Notes to the reconciliation of statement of financial position as at 31 March 2012

A Property, Plant and Equipment

The Group had reassessed the economic useful life of the plant and machinery at the date of transition as a result of that additional depreciation has been recognised. This amount has been recognised against retained earnings.

B Investments

Under the previous SLAS, the Group had recognised investment in Alufab PLC under the long-term investments. At the transition to SLFRS, the Group designates this investment as Fair Value through Profit or Loss investment and classifies under current assets.

C Trade and Other Receivables

The fair value of the long outstanding receivables had not been recognised under the previous standards. However at the transition to SLFRS, the Group had re-assessed the fair value of the long outstanding receivables. Further the fair value of the interest free loan granted to ESOS (Employee Share Option Scheme) trust had been recognised at the transition date and these amount has been recognised against retained earnings.

Notes to the Financial Statements Contd.

D Other Financial Assets

The Group reclassified long-term investment as Financial Asset at Fair Value through Profit or Loss and classified under Other Financial Assets. Further the Group reclassified the current investments as Other Financial Assets. Such Financial Asset at Fair Value through Profit or Loss were measured at the fair value as at 31 March 2012 and the Group recognised aforesaid loss.

E Treasury Shares

The Group had consolidated the ESOS trust at the transition date in accordance with SIC 12 (Special Purpose Entities) and owned equity instruments that are re-acquired are recognised at cost and deducted from equity.

F Deferred Taxation

Upon the reassessment of the economic useful lives of property, plant and equipment, deferred tax asset/ liabilities were remeasured and impact has been recognised in the retained earnings.

G Statement of Cash Flows

The transition from Local GAAP to SLFRS has not had a material impact on the statement of cash flows.

H Taxation of Adoption of SLFRS/LKAS

The effect of SLFRS/LKAS adjustments on Income Tax, Deferred Tax are adjusted on judgment

3.3 Group Reconciliation of Total Comprehensive Income for the year ended 31 March 2012

	Notes	SLAS Rs.	Reclassifications Rs.	Remeasurements Rs.	SLFRS as at 31 March 2012 Rs.
Revenue		252,354,653	-	-	252,354,653
Cost of Sales	A	(56,816,801)	-	5,253,178	(51,563,623)
Gross Profit		195,537,852	-	5,253,178	200,791,030
Other Income and Gains	D	(59,880)	(8,475,864)	(43,604,653)	(52,140,397)
Profit from Disposal of Interest in Subsidiary		8,341,778	-	(1,959,178)	6,382,600
Administrative Expenses	C	(114,725,044)	1,356,183	(2,483,618)	(115,852,479)
Finance Cost		(24,198,536)	-	-	(24,198,536)
Finance Income		-	8,475,864	1,622,268	10,098,132
Profit Before Tax		64,896,170	1,356,183	(41,172,002)	25,080,351
Income Tax Expense	F	(5,765,535)	-	4,208,973	(1,556,562)
Profit for the Year		59,130,635	1,356,183	(36,963,030)	23,523,789
Other Comprehensive Income					
Net Actuarial Gain on Defined Benefit Plan		-	(1,356,183)	-	(1,356,183)
Income Tax on Other Comprehensive Income	F	-	-	379,731	379,731
Other Comprehensive Income for the Year, Net of Tax		-	(1,356,183)	379,731	(976,452)
Total Comprehensive Income for the Year, Net of Tax		59,130,635	-	(36,583,298)	22,547,337

Notes to the Financial Statements Contd.

FIRST-TIME ADOPTION OF SLFRS (Contd.)

Company

3.4 Reconciliation of Equity as at 1 April 2011 (Date of Transition to SLFRS)

ASSETS **Non-Current Assets**	**Notes**	**SLAS** **Rs.**	**Reclassifications** **Rs.**	**Remeasurements** **Rs.**	**SLFRS as at 1 April 2011** **Rs.**
Property, Plant & Equipment	A	550,419,667	-	(15,551,831)	534,867,836
Investments	B	80,587,412	(80,587,412)	-	-
Investments in Subsidiaries and Joint Ventures	B	-	80,587,412	-	80,587,412
Other Project Investments		80,064,258	-	-	80,064,258
		711,071,337	-	(15,551,831)	695,519,506
Current Assets					
Trade and Other Receivables	C	145,229,685	-	(31,664,290)	113,565,395
Other Financial Assets		80,123,993	-	-	80,123,993
Cash and Bank Balances		211,743,150	-	-	211,743,150
		437,096,828	-	(31,664,290)	405,432,538
Total Assets		1,148,168,165	-	(47,216,121)	1,100,952,044
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital		673,887,932	-	-	673,887,932
Retained Earnings	A,C	288,033,744	-	(47,416,288)	240,617,456
Equity attributable to Equity Holders of the Parent		961,921,676	-	(47,416,288)	914,505,388
Non-Current Liabilities					
Interest-Bearing Loans and Borrowings		161,034,728	-	-	161,034,728
Defined Benefit Liability		4,667,523	-	-	4,667,523
		165,702,251	-	-	165,702,251
Current Liabilities					
Trade and Other Payables		16,260,896	(1,060,434)	200,167	15,400,629
Interest-Bearing Loans and Borrowings		4,283,342	-	-	4,283,342
Income Tax Liability		-	1,060,434	-	1,060,434
		20,544,238	-	200,167	20,744,405
Total Equity and Liabilities		1,148,168,165	-	(47,216,121)	1,100,952,044

Notes to the Financial Statements Contd.

FIRST-TIME ADOPTION OF SLFRS (Contd.)

Notes to the reconciliation of statement of financial position as at 1 April 2011

A Property, Plant and Equipments

The Company had reassessed the economic useful life of the plant and machinery at the date of transition as a result of that additional depreciation has been recognised. This amount has been recognised against retained earnings.

B Investments

Further Investments in Subsidiaries and Joint Ventures were reclassified separately.

C Trade and Other Receivables

The fair value of the inter-company receivables had not been recognised under the previous standards. However at the transition to SLFRS, the Company had re-assessed the fair value of the inter-company receivables. Further the fair value of the interest free loan granted to ESOS (Employee Share Option Scheme) trust had been recognised at the transition date and these amount has been recognised against retained earnings.

D Statement of Cash Flows

The transition from Local GAAP to SLFRS has not had a material impact on the statement of cash flows.

E Taxation of Adoption of SLFRS/LKAS

The effect of SLFRS/LKAS adjustments on Income Tax, Deferred Tax, Value Added Tax on Financial Services are adjusted on judgment.

Company

3.5 Reconciliation of Equity as at 31 March 2012

ASSETS	Notes	SLAS Rs.	Reclassifications Rs.	Remeasurements Rs.	SLFRS as at 31 March 2012 Rs.
Non-Current Assets					
Property, Plant & Equipment	A	549,505,212	-	(12,477,031)	537,028,181
Other Project Investments		171,057,307	-	-	171,057,307
Investments	B	170,244,014	(170,244,014)	-	-
Investments in Subsidiaries and Joint Ventures	B	-	82,408,177	-	82,408,177
Deferred Tax Asset	E	-	-	694,369	694,369
		890,806,533	(87,835,837)	(11,782,662)	791,188,034
Current Assets					
Trade and Other Receivables	C	169,079,545	-	(23,981,795)	145,097,750
Investments		106,058,389	(106,058,389)	-	-
Other Financial Assets	D	-	193,894,226	(43,594,721)	150,299,505
Cash and Bank Balances		4,894,088	-	-	4,894,088
		280,032,022	87,835,837	(67,576,516)	300,291,343
Total Assets		1,170,838,555	-	(79,359,178)	1,091,479,377

Notes to the Financial Statements Contd.

3.5 Reconciliation of Equity as at 31 March 2012 (Contd.)

ASSETS	Notes	SLAS Rs.	Reclassifications Rs.	Remeasurements Rs.	SLFRS as at 31 March 2012 Rs.
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital		673,887,932	-	-	673,887,932
Retained Earnings	A,G,C,D	263,919,556	-	(75,728,908)	188,190,648
Equity attributable to Equity Holders of the Parent		937,807,488	-	(75,728,908)	862,078,580
Non-Current Liabilities					
Interest-Bearing Loans and Borrowings		169,501,708	-	-	169,501,708
Defined Benefit Liability		6,547,585	-	-	6,547,585
		176,049,293	-	-	176,049,293
Current Liabilities					
Trade and Other Payables		12,197,702	(479,388)	264,065	11,982,379
Interest-bearing Loans and Borrowings		40,889,737	-	-	40,889,737
Deferred Tax Liability	E	3,894,335	-	(3,894,335)	-
Income Tax Liabilities		-	479,388	-	479,388
		56,981,774	-	(3,630,270)	53,351,504
Total Equity and Liabilities		1,170,838,555	-	(79,359,178)	1,091,479,377

Notes to the reconciliation of statement of financial position as at 31 March 2012

A Property, Plant and Equipments

The Company had reassessed the economic useful life of the plant and mechinary at the date of transition as a result of that additional depreciation has been recognised. This amount has been recognised against retained earnings.

B Investments

Under the previous SLAS, the Company had recognised investment in shares of Alufab PLC under long-term investments. At the transition to SLFRS, the Company designates this investment as Fair Value through Profit or Loss investment and classifies under current assets. Further Investments in Subsidiaries and Joint Ventures were reclassified seperately.

C Trade and Other Receivables

The fair value of the inter-company receivables had not been recognised under the previous standards. However at the trasition to SLFRS, the Company had re-assessed the fair value of the inter-company receivables. Further the fair value of the interest free loan granted to ESOS (Employee Share Option Scheme) trust had been recognised at the trabsition date and these amount has been recognised against retained earnings.

Notes to the Financial Statements Contd.

3. FIRST-TIME ADOPTION OF SLFRS (Contd.)

Company

Notes to the reconciliation of statement of financial position as at 31 March 2012 (Contd.)

D Other Current Financial Assets

The Company reclassified long-term investment as Financial Asset at Fair Value through Profit or Loss and classified under Other Financial Assets. Further the Company reclassified the current investments as Other Financial Assets. Such Financial Asset at Fair Value through Profit or Loss were measured at the fair value as at 31 March 2012 and the Company recognised aforesaid loss.

E Deferred Taxation

Upon the reassessment of the economic useful lives of property, plant and equipment, deferred tax asset/ liabilities were remeasured and impact has been recognised in the retained earnings.

F Statement of Cash Flows

The transition from Local GAAP to SLFRS has not had a material impact on the statement of cash flows.

G Taxation of Adoption of SLFRS/LKAS

The effect of SLFRS/LKAS adjustments on Income Tax, Deferred Tax are adjusted on judgment.

3.6 Company Reconciliation of Total Comprehensive Income for the year ended 31 March 2012

	Notes	SLAS Rs.	Reclassifications Rs.	Remeasurements Rs.	SLFRS as at 31 March 2012 Rs.
Revenue		193,065,474	-	-	193,065,474
Cost of Sales	A	(38,615,082)	-	3,281,278	(35,333,804)
Gross Profit		154,450,392	-	3,281,278	157,731,670
Other Income and Gains/ (Losses)	C	9,343,153	(8,495,734)	(43,584,783)	(42,737,364)
Administrative Expenses	B	(85,300,264)	945,761	(216,414)	(84,570,917)
Finance Cost		(21,328,942)	-	-	(21,328,942)
Finance Income		-	8,495,734	7,618,595	16,114,329
Profit Before Tax		57,164,339	945,761	(32,901,324)	25,208,776
Income Tax Expense	E	(5,524,947)	-	4,323,891	(1,201,056)
Profit for the Year		51,639,392	945,761	(28,577,433)	24,007,720
Other Comprehensive Income					
Net Actuarial Gain on Defined Benefit Plan		-	(945,761)	-	(945,761)
Income Tax on Other Comprehensive Income	E	-	-	264,813	264,813
Other Comprehensive Income for the Year, Net of Tax		-	(945,761)	264,813	(680,948)
Total Comprehensive Income for the Year, Net of Tax		51,639,392	-	(28,312,620)	23,326,772

Notes to the Financial Statements Contd.

4. PROPERTY, PLANT & EQUIPMENT

4.1 Group

4.1.1 Gross Carrying Amounts

	Balance as at 01.04.2012 Rs.	Additions/ Acquisitions Rs.	Transfers/ Disposals Rs.	Balance as at 31.03.2013 Rs.
Freehold Land	31,687,925	11,789,912	-	43,477,837
Office Furniture and Fittings	5,495,572	722,701	-	6,218,273
Office Equipment	9,302,724	234,905	-	9,537,629
Computers and Computer Equipment	10,436,629	892,394	-	11,329,023
Plant and Machinery	709,224,573	267,674,361	(4,012,028)	972,886,906
Motor Vehicles	13,117,509	489,035	(480,000)	13,126,544
	779,264,932	281,803,308	(4,492,028)	1,056,576,212
On Finance Lease				
Motor Vehicles	35,035,975	854,495	-	35,890,470
	35,035,975	854,495	-	35,890,470
Total Value of Depreciable Assets	814,300,907	282,657,803	(4,492,028)	1,092,466,682

4.1.2 In the Course of Construction

	Balance as at 01.04.2012 Rs.	Incurred during the Year Rs.	Reclassified/ Transferred Rs.	Balance as at 31.03.2013 Rs.
Power Plant Work-in-Progress	15,625,016	172,915,658		188,540,674
	15,625,016	172,915,658	-	188,540,674
Total Gross Carrying Value	829,925,923	455,573,461	(4,492,028)	1,281,007,356

Notes to the Financial Statements Contd.

4.1.3 Depreciation

	Balance As at 01.04.2012 Rs.	Charge for the year Rs.	Transfers/ Disposals Rs.	Balance as at 31.03.2013 Rs.
At Cost				
Office Furniture and Fittings	1,925,550	921,212	-	2,846,762
Office Equipment	2,184,209	1,391,017	(28,000)	3,547,226
Computers and Computer Equipment	8,023,831	1,753,069	-	9,776,900
Plant and Machinery	124,445,734	18,788,480	(2,148,323)	141,085,892
Motor Vehicles	5,965,236	2,615,104	(440,686)	8,139,654
	142,544,560	25,468,882	(2,617,009)	165,396,434
On Finance Lease				
Motor Vehicles	14,436,828	6,311,137	-	20,747,965
	14,436,828	6,311,137	-	20,747,965
Total Depreciation	156,981,388	31,780,019	(2,617,009)	186,144,399

4.1.4 Net Book Values

	2013 Rs.	2012 Rs.
At Cost		
Freehold Land	43,477,837	31,687,925
Office Furniture and Fittings	3,371,511	3,570,022
Office Equipment	5,990,404	7,118,515
Computers and Computer Equipment	1,552,123	2,412,798
Plant and Machinery	831,801,014	584,778,839
Motor Vehicles	4,986,890	7,152,273
	891,179,779	636,720,372
On Finance Lease		
Motor Vehicles	15,142,506	20,599,147
	15,142,506	20,599,147
In the Course of Construction		
Power Plant Work-in-Progress	188,540,674	15,625,016
	188,540,674	15,625,016
Total Carrying Amount of Property, Plant & Equipment	1,094,862,958	672,944,535

Notes to the Financial Statements Contd.

4.1.5 During the financial year, the Group acquired Property, Plant and Equipment to the aggregate value of Rs.282,657,803/- (2012 - Rs.59,772,201/-) of which Rs.854,495/- (2012 -Rs.10,663,044/-) was acquired by means finance lease and Ijara.Cash payments amounting to Rs. 281,803,308/- (2012 - Rs.49,109,157/-) were made during the year for purchase of Property, Plant and Equipment.

4.1.6 Property, plant and equipment includes fully depreciated assets having a gross carrying amount of Rs. 4,870,785/- (2012 - Rs.4,113,594/-).

4.2 Company

4.2.1 Gross Carrying Amounts

At Cost	Balance as at 01.04.2012 Rs.	Additions/ Acquisitions Rs.	Transfers/ Disposals Rs.	Balance as at 31.03.2013 Rs.
Freehold Land	27,839,175	-	-	27,839,175
Office Furniture and Fittings	4,650,916	659,701	-	5,310,617
Office Equipment	8,326,510	206,118	-	8,532,628
Computers and Computer Equipment	7,386,910	452,350	-	7,839,260
Plant and Machinery	593,831,405	2,515,370	(927,245)	595,419,530
Motor Vehicles	12,035,770	166,365	-	12,202,135
	654,070,686	3,999,904	(927,245)	657,143,345
On Finance Lease				
Motor Vehicles	25,654,475	749,275	-	26,403,750
	25,654,475	749,275	-	26,403,750
Total Gross Carrying Value	679,725,161	4,749,179	(927,245)	683,547,095

4.2.2 Depreciation

At Cost	Balance as at 01.04.2012 Rs.	Charge for the year Rs.	Transfers/ Disposals Rs.	Balance as at 31.03.2013 Rs.
Office Furniture and Fittings	1,717,676	730,621	-	2,448,297
Office Equipment	1,972,115	1,206,974	(28,000)	3,151,089
Computers and Computer Equipment	6,391,075	1,208,952	-	7,600,027
Plant and Machinery	114,818,976	11,156,371	(25,112)	125,950,235
Motor Vehicles	5,180,908	2,309,800	(39,612)	7,451,096
	130,080,750	16,612,718	(92,724)	146,600,744
On Finance Lease				
Motor Vehicles	12,616,230	4,546,717	-	17,162,947
	12,616,230	4,546,717	-	17,162,947
Total Depreciation	142,696,980	21,159,435	(92,724)	163,763,691

Notes to the Financial Statements Contd.

4.2.3 Net Book Values

At Cost	2013 Rs.	2012 Rs.
Freehold Land	27,839,175	27,839,175
Office Furniture and Fittings	2,862,320	2,933,240
Office Equipment	5,381,539	6,354,395
Computers and Computer Equipments	239,233	995,835
Plant and Machinery	469,469,295	479,012,429
Motor Vehicles	4,751,039	6,854,862
	510,542,601	523,989,936
On Finance Lease		
Motor Vehicles	9,240,803	13,038,245
	9,240,803	13,038,245
Total Carrying Amount of Property, Plant & Equipment	519,783,404	537,028,181

4.2.4 During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs.4,749,179/- (2012 - Rs.24,265,198/-) of which Rs.749,275/- (2012 -6,061,544) was acquired by means finance lease and Ijara. Cash payments amounting to Rs.3,999,904/- (2012 - Rs. 18,203,654/-) were made during the year for purchase of Property, Plant and Equipment.

4.2.5 Property, Plant and Equipment includes fully depreciated assets having a gross carrying amount of Rs 4,538,785/- (2012 - Rs.4,113,594/-).

5. INVESTMENTS

Group and Company

5.1 Investments in Subsidiaries and Joint Ventures

Non Quoted	Relationship	Holding Percentage	2013 Cost Rs.	2012 Cost Rs.
Vidul Engineering Limited	Subsidiary	80%	20,000,080	20,000,000
Walagamba Balashakthi (Private) Limited	Subsidiary	100%	47,625,000	-
Gurugoda Hydro (Private) Limited	Joint Venture	50%	55,412,412	55,412,412
Co Energi (Private) Limited	Joint Venture	50%	1,875,000	175,000
Udaka Energy Group (Private) Limited	Joint Venture	50%	5,000,000	5,000,000
Vidul Madugeta (Private) Limited	Joint Venture	50%	76,820,766	1,820,765
Lower Kotmale Oya Hydro Power (Private) Limited	Joint Venture	50%	38,190,092	-
			244,923,350	82,408,177

Notes to the Financial Statements Contd.

5.2 Other Financial Assets

5.2.1 Financial Assets at Fair Value through Profit or Loss

Investment in Quoted Shares	**Number of Shares 2013**	**2012**	**Carrying Value Rs. 2013**	**Market Value Rs. 2013**	**Carrying Value Rs. 2012**	**Market Value Rs. 2012**
Vallibel Power Erathna PLC	350,000	604,600	1,960,000	1,960,000	6,449,727	4,941,309
Bairaha Farms PLC	12,800	30,400	1,916,159	1,916,159	10,782,718	3,952,000
Touchwood Investment PLC	3,750	30,000	21,375	21,375	868,624	465,000
Malwatte Valley Plantations PLC	-	84,400	-	-	891,264	371,355
Expolanka Holding PLC	115,513	1,735,600	785,488	785,488	22,657,436	10,760,721
Textured Jersey PLC	340,000	2,440,000	3,366,000	3,366,000	37,283,000	17,568,000
Alufab PLC	777,715	1,750,000	13,998,871	13,998,871	87,835,837	44,241,120
			22,047,893	22,047,893	166,768,606	82,299,505

5.2.2 Financial Assets - Available for Sale

	2013 Rs.	2012 Rs.
Non Quoted		
Investment in Shares - ADL Capital Limited	3,000,000	3,000,000
	3,000,000	3,000,000
Financial Assets - Loan & Receivable		
Investment - Mudarabaha Deposits	40,000,000	65,000,000
	40,000,000	65,000,000
Other Financial Assets	65,047,893	150,299,505

6. OTHER PROJECT INVESTMENTS

Summary	**Group 2013 Rs.**	**Group 2012 Rs.**	**Company 2013 Rs.**	**Company 2012 Rs.**
Balance as at the beginning of the Year	171,057,307	80,064,258	171,057,307	80,064,258
Projects Costs incurred during the Year	26,845,072	117,342,434	26,845,072	117,342,434
Less: Projects Disposed / Transfers	(102,060,647)	(24,699,235)	(102,060,647)	(24,699,235)
Impairment / Written off	(1,258,018)	(1,650,150)	(1,258,018)	(1,650,150)
Balance as at the end of the Year	94,583,714	171,057,307	94,583,714	171,057,307

Notes to the Financial Statements Contd.

7. TRADE AND OTHER RECEIVABLES

		Group		Company	
		2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.
Trade Receivables		72,606,983	29,916,745	30,319,731	6,687,119
Other Receivables		266,814	7,749,577	2,258,091	777,552
Advances and Prepayment		45,540,901	48,849,540	22,085,870	23,647,852
Employee Share Option Scheme		-	-	38,298,507	35,905,973
Amounts Due from Related Parties (7.1)		55,895,816	3,173,011	243,427,477	77,940,604
Facilities given to Company Officers (7.2)		311,735	138,650	311,735	138,650
Income Tax Receivables		162,545	-	162,545	-
		174,784,793	89,827,523	336,863,956	145,097,750
7.1 Amounts Due from Related Parties	**Relationship**				
Vidul Engineering Limited	Subsidiary	-	-	26,108,209	41,012,891
Walagamba Balashakthi (Private) Limited	Subsidiary	-	-	107,155,354	-
Co-Energi (Private) Limited	Joint Venture	1,305,053	-	2,610,105	2,253,399
Udaka Energy Group (Private) Limited	Joint Venture	13,384,999	-	26,769,998	16,977,771
Vidul Madugeta (Private) Limited	Joint Venture	7,617,416	-	15,234,832	14,523,532
Lower Kotmale Oya Hydro Power (Private)Limited	Joint Venture	31,960,630	-	63,921,260	-
Ambewela Wind Power (Private) Limited	Affiliate	1,627,718	3,173,011	1,627,718	3,173,011
		55,895,816	3,173,011	243,427,477	77,940,604
7.2 Loans to Company Officers					
Summary					
Balance as at the beginning of the Year		138,650	154,500	138,650	154,500
Loans Granted During the Year		572,500	207,500	572,500	207,500
Less: Repayments		(353,348)	(223,350)	(353,348)	(223,350)
Effective Interest Rate Adjustment		(46,067)	-	(46,067)	-
Balance as at the end of the Year		311,735	138,650	311,735	138,650

Notes to the Financial Statements Contd.

7. TRADE AND OTHER RECEIVABLES (Contd.)

7.3 Employee Share Option Scheme (ESOS)

ESOS Position	2013	2012
Number of Shares as at 1 April	17,812,860	18,036,560
Number of Shares vested and claimed by the Employees	(105,112)	(223,700)
Number of remaining Shares as at 31 March	17,707,748	17,812,860

Employees Share Option Scheme (ESOS) of Vidullanka PLC was established as per the ESOS Trust Deed and 5% of issued share capital of the Company was transferred to ESOS. The entitlement is based on a formula based on the completed years in employment, basic salary and it was approved by the remuneration committee.
The issue price was based on the volume weighted average market price prevailed during the month of January 2010 rounded to the nearest twenty five cents.

8. STATED CAPITAL

	Group		Company	
	2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.
8.1 Fully paid Ordinary Shares				
Balance as at 1 April	673,887,932	673,887,932	673,887,932	673,887,932
Right Issue of Ordinary Shares	155,370,576	-	155,370,576	-
Balance as at 31 March	829,258,508	673,887,932	829,258,508	673,887,932
8.2 Movement in Number of Ordinary Shares				
Balance as at 1 April	432,877,600	432,877,600	432,877,600	432,877,600
Right Issue of Ordinary Shares	44,391,593	-	44,391,593	-
Balance as at 31 March	477,269,193	432,877,600	477,269,193	432,877,600

The shares of the Company are listed at Colombo Stock Exchange.

The Company issued 44,391,593 of ordinary shares by way of a rights issue of one for every eight shares held as at 09th August 2012 at a price of Rs 3.50/= per share.
The total amount raised from the issue was Rs 155,370,576/-.

Notes to the Financial Statements Contd.

9. TREASURY SHARES

	2013 Rs.	2012 Rs.
As at 1 April	47,996,365	51,716,020
Value of Shares Purchased by the Employees	(1,377,643)	(3,719,655)
As at 31 March	46,618,722	47,996,365

Shares purchased by each employee in each respective year have been settled using the treasury shares of the Group. The reduction in the treasury share equity component is equal to the cost incurred to acquire the shares, on a weighted average basis.

10. IJARA (FINANCE LEASES), MURABAHA (TRADE FINANCE) AND MUSHARAKAH (TERM LOANS) FACILITIES

10.1 Group

	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	2013 Total Rs.	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	2012 Total Rs.
Ijara Facilities/ Finance Leases (10.1.1)	6,530,328	4,999,107	11,529,435	5,708,155	13,664,325	19,372,481
Murabaha Facilities (10.1.2)	13,024,627	26,866,682	39,891,309	11,568,784	34,983,329	46,552,113
Diminishing Musharakah (10.1.3)	36,998,076	262,344,215	299,342,291	29,008,611	147,397,908	176,406,519
	56,553,031	294,210,005	350,763,036	46,285,550	196,045,562	242,331,112

10.1.1 Ijara Facilities (Finance Leases)

	As at 01.04.2012 Rs.	Facilities Obtained Rs.	Repayments Rs.	As at 31.03.2013 Rs.
Muslim Commercial Bank	14,783,930	-	5,798,143	8,985,786
Lank Orix Finance Company PLC	4,588,550	-	2,044,901	2,543,649
	19,372,480	-	7,843,044	11,529,435
Gross Liability	23,860,811			12,975,266
Finance Charges allocated to future periods	(4,488,330)			(1,445,831)
Net Liability	19,372,481			11,529,435

Notes to the Financial Statements Contd.

10. IJARA (FINANCE LEASES), MURABAHA (TRADE FINANCE) AND MUSHARAKAH (TERM LOANS) FACILITIES (Contd.)

10.1 Group

10.1.2 Murabaha Facilities

From Related Parties	Relationship	As at 01.04.2012 Rs.	Facilities Obtained Rs.	Repayments Rs.	As at 31.03.2013 Rs.
Amana Bank Limited	Affiliate Company	46,552,115	3,929,570	10,590,376	39,891,309
		46,552,115	3,929,570	10,590,376	39,891,309
Gross Liability		58,938,692			46,251,382
Finance Charges allocated to future periods		(12,386,577)			(6,360,073)
Net Liability		46,552,115			39,891,309

10.1.3 Diminishing Mushrakah Facilities

	Relationship	As at 01.04.2012 Rs.	Facilities Obtained Rs.	Repayments Rs.	As at 31.03.2013 Rs.
a) From Related Parties					
Amana Bank Limited	Affiliate Company	150,000,000	51,922,732	25,000,000	176,922,732
		150,000,000	51,922,732	25,000,000	176,922,732
b) From Others					
Pan Asia Banking Corporation PLC		26,406,519	25,346,757	4,247,786	47,505,490
Hatton National Bank PLC		-	74,914,070	-	74,914,070
		26,406,519	100,260,827	4,247,786	122,419,560
		176,406,519	152,183,558	29,247,786	299,342,291
Gross Liability		179,256,539			308,502,666
Finance Charges allocated to future periods		(2,850,020)			(9,160,375)
Net Liability		176,406,519			299,342,291

Notes to the Financial Statements Contd.

10. IJARA (FINANCE LEASES), MURABAHA (TRADE FINANCE) AND MUSHARAKAH (TERM LOANS) FACILITIES (Contd.)

10.2 Company

	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	2013 Total Rs.	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	2012 Total Rs.
Ijara Facilities/ Finance Leases (10.2.1)	4,592,681	3,511,200	8,103,881	4,320,953	9,518,377	13,839,330
Murabaha Facilities (10.2.2)	13,024,627	22,980,923	36,005,550	11,568,784	34,983,331	46,552,115
Diminishing Musharakah Facilities (10.2.3)	25,000,000	100,000,000	125,000,000	25,000,000	125,000,000	150,000,000
	42,617,308	126,492,123	169,109,431	40,889,737	169,501,708	210,391,445

10.2.1 Ijara Facilities (Finance Leases)

	As at 01.04.2012 Rs.	Facilities Obtained Rs.	Repayments Rs.	As at 31.03.2013 Rs.
Muslim Commercial Bank	11,587,040	-	4,864,373	6,722,667
Lanka Orix Finance Company PLC	2,252,290	-	871,076	1,381,214
	13,839,330	-	5,735,449	8,103,881
Gross Liability	16,759,276			9,082,730
Finance Charges allocated to future periods	(2,919,946)			(978,849)
Net Liability	13,839,330			8,103,881

10.2.2 Murabaha Facilities

From Related Parties	Relationship	As at 01.04.2012 Rs.	Facilities Obtained Rs.	Repayments Rs.	As at 31.03.2013 Rs.
Amana Bank Limited	Affiliate Company	46,552,115	-	10,546,565	36,005,550
		46,552,115	-	10,546,565	36,005,550
Gross Liability		58,938,692			42,365,623
Finance Charges allocated to future periods		(12,386,577)			(6,360,073)
Net Liability		46,552,115			36,005,550

Notes to the Financial Statements Contd.

10. IJARA (FINANCE LEASES), MURABAHA (TRADE FINANCE) AND MUSHARAKAH (TERM LOANS) FACILITIES (Contd.)

10.2 Company

10.2.3 Diminishing Mushrakah Facilities

From Related Parties	Relationship	As at 01.04.2012 Rs.	Facilities Obtained Rs.	Repayments Rs.	As at 31.03.2013 Rs.
Amana Bank Limited	Affiliate Company	150,000,000	-	25,000,000	125,000,000
		150,000,000	-	25,000,000	125,000,000
Gross Liability		216,156,250			171,067,708
Finance Charges allocated to future periods		(66,156,250)			(46,067,708)
Net Liability		150,000,000			125,000,000

11. INCOME TAX

The major components of income tax expense for the year ended 31 March 2013 are as follows:

	Group		Company	
	2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.
Current Income Tax				
Current Tax Expense on Ordinary Activities for the year	6,144,405	1,871,200	2,491,029	1,630,612
Over provision of current taxes in respect of prior years	(351,411)	-	(353,023)	-
	5,792,994	1,871,200	2,138,006	1,630,612
Deferred Income Tax				
Deferred Taxation Charge/(Reversal) (11.2)	3,373,318	(314,638)	3,388,264	(429,556)
	3,373,318	(314,638)	3,388,264	(429,556)
Income Tax expense reported in the Income statement	9,166,312	1,556,562	5,526,270	1,201,056
Deferred tax related to items charged or credited directly to Other Comprehensive Income during the year:				
Deferred Tax on Actuarial Gains and Losses	48,100	(379,731)	33,154	(264,813)
Deferred Taxation Charge/(Reversal) (11.2)	48,100	(379,731)	33,154	(264,813)
Total Income Tax Expense	9,214,412	1,176,831	5,559,424	936,243

Notes to the Financial Statements Contd.

11.1 A Reconciliation between Tax Expense and the Accounting Profits Multiplied by Statutory Tax Rate is as follows;

	Group		Company	
	2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.
Accounting profit before income tax	118,724,533	25,080,350	101,017,574	25,208,776
At the statutory income tax rate of 28% (2012 : 10%)	33,242,869	2,508,035	28,284,921	2,520,878
Tax effect of Disallowable Expenses	11,424,708	10,893,916	7,927,319	10,597,862
Aggregate Allowable Items	(19,231,722)	(6,606,410)	(13,791,754)	(7,336,970)
Tax Effect of Income Exempt from Tax	(19,291,451)	(4,924,341)	(19,929,457)	(4,151,158)
At the effective income tax rate of 28% (2012 : 10 %)	6,144,405	1,871,200	2,491,029	1,630,612
(Over)/ Under Provision of Income Tax in respect of Prior Years	(351,411)	-	(353,023)	-
Deferred Taxation Charge/(Reversal)	3,421,418	(694,369)	3,421,418	(694,369)
	9,214,412	1,176,831	5,559,424	936,243
Effective Tax Rate (%)	8%	5%	6%	4%

11.2 **Deferred Tax Assets , Liabilities and Income Tax relates to the followings**

Group/Company	Balance Sheet		Income Statement	
	2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.
Deferred Tax Liability				
Capital allowances for tax purposes	10,519,201	5,853,216	4,665,986	5,853,216
	10,519,201	5,853,216	4,665,986	5,853,216
Deferred Tax Assets				
Defined Benefit Plans	(7,792,153)	(6,547,585)	(1,244,568)	(6,547,585)
	(7,792,153)	(6,547,585)		
Deferred Tax (Reversal) / Charge			3,421,418	(694,369)
Net Deferred Tax Liability/(Asset)	2,727,048	(694,369)		

Notes to the Financial Statements Contd.

12. TRADE AND OTHER PAYABLES

	Group		Company	
	2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.
Sundry Creditors Including Accrued Expenses	101,561,646	35,093,982	10,823,393	11,842,297
Financial Guarantee	-	-	1,907,430	140,082
	101,561,646	35,093,982	12,730,823	11,982,379

13. DEFINED BENEFIT LIABILITY

	Group		Company	
	2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.
Balance as at the beginning of the year	8,643,187	5,644,209	6,547,585	4,667,523
Expenses on Defined Benefit Plan (13.1)	2,251,588	2,998,979	1,502,653	1,880,062
Payment during the year	(645,005)	-	(123,255)	-
Inter-Company Transfers during the Year	-	-	(134,830)	-
Balance as at the end of the year	10,249,770	8,643,188	7,792,152	6,547,585
13.1 Expenses on Defined Benefit Plan				
Current Service Cost	1,676,475	809,527	965,120	274,681
Interest Cost on Defined Benefit Liability	1,018,959	833,269	813,819	659,619
Net Actuarial (Gain)/ Loss recognised during the year	(443,846)	1,356,183	(276,285)	945,762
	2,251,588	2,998,979	1,502,654	1,880,062
13.2 Principal Assumptions				
Discount Rate	13%	12%	13%	12%
Salary Increment	10%	11%	10%	11%
Retirement Age	55 Years	55 Years	55 Years	55 Years
Staff Turnover	5%	7%	5%	7%

Notes to the Financial Statements Contd.

14. REVENUE

	Group		Company	
	2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.
Power Generation	245,463,847	212,302,982	208,023,156	193,065,474
Construction and Project Management	99,782,676	38,503,109	-	-
Energy Efficiency	3,920,819	1,548,563	-	-
	349,167,342	252,354,653	208,023,156	193,065,474

15. PROFIT BEFORE TAX

	Group		Company	
	2013	2012	2013	2012
Stated after Charging	Rs.	Rs.	Rs.	Rs.
Included in Cost of Sales				
Depreciation	18,788,479	15,896,728	15,755,490	11,405,075
Included in Administrative Expenses				
Depreciation	12,991,539	12,998,971	5,403,945	10,699,778
Staff Costs (Include the following costs)	51,147,339	48,438,766	36,531,937	33,736,254
Defined Benefit Plan Costs - Gratuity	2,818,259	2,905,369	1,755,789	1,842,899
Defined Contribution Plan Costs - EPF and ETF	6,302,594	5,827,577	4,527,313	4,052,296
Audit Fee	837,990	677,280	335,160	297,920
Impairment/Written off of Other Projects Investments	1,258,018	1,650,150	1,258,018	1,650,150

16. FINANCE COST

	Group		Company	
	2013 Rs.	2012 Rs.	2013	2012
Lease Markup on Ijara / Murabaha/ Musharakah Facilities	31,373,713	24,198,536	24,108,922	21,328,942
	31,373,713	24,198,536	24,108,922	21,328,942

Notes to the Financial Statements Contd.

17. FINANCE INCOME

	Group		Company	
	2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.
Profit from Mudarabah Savings	639,709	8,495,734	639,709	1,215,953
Profit from Murabaha Deposits	7,408,869	-	7,408,869	7,279,781
Staff Loan Interest	11,222	-	11,221	-
Finance Income - Inter Company Loans	-	-	8,313,087	7,618,595
Other Finance Income	981,194	1,602,398	-	-
	9,040,994	10,098,132	16,372,888	16,114,329

18. OTHER INCOME AND GAINS/(LOSSES)

	Group		Company	
	2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.
Capital Gain on Sale of Shares	4,344,783	29,429,235	4,344,783	29,429,235
Dividend Received	224,262	792,032	9,433,287	10,293,407
Profit on Disposal of Property, Plant & Equipment	559,502	98,342	-	-
Capital Gain on Quoted Share Disposal	4,993,215	1,788,935	4,993,215	1,788,935
Fall in Value of Investments in Quoted Shares	(342,968)	(84,469,098)	(342,968)	(84,469,098)
Administration Fee	2,000,000	-	2,000,000	-
CDM Consultancy Fee	1,000,000	-	1,000,000	-
Management Fee	66,612	(19,191)	66,612	(19,191)
Scrap Sales	-	239,348	-	239,348
	12,845,406	(52,140,397)	21,494,929	(42,737,364)

Notes to the Financial Statements Contd.

19. EARNINGS PER SHARE

Basic Earnings 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.

	Group	
Amounts Used as Numerator	**2013**	**2012**
Net Profit Attributable to Ordinary Shareholders for Basic Earnings per Share (Rs.)	106,830,758	23,523,788
Number of Ordinary Shares Used as Denominator		
Weighted Average Number of Ordinary Shares in Issue	465,351,662	444,063,859

Weighted Average Number of Ordinary Shares in Issue

Number of shares held as at 31 March 2012 was 432,877,600. However, it was restated as required by LKAS 33 - Earning per Share, as 444,063,859 in the comparative column as a result of the right issue of 44,391,593 ordinary shares on 9 August 2012.

20. DIVIDEND PAID AND PROPOSED

	2013 Rs.	2012 Rs.
Declared and paid during the year		
Dividends on ordinary shares:		
Interim Dividend for 2012/13 : Rs.0.05/- per share (2011/2012 : Rs.0.175/- per share)	23,863,460	75,753,580
	23,863,460	75,753,580

The Board of Directors of the Company has recommended the payment of final dividend of Rs.0.05/- per share which will be declared at the forthcoming Annual general Meeting to be held on 31st July 2013 upon shareholder approval. In accordance with the provisions of LKAS 11 on Events Occurring After Balance Sheet Date, this proposed final dividend has not been recognised as a liability as at the year end.

21. CASH AND CASH EQUIVALENTS

	Group		Company	
Components of Cash and Cash Equivalents	**2013 Rs.**	**2012 Rs.**	**2013 Rs.**	**2012 Rs.**
Favourable Cash & Cash Equivalents Balance				
Cash and Bank Balances	39,890,252	8,796,273	20,477,270	4,894,088
Total Cash and Cash Equivalents For the Purpose of Cash Flow Statement	39,890,252	8,796,273	20,477,270	4,894,088

Notes to the Financial Statements Contd.

22. SEGMENT INFORMATION

	Power Generation		Energy Efficiency		Construction and Project Management		Group	
	2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.
Segmental Revenue	245,463,847	212,302,989	3,920,819	1,548,563	99,782,676	38,503,101	349,167,342	252,354,653
Segmental Results	201,475,045	171,304,256	2,499,968	740,927	54,301,019	28,745,848	258,276,032	200,791,030
Finance Cost	(30,092,655)	(23,507,025)	-	-	(1,281,058)	(691,511)	(31,373,713)	(24,198,536)
Finance Income	7,899,032	8,495,733	-	-	1,141,962	1,602,399	9,040,994	10,098,132
Profit/(Loss) before Tax	107,427,032	27,466,518	(2,447,076)	(991,965)	13,744,577	(1,394,204)	118,724,533	25,080,350
Income Tax Expense	(5,512,937)	(1,402,468)	-	-	(3,653,375)	(154,094)	(9,166,312)	(1,556,562)
Profit / (Loss) for the Year	101,914,095	26,064,050	(2,447,076)	(991,965)	10,091,202	(1,548,298)	109,558,221	23,523,788

	Power Generation		Energy Efficiency		Construction and Project Management		Group	
	2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.
Non-Current Assets	1,235,044,697	833,716,441	348,239	334,414	10,555,699	17,332,767	1,245,948,635	851,383,622
Current Assets	241,308,198	216,666,143	1,451,726	279,026	37,667,418	32,842,912	280,427,341	249,788,081
Total Assets	1,476,352,895	1,050,382,584	1,799,965	613,440	48,223,117	50,175,679	1,526,375,976	1,101,171,703
Non-Current Liabilities	303,603,377	199,054,773	-	-	3,583,447	5,633,977	307,186,824	204,688,750
Current Liabilities	141,887,778	72,815,592	2,195,092	439,843	17,865,585	8,782,537	161,948,455	82,037,972
Total Liabilities	445,491,155	271,870,365	2,195,092	439,843	21,449,032	14,416,514	469,135,279	286,726,722

Notes to the Financial Statements Contd.

23. FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS

23.1 Group

ASSETS	2013 At Amortised Cost Rs.	2013 Available for Sale Rs.	2013 Fair Value through Profit or Loss Rs.	2013 Others Rs.	2013 Total Rs.	2012 At Amortised Cost Rs.	2012 Available for Sale Rs.	2012 Fair Value through Profit or Loss Rs.	2012 Others Rs.	2012 Total Rs.
Financial Assets										
Trade and Other Receivables	167,149,030	-	-	-	167,149,030	83,683,338	-	-	-	83,683,338
Other Current Financial Assets	40,000,000	3,000,000	22,047,893	-	65,047,893	65,000,000	3,000,000	82,299,505	-	150,299,505
Income Tax Receivable	162,545	-	-	-	162,545	-	-	-	-	-
Cash and Bank Balances	39,890,252	-	-	-	39,890,252	8,796,273	-	-	-	8,796,273
	247,201,827	3,000,000	22,047,893	-	272,249,720	157,479,611	3,000,000	82,299,505	-	242,779,116
Non-Financial Assets										
Property, Plant and Equipment	-	-	-	1,094,862,958	1,094,862,958	-	-	-	672,944,535	672,944,535
Other Project Investments	-	-	-	94,583,714	94,583,714	-	-	-	171,057,307	171,057,307
Goodwill	-	-	-	56,501,963	56,501,963	-	-	-	6,687,411	6,687,411
Inventories	-	-	-	704,404	704,404	-	-	-	864,780	864,780
Trade and Other Receivables	-	-	-	7,473,218	7,473,218	-	-	-	6,144,186	6,144,186
Deferred Taxation	-	-	-	-	-	-	-	-	694,369	694,369
	-	-	-	1,254,126,257	1,254,126,257	-	-	-	858,392,588	858,392,588
Total Assets	247,201,827	3,000,000	22,047,893	1,254,126,257	1,526,375,977	157,479,611	3,000,000	82,299,505	858,392,588	1,101,171,704
Financial Liabilities										
Trade and Other Payables	101,561,646	-	-	-	101,561,646	35,093,982	-	-	-	35,093,982
Current Portion of Interest-bearing loans and borrowings	56,553,031	-	-	-	56,553,031	46,285,550	-	-	-	46,285,550
Non-Current Portion of Interest-bearing loans and borrowings	294,210,005	-	-	-	294,210,005	196,045,562	-	-	-	196,045,562
	452,324,682	-	-	-	452,324,682	277,425,094	-	-	-	277,425,094
Non-Financial Liabilities										
Defined Benefit Liability	-	-	-	10,249,770	10,249,770	-	-	-	8,643,188	8,643,188
Deferred Taxation	-	-	-	2,727,049	2,727,049	-	-	-	-	-
Income Tax Liabilities	-	-	-	3,833,779	3,833,779	-	-	-	658,440	658,440
	-	-	-	16,810,598	16,810,598	-	-	-	9,301,628	9,301,628
Total Liabilities	452,324,682	-	-	16,810,598	469,135,280	277,425,094	-	-	9,301,628	286,726,722

Notes to the Financial Statements Contd.

23.2 Company

	2013					2012				
ASSETS	At Amortised Cost Rs.	Available for Sale Rs.	Fair Value through Profit or Loss Rs.	Others Rs.	Total Rs.	At Amortised Cost Rs.	Available for Sale Rs.	Fair Value through Profit or Loss Rs.	Others Rs.	Total Rs.
Financial Assets										
Trade and Other Receivables	329,228,193	-	-	-	329,228,193	138,953,563	-	-	-	138,953,563
Other Current Financial Assets	40,000,000	3,000,000	22,047,893	-	65,047,893	65,000,000	3,000,000	82,299,505	-	150,299,505
Income Tax Receivable	162,545	-	-	-	162,545	-	-	-	-	-
Cash and Bank Balances	20,477,270	-	-	-	20,477,270	4,894,088	-	-	-	4,894,088
	389,868,008	3,000,000	22,047,893	-	414,915,901	208,847,651	3,000,000	82,299,505	-	294,147,156
Non-Financial Assets										
Property, Plant and Equipment	-	-	-	519,783,404	519,783,404	-	-	-	537,028,181	537,028,181
Investments in Subsidiaries & Joint Ventures	-	-	-	244,923,350	244,923,350	-	-	-	82,408,177	82,408,177
Other Project Investments	-	-	-	94,583,714	94,583,714	-	-	-	171,057,307	171,057,307
Trade and Other Receivables	-	-	-	7,473,218	7,473,218	-	-	-	6,144,187	6,144,187
Deferred Taxation	-	-	-	-	-	-	-	-	694,369	694,369
	-	-	-	866,763,686	866,763,686	-	-	-	797,332,221	797,332,221
Total Assets	389,868,008	3,000,000	22,047,893	866,763,686	1,281,679,587	208,847,651	3,000,000	82,299,505	797,332,221	1,091,479,377
Financial Liabilities										
Trade and Other Payables	12,256,037	-	-	-	12,256,037	11,533,962	-	-	-	11,533,962
Current Portion of Interest-bearing loans and borrowings	42,617,308	-	-	-	42,617,308	40,889,737	-	-	-	40,889,737
Non-Current Portion of Interest-bearing loans and borrowings	126,492,123	-	-	-	126,492,123	169,501,708	-	-	-	169,501,708
	181,365,468	-	-	-	181,365,468	221,925,407	-	-	-	221,925,407
Non-Financial Liabilities										
Defined Benefit Liability	-	-	-	7,792,152	7,792,152	-	-	-	6,547,585	6,547,585
Deferred Taxation	-	-	-	2,727,049	2,727,049	-	-	-	-	-
Trade and Other Payables	-	-	-	474,786	474,786	-	-	-	448,417	448,417
Income Tax Liabilities	-	-	-	-	-	-	-	-	479,388	479,388
	-	-	-	10,993,987	10,993,987	-	-	-	7,475,390	7,475,390
Total Liabilities	181,365,468	-	-	10,993,987	192,359,455	221,925,407	-	-	7,475,390	229,400,797

Notes to the Financial Statements Contd.

24. COMMITMENTS & CONTINGENCIES

24.1 Group

24.1.1 Capital Expenditure Commitments

During the year the Group entered into several capital commitment contracts, mainly for the purpose of constructing the power plants, the total value of such contracts contracted but not provided for amounts to Rs.348 Mn.

24.1.2 Letter of Credit

	2013 Rs.	2012 Rs.
Hatton National Bank PLC	3,588,158	-
Muslim Commercial Bank Limited	1,432,492	-
	5,020,650	-

24.2 Company

24.2.1 Corporate Guarantees

During the year, the Company guaranteed financial accommodation for Walagamba Balashakthi (Private) Limited which is a related party to a limit of Rs.75,000,000/- of which as at 31 March 2013 Rs.74,914,070/- had been borrowed under such financial accommodation.

During the year, the Company guaranteed financial accommodation for Lower Kotmale Oya Hydro Power (Private) Limited which is a related party to a limit of Rs.540,000,000/- of which as at 31 March 2013 Rs.35,891,214/- had been borrowed under such financial accommodation.

During the year, the Company guaranteed 50% of the financial accommodation of Rs.280,000,000/- for Vidul Madugeta (Private) Limited of which as at 31 March 2013 Rs.79,557,499/- had been borrowed under such financial accommodation.

Further, during the year 2011/2012, the Company guaranteed 50% of the financial accommodation of Rs.87,500,000/- for Udaka Energy (Private) Limited of which as at 31 March 2013 Rs.78,063,693/- (2012 - 27,736,161/-) had been borrowed under such financial accommodation.

24.2.2 Letter of Credit

	2013 Rs.	2012 Rs.
Muslim Commercial Bank Limited	1,432,491	-
	1,432,491	-

Notes to the Financial Statements Contd.

25. ASSETS PLEDGED

The following assets have been pledged as security for liabilities.

25.1 Company

Nature of Assets	Nature of Liability	Carrying Amount Pledged 2013 Rs.	2012 Rs.	Included under Assets
Leased Assets	Charge over Leased Assets on Finance Lease Liabilities	8,103,881	13,839,330	Property, Plant & Equipment
Assets on Finance Lease and Working Capital	Extended Murabaha (Trade finance) & Diminishing Musharaka (Term Loan)	162,999,540	196,552,115	Property, Plant & Equipment
Total Carrying Value of Assets Pledged		171,103,421	210,391,445	

25.2 Group

Nature of Assets	Nature of Liability	2013 Rs.	2012 Rs.	Included under Assets
Leased Assets (Ijarah Facilities)	Charge over Leased Assets on Finance Lease Liabilities	11,529,435	19,372,481	Property, Plant & Equipment
Assets on Finance Lease and Working Capital	Ijara facilities,Murabaha Facilities & Diminishing Musharakah	341,227,590	226,028,309	Property, Plant & Equipment
Total Carrying Value of Assets Pledged		352,757,025	245,400,790	

26. LITIGATIONS

Following Court actions have been initiated against the Company.

a) D.C. Balangoda Forest Case No. 1752/L

b) D.C. Ratnapura Case No. 21991/L

c) D.C. Ratnapura Case No. 22020/L

Since the outcome of these matters is inherently uncertain, the management believes that none of these outstanding matters is material, either individually or in aggregate.

Notes to the Financial Statements Contd.

27. RELATED PARTY DISCLOSURE

27.1 Details of significant Related Party Disclosure are as follows:

Company	Relationship	Nature of Transactions	2013 Rs.	2012 Rs.
Vidul Engineering Limited (VEL)	Subsidiary	Expenses incurred by Vidullanka PLC (VLL)	39,747,077	35,136,503
		Expenses incurred by VEL	(19,581,177)	(30,929,326)
		Funds Transfers to VEL	4,015,000	3,765,000
		Funds Transfers From VEL	(34,150,000)	(6,664,872)
Walagamba Balashakthi (Private) Ltd (WMB)	Subsidiary	Expenses incurred by VLL	96,415,355	-
		Funds Transfers to WMB	10,740,000	-
Gurugoda Hydro (Private) Limited (GHPL)	Joint Venture	Expenses incurred by VLL	2,700,615	2,498,534
		Settlements From GHPL	(2,182,610)	(2,269,237)
Co-Energi (Private) Limited (CEPL)	Joint Venture	Expenses incurred by VLL	2,933,674	3,053,405
		Settlements From CEPL	(417,926)	(1,628,434)
		Issue of Shares	(1,700,000)	-
Udaka Energy Group (Private) Limited (UEGL)	Joint Venture	Fund transfers from VLL	11,249,188	16,977,771
		Payment Made by UEGL	(1,856,962)	
		Issue of Shares		(5,000,000)
Vidul Madugeta (Private) Limited (VMPL)	Joint Venture	Expenses incurred by VLL	82,079,900	14,523,532
		Issue of Shares	(75,000,000)	-
Lower Kotmale Oya Hydro Power (Private) Ltd (LKM)	Joint Venture	Expenses incurred by VLL	59,062,000	-
		Funds Transfers to LKM	4,859,260	-
Diamond Cutter Sales (Private) Limited (DCL)	Affiliate	Expenses incurred by DCL on behalf of VLL	(42,750)	(82,172)
		Settlements From VLL	37,537	115,130

27.2 Transactions with Key Management Personnel of the Company

Key Management Personnel (KMPs) are defined as those persons having authority and responsibility for planning , directing and controlling the activities of the Group. Such key management personnel of the Group are the members of its Board of Directors, that of its parent, and Chief Executive Officer, Independent Transactions with Key Management Personnel and transactions with the Close Family Members(CFMs) of the KMPs , if any, also been have taken into consideration in the following disclosure.

Notes to the Financial Statements Contd.

Key Management Personnel Compensation	**2013 Rs.**	**2012 Rs.**
Short-Term Employee Benefits	8,904,500	7,854,000
Other transactions-Dividend Payment	1,624,644	689,367
	10,529,144	8,543,367

The Expenses borne by the company on behalf of key management personnel is as follows;

	2013 Rs.	2012 Rs.
Utility Allowance	1,440,000	1,254,000
Apartment Rent	3,696,000	3,156,000
	5,136,000	4,410,000

28. DETERMINATION OF FAIR VALUE AND FAIR VALUE HIERARCHY

For all financial instruments where fair values are determined by referring to externally quoted prices or observable pricing inputs to models, independent price determination or validation is obtained. In an inactive market, direct observation of a traded price may not be possible. In these circumstances, the Company uses alternative market information to validate the financial instrument's fair value, with greater weight given to information that is considered to be more relevant and reliable.

Fair values are determined according to the following hierarchy:

Level 1 : Quoted market price (unadjusted) financial instruments with quoted price in active markets.

Level 2 : Valuation technique using observable inputs : financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments are valued using models where all significant inputs are observable.

Level 3 : Valuation technique with significant unobservable inputs : financial instruments are valued using valuation techniques where one or significant inputs are observable.

The following tables shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy.

As at 31 March 2013	**Group**				**Company**			
	Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets								
Other Financial Assets	22,424,143	-	3,000,000	25,424,143	22,424,143	-	3,000,000	25,424,143
	22,424,143	-	3,000,000	25,424,143	22,424,143	-	3,000,000	25,424,143

Notes to the Financial Statements Contd.

As at 31 March 2012	Group				Company			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial Assets								
Other Financial Assets	82,299,505	-	3,000,000	85,299,505	82,299,505	-	3,000,000	85,299,505
	82,299,505	-	3,000,000	85,299,505	82,299,505	-	3,000,000	85,299,505

29. EVENTS OCCURING AFTER THE REPORTING DATE

There have been no material events occurring after the Reporting date that require adjustment to or disclosure in the Financial Statements other than the foregoing. The Board of Directors of the Company has recommended the payment of final dividend of Rs.0.05/- per share which will be declared at the forthcoming Annual general Meeting to be held on 31st July 2013 upon approval of shareholders.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise of loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's investments, operations and to provide guarantees to support its operations. The Group has, trade and other receivables and cash and other short – term deposits that arrive directly from its operations. The Group also holds available –for – sale investments.

The Group's senior management oversees the management of these risks . The Group's senior management is supported by the Audit committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The Audit committee provides assurance to the Board of Directors that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with group policies and group risk appetite. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below:

30.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise of four types of risk: interest rate risk, currency risk, commodity price risk and other price risk , such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits with financial institutions and available-for-sale investments.

30.1.1 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

Interest Rate Sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings.

The Group's profit before tax is affected through the impact on floating rate borrowings as follows.

Years	Increase/ Decrease in Basis Points	Effect on Profit Before Tax
2013	100	+/- 2.99 Mn
2012	100	+/- 1.76 Mn

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

30.1.2 Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates is minimal as the Group does not have any foreign currency related operations. However, the Group procures fixed assets as part of the investment in the

Notes to the Financial Statements Contd.

renewable energy projects. The foreign currency related risks associated with the imports of plant & machinery are within the acceptable range of the Group's risk appetite and would be accommodated by the project contingency measures.

Foreign Currency Sensitivity
The import of Fixed Assets for renewable energy projects would not have a direct impact on the income statement. The increase/decrease of the asset value due to the foreign exchange movement would be capitalised and would be depreciated over the useful life time of the asset, thus the impact would be immaterial.

30.1.3 Commodity Price Risk

The Group is principally engaged in generating electricity using renewable energy sources i.e: Udaka Energy Group (Private) Limited from the flow of Hal Oya and Walagamba Balashakthi (Private) Limited from the flow of Koswathu Ganga. The project companies would pay pre-agreed unit prices for the use of the river flow to the respective government institutions, thus the impact of commodity prices would have immaterial impact on the earnings of the Group.

30.1.4 Equity Price Risk

The Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's Board of Directors on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

30.2 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions.

Trade receivables
Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. The Group is selling the electricity to the state monopoly transmission licensee Ceylon Electricity Board (CEB). The customer regardless of its financial position is a state entity and has maintained a credit record throughout the period. The Subsidiary Vidul Engineering Limited is involved in providing total turnkey key solutions to the developers of renewable energy projects. The Subsidiary evaluates the credit quality of the customer and enters written agreements before rendering the services.

Financial instruments and cash deposits
Credit risk from balances with banks and financial institutions is managed by the Group's Finance Department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the top management on a regular basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure.

30.3 Liquidity risk

The Group monitors its risk to a shortage of funds using continuous cash flow forecasts & cash budgeting. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, working capital loans, short term loans, finance leases and hire purchase contracts.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

As at 31st March 2013	Less than 3 Months	3 to 12 Months	1 – 3 Years	3 – 5 Years	>5 Years	Total
Interest –Bearing Loans and Borrowings	19,778,524	63,322,850	166,777,004	124,253,273	61,741,282	435,872,934
Trade and Other Payables	101,561,646	-	-	-	-	101,561,646
Total	121,340,170	63,322,850	166,777,004	124,253,273	61,741,282	537,434,580

Notes to the Financial Statements Contd.

30.4 Capital management

Capital includes equity attributable to the equity holders of the parent. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2012 and 31 March 2013.

The Group monitors capital using a gearing ratio, which is interest bearing loans and borrowing divided by total equity plus interest bearing loans and borrowing. The Group's policy is to keep the gearing ratio below 50%.

Group	**2013 Rs.**	**2012 Rs.**
Interest – Bearing Loans and Borrowings	350,763,036	242,331,112
Equity	1,055,877,845	815,827,597
Equity & Borrowings	1,406,640,881	1,058,158,709
Gearing Ratio	24.9%	22.9%

Notice of Meeting

NOTICE IS HEREBY GIVEN that the 17th Annual General Meeting of shareholders of the Company will be held on 31st July 2013 at Bougainvillea Ballroom, Galadari Hotel, Colombo 01 at 4.00 p.m. for the following purposes:

1. To consider and adopt the Audited Financial Statements for the year ended 31st March 2013 together with the Annual Report of the Directors thereon.
2. To re-elect Dr. A. A. M. Haroon as a Director of the Company, who retires by rotation.
3. To re-elect Mr. S. R. Mather as a Director of the Company, who retires by rotation.
4. To re-elect Dr. T. Senthilverl as a Director of the Company, who retires by rotation.
5. To re-elect Mr. C. F. Fuhrer as a Director of the Company, who retires by rotation.
6. To re-appoint the retiring auditors M/s Ernst & Young, Chartered Accountants for the ensuing year and authorise directors to determine their remuneration.
7. To declare a final dividend of Rs. 0.05 per share for the Financial Year 2012/2013.

By order of the Board
MANAGERS & SECRETARIES (PRIVATE) LIMITED

Secretaries
26 June 2013

Note:

1. A member is entitled to attend and vote at the meeting and is entitled to appoint a proxy to attend and vote instead of him/her.
2. A proxy need not be a member of the Company.
3. A form of proxy accompanies this notice.

Notes

Form of Proxy

I/We, the undersigned ....

of ....

being member/s of Vidullanka PLC, do hereby appoint...

of ....
as my / our Proxy to represent me/us, vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 31st July 2013 and at any adjournment thereof.

Ordinary Resolution	FOR	AGAINST
1. To, consider and adopt the Audited Financial Statements for the year ended 31st March 2013 together with the Annual Report of the Directors thereon.		
2. To re-elect Dr. A. A. M. Haroon as a Director of the Company, who retires by rotation.		
3. To re-elect Mr. S. R. Mather as a Director of the Company, who retires by rotation.		
4. To re-elect Dr. T. Senthilverl as a Director of the Company, who retires by rotation.		
5. To re-elect Mr. C. F. Fuhrer as a Director of the Company, who retires by rotation.		
6. To re-appoint the retiring auditors M/s Ernst & Young, Chartered Accountants for the ensuing year and authorise directors to determine their remuneration.		
7. To declare a final dividend of Rs. 0.05 per share for the Financial Year 2012/13.		

Signed this…………………day of……………………………..2013.

....
Signature

Instructions for completion of Proxy

1. Kindly perfect the Form of Proxy by filling in legibly your full name and address, signing in the space provided and filling in the date of signature.
2. In the case of a company/corporation, the proxy must be under its common seal, which should be affixed and attested in the manner prescribed by its Articles of Association.
3. The completed Form of Proxy should be deposited at the Registered Office of the Company at Vidullanka PLC, Level 04, Access Towers, No.278, Union Place, Colombo 2.

Corporate Information

Company Status & Capital

Legal Status

Public Limited Liability Company listed in the Colombo Stock Exchange on 10th June 2005.

Re - registration Date & Number

27th September 2007
PQ 83

Stated Capital

Rs. 829,258,508/-

Issued No. of Shares

477,269,132 Shares

Board of Directors

Mr. Osman Kassim (Chairman)
Mr. Riyaz M. Sangani (Managing Director)
Mr. Shahid M. Sangani
Mr. S. Ranjan Mather
Dr. A. A. M. Haroon
Mr. M. Zulficar Ghouse
Dr. T. Senthilverl
Mr. C.F. Fuhrer
Mrs. Roshini Sangani
Mr. Sidath Fernando
Mr. Sattar Kassim
Mr. Sujendra Mather (Alternative Director)

Company Secretary

Managers & Secretaries (Private) Limited

Registered Office

Level 04, 'Access Towers'
No. 278 Union Place, Colombo 2.
Tel : +94 (011) 4760000
Fax : +94 (011) 4760076
Email : info@vidullanka.com
Web : www.vidullanka.com

Auditors

M/s. Ernst & Young, Chartered Accountants

Bankers

Commercial Bank of Ceylon PLC
Amana Bank Limited
Hatton National Bank PLC
Muslim Commercial Bank Limited

Produced by Copyline (Pvt) Ltd Printed by Gunaratne Offset Ltd

Level 04
'Access Towers'
No. 278 Union Place
Colombo 2.