

Annual Report 2008

BUILDING ON RENEWABLE ENERGY SOURCES

HYDRO.DENDRO.WIND

VIDULLANKA PLC





Penstock Anchor Supports – Sheen Mini Hydro Power Project



BUILDING ON RENEWABLE ENERGY SOURCES

The world today faces an unprecedented energy crisis. As the cost of oil and gas spirals upwards, the search for cost effective and environment friendly energy sources has intensified across the globe.

A decade ago, the founders of Vidullanka had a vision of utilising Sri Lanka's multiple sources of renewable energy to deliver emission free power and contribute towards the nation's development. This vision became a reality and Vidullanka has been growing year on year.

Our main focus has always been the generation of electricity through small scale hydro-electricity plants. We have taken a step further with the launch of a new company - Vidul Construction, which specialises in the construction and maintenance of hydro-power projects.

Besides this new development, we are continuing with our research in the use of alternative sources of clean and renewable energy from Paddy Husk, Bio-Diesel and Wind Energy.

We remain confident that these new ventures together with our existing portfolio of power generation activities, will continue to offer long term opportunities to create value for our shareholders and stakeholders.

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About Us

Vidullanka PLC is a BOI approved company incorporated in 1997 to own and operate mini hydro power projects. Vidullanka PLC currently owns and operates 2 mini hydro power projects in the Ratnapura district. Both plants supply electricity to the national grid and have standard power purchase agreements of 15 years with the Ceylon Electricity Board.

Our first plant, the 'Bambarabatuoya mini hydro power project' has 3.2 megawatts capacity and is located in the Ratnapura district. The plant was grid connected in 2001.

Our second plant, the 'Batatota mini hydro power project' has 2 megawatts capacity and is located in the Ratnapura district. The plant was grid connected in 2007.

The Company is in the process of obtaining necessary approvals to construct and commission another 1.2 megawatts mini hydro project at 'Gurugoda Oya' in the Kegalle District.

We continuously research for potential hydropower projects and we constantly seek new business opportunities in renewable energy.



Turbines in operation – Batatota Plant



Synchronised Panel board – Batatota Plant

Vidul Construction Limited

Increasing demand for hydro power coupled with immense potential of Mini Hydro power projects in Sri Lanka prompted the incorporation of Vidul Construction Ltd in September 2007. Vidul Construction is a fully owned subsidiary engaged in the construction of mini hydro power plants, hydraulic structures and water supply works and has a highly competent team of engineers who are able to handle construction projects both locally and internationally.

Vidul Construction Limited's first contract was to construct and complete a water supply system for the Ceylon Electricity Board's 300 megawatts Upper Kotmale Hydropower project. The contract was awarded in October 2007 by 'Maeda Corporation', the main contractor for the project and the contract was successfully completed in December 2007, ahead of the turnkey contract time frame.

In February 2008, the Company was awarded another contract to construct the 'Sheen Mini Hydro Power project' located at Pundaluoya, a project owned by Elpitiya

Plantations PLC. The civil construction work of the project is scheduled to be completed in September 2008.

The Company will simultaneously be engaged in the construction work of Vidullanka PLC's proposed third Mini hydro power plant - a 1.2 megawatts project located in the Kegalle district and is scheduled to commence in September 2008.



Construction of Penstock Supports - *Sheen Mini Hydro Power Project*



Power House Work - *Sheen Mini Hydro Power Project*

Construction Works at Sheen Mini Hydro Power Project



A Section of the Head Race Channel – *Sheen Mini Hydro Power Project*



Construction work proceed at the Fore bay Tank – *Sheen Mini Hydro Power Project*

Notice of Meeting

NOTICE IS HEREBY GIVEN that the 12th Annual General Meeting of shareholders of the Company will be held on 10th September 2008 at 3.30pm at the Galadari Hotel, Colombo 01 for the following purposes:

1. To receive, consider and adopt the Audited Financial Statements for the year ended 31st March 2008 together with the Reports of the Auditors and Directors thereon.
2. To re-elect Mr. Hilal Rumesh Peiris as a Director of the Company, who retires by rotation.
3. To re-elect Mr. Shahid Mohamed Sangani as a Director of the Company, who retires by rotation.
4. Declaration of a Final Dividend of Fifty Cents per share for the Financial Year 2007/2008
5. To re-appoint the retiring auditors M/s. Ernst & Young, Chartered Accountants for the ensuing year and authorize directors to determine their remuneration.

By Order of the Board

MANAGERS & SECRETARIES (PRIVATE) LIMITED
Secretaries

30th July 2008

Note:

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

Chairman's Report

It is my pleasure to welcome you on behalf of the Board of Directors for the Twelfth Annual General Meeting of Vidullanka PLC and present to you the Annual Report and audited Financial Statements of the Company and its subsidiaries for the financial year ended 31st March 2008.

The results for the year under review were good. Group turnover for the financial year 2007/2008 increased by 49.2% to Rs. 194.9 million. The Group's pre-tax profits reflected a 82.7% increase to record Rs. 47.75 million. During the year under review, the Company divested its investment portfolio in its 'Solar Operation' as the reported profit was lower than expectations.

Besides our investments in the hydropower sector, we recently commenced a strategic diversification as a step forward, by specialising in the field of construction of mini hydro power plants, hydraulic structures and water works. This will help to increase the profitability of your company through additional revenues from this sector.

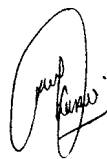
The Company continues its corporate responsibilities towards the society by providing the impetus for communities to empower themselves and attain better livelihoods and lifestyles. Some of the activities the company was involved in during the period under review were the construction of several access roads in the vicinity of the plant, and renovation of a school library in Kuruwita.

The company was also engaged in procuring Gliricidia plants for a village in the Colombo suburbs and helping the village to produce heat by burning the Gliricidia plants for cooking purposes.

While we expect the business environment to remain challenging in the year ahead, we have geared ourselves to face these challenges with proactive strategies. As such, we are planning to make more investments in the year ahead to broad base our energy generation portfolio. The Company has embarked on the preliminary work for its third plant of 1.2 megawatts at 'Gurugoda Oya' in the Kegalle District, with construction scheduled to commence in September 2008.

We will continue to explore opportunities in the fields of Hydro, Biomass, Dendro, Wind, Gas Thermal, Bio Diesel and Turnkey construction contracts, with the aim of earning satisfactory returns for our shareholders in the future. These projects would be undertaken through strategic partnerships.

I take this opportunity to extend my sincere thanks to my fellow Board Directors for their valued contribution and unstinted support, our staff and workforce for their efforts and commitment without which your company could not have achieved these results. I would also like to extend my thanks to our shareholders for their continued loyalty and support placed in the Company.



Osman Kassim
Chairman

30th July 2008

Corporate Social Responsibility

Vidullanka PLC has continued and will continue to support the society in which it operates through focused Corporate Social Responsibility (CSR) initiatives.

We believe strongly that our business should add value to improve the quality of life of society while protecting the environment in which we operate.

The Company's focus on improving infrastructure facilities in rural areas of Banagoda and Kuruwita was further enhanced during the period under review, with several projects. Some of the activities the company was involved in were construction of several roads, providing the villagers with greater accessibility to main towns and ease of transport. The Company was also involved in building the library for Sudagala Rahula Maha Vidyalaya in Kuruwita.

The company was also engaged in helping a village in the Colombo suburbs, to produce heat by burning Gliricidia plants for cooking purpose. Initially the company purchased the Gliricidia plants and thereafter assisted the villagers to grow these plants for themselves. The company also hired an agriculture consultant to overlook this Project.



Construction of Access Road - Banagoda



Construction of Sudagala Rahula Maha Vidyalaya Library - Banagoda

Corporate Governance & Risk Management

Vidullanka PLC and its subsidiaries are committed to achieving and maintaining the highest standards of Corporate Governance by ensuring business integrity, transparency, professionalism and ethical values, generating greater value for shareholders.

In line with the above, this report sets out the Corporate Governance standards, applications and practices of the Company during the financial year under review.

Board of Directors

The Board comprises of seven Directors, of which six are Non-executive Directors while the Executive Director serves the company as its Managing Director. Two Directors retire annually as required by the Articles of Association and are eligible for re-election. The Managing Director is not subject to rotation.

The Board meets every two months and, for the year under review, the Board met a total of 6 times.

The roles of the Chairman and Managing Director have a clear distinction of responsibilities between them, which ensures the balance of power and authority between the running of the Board and the executive responsibilities associated with the Company's day-to-day affairs.

In order to focus the attention of the Company on various critical aspects of its operations, the Board has formed various sub-committees dealing respectively in the areas of Audit, Remuneration and Investment and Strategy.

Audit Committee

The Audit Committee is chaired by the Non Executive -Independent Director Mr. Zulficar Ghose and also comprises one other Non -Executive director. The Managing Director and other Senior Managers attend the meeting by invitation. The Audit committee meets quarterly and for the year under review, the Committee has met 3 times for the year under review. The Committee among other functions reviews the operation and effectiveness of internal control systems, ensuring that a good financial reporting system is in place and is in compliance with the

regulations. It also manages and monitors the internal and external audit functions of the group.

Remuneration Committee

The Remuneration Committee comprises of one Non-Executive director, headed by the Chairman, with the Managing Director attending by invitation. The committee determines the remuneration of the senior management and also ensures that the remuneration of other employees is commensurate with industry standards. The Committee has met a total of 2 times for the year under review.

Investment & Strategy Committee

The Investment Committee comprises of two Non-Executive directors and is headed by the Chairman, which includes the Managing Director as well. The main responsibility of the committee is to manage its asset portfolio and to establish long term strategy and monitor the achievement of these set targets that will enhance creation of wealth to the shareholders. The Committee has met 3 times for the year under review.

Risk Management, Compliance and Control

During the year under review the Company formed a new Committee, which is headed by the Audit Committee Chairman, Managing Director, General Manager-Hydro Power Division and the Financial Controller to identify, assess, monitor and manage material risk associated with the group.

The Committee has reviewed and assessed the Company's potential business risk, operational risk and information risk and is in the process of implementing various systems to maintain and safeguard shareholders' investment, stakeholder funds and group assets. The Committee has met 3 times during the year under review.

Directors' Report

The Directors are pleased to submit their Report together with the Auditor's Report and Financial Statements for the year ended 31st March 2008, to be presented at the 12th Annual General Meeting of the Company.

Principal Activities of the Company

The Principal Activity of the Company is to produce electrical energy and transmit to feed the national grid.

Principal Activities of the Subsidiary

The Principal Activity of the Subsidiary Company is to engage in turnkey construction contracts for mini hydro power plants, hydraulic structures and water supply works

Directorate

The interest of the Directors in the shares of the Company as at 31st March 2008 were as follows:-

	31.03.2008	31.03.2007
Mr. Osman Kassim	-	-
Mr. Riyaz M Sangani	419,226	283,251
Mr Shahid M Sangani	6,293	5,721
Mr Ranjan Mather	-	-
Dr A.A.M Haroon	-	-
Mr Hilal Peiris	-	-
Mr Zulficar Ghouse	-	-

Results and Appropriations

Rs ` 000	Year ended 31.03.2008	Year ended 31.03.2007
Net Profit/(Loss) for the year	46,702	25,983
Add : Accumulated profit/(loss)	35,958	9,975
	82,660	35,958
Appropriations		
Dividends Paid (full & final)	-	-
Bonus Share issued during the year	(39,352)	-
Accumulated profit / (Loss) carried forward	43,308	35,958

Dividends

The board recommends a dividend of 50 cents per share for the year under review.

Auditors

The resolution to re-appoint the present Auditors, Ernst & Young, Chartered Accountants who have expressed their willingness to continue in office, will be proposed at the Annual General Meeting.

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, except that the Board of Directors have proposed a dividend of 50 cents per share at the board meeting which was held on 30th July 2008, which is more fully described in Note 22.

Shareholdings

As at 31st March 2008 there were 695 shareholders. The relevant shareholder and investor information is disclosed on pages 38 & 39.

By Order of the Board

MANAGERS & SECRETARIES (PRIVATE) LIMITED

Secretaries

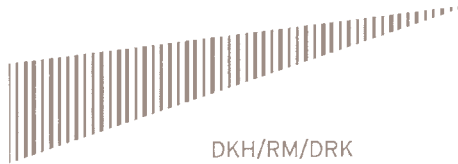
30th July 2008



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Auditor's Report



DKH/RM/DRK

Chartered Accountants

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

Tel : (0) 11 2463500
Fax Gen : (0) 11 2697369
Tax : (0) 11 5578180
eysl@lk.ey.com

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VIDULLANKA PLC

Report on the Financial Statements

We have audited the accompanying financial statements of Vidullanka PLC ("Company"), which comprise the balance sheets as at 31 March 2008, and the income statements, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for 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 relevant 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 & Basis of opinion

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 misstatements.

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 principles 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 2008 and the financial statements give a true and fair view of the Company's state of affairs as at 31 March 2008 and its profit and cash flows for the year ended in accordance with Sri Lanka Accounting Standards.

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs as at 31 March 2008 and the profit and cash flows for the year 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

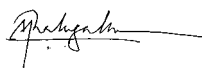
In our opinion, these financial statements also comply with the requirements of Sections 151 (2) and 153 (2) to 153 (7) of the Companies Act No. 07 of 2007.

Colombo
30th July, 2008.

Balance Sheet

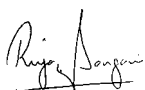
As at March 31, 2008		Group		Company	
		2008	2007	2008	2007
Note	Rs	Rs	Rs.	Rs.	
ASSETS					
Non-Current Assets					
Property, Plant & Equipment	3	576,156,901	554,721,537	574,282,872	551,761,387
Investment in Subsidiary		-	-	25,000,000	4,000,000
Deferred Tax Asset		-	445,936		
		<u>576,156,901</u>	<u>555,167,473</u>	<u>599,282,872</u>	<u>555,761,387</u>
Current Assets					
Inventories	4	5,386,346	19,216,650		
Trade and Other Receivables	5	50,899,942	46,600,625	56,607,365	23,041,671
Cash and Bank Balances	16	20,888,373	2,354,018	18,889,871	1,374,533
		<u>77,174,661</u>	<u>68,171,293</u>	<u>75,497,236</u>	<u>24,416,204</u>
Total Assets		<u>653,331,561</u>	<u>623,338,766</u>	<u>674,780,108</u>	<u>580,177,591</u>
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	6	397,477,570	358,125,070	397,477,570	358,125,070
Retained Earnings		43,307,728	35,957,668	70,004,163	39,391,595
Total Equity		<u>440,785,298</u>	<u>394,082,738</u>	<u>467,481,733</u>	<u>397,516,665</u>
Non-Current Liabilities					
Ijara (Finance Leases), Murabah & Musharakah Facilities	7	134,217,794	98,997,851	133,680,643	61,500,539
Defined Benefit Liability	8	1,704,575	1,117,910	1,593,075	950,160
		<u>135,922,369</u>	<u>100,115,761</u>	<u>135,273,718</u>	<u>62,450,699</u>
Current Liabilities					
Trade and Other Payables	9	15,142,119	36,833,233	11,281,658	22,217,959
Ijara (Finance Leases), Murabah, Mudarabah & Musharakah Facilities	7	61,481,775	92,307,034	60,742,999	97,992,268
		<u>76,623,894</u>	<u>129,140,267</u>	<u>72,024,657</u>	<u>120,210,227</u>
Total Equity and Liabilities		<u>653,331,561</u>	<u>623,338,766</u>	<u>674,780,108</u>	<u>580,177,591</u>

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



Sandun Thalagala
Finance Manager

The Board of Directors is responsible for the preparation and presentation of these financial statements. Signed for and on behalf of the Board by,



Riayz M. Sangani
Director



M. Zulficar Ghouse
Director

The accounting policies and notes on pages 16 to 20 form an integral part of the financial statements.

Income Statement

<i>Year ended 31 March 2008</i>		Group		Company	
		2008	2007	2008	2007
	Note	Rs	Rs	Rs	Rs.
Revenue	10	194,896,156	130,627,223	158,759,206	57,383,088
Cost of Sales		(62,926,036)	(61,747,321)	(27,525,300)	(12,960,387)
Gross Profit		<u>131,970,120</u>	<u>68,879,902</u>	<u>131,233,906</u>	<u>44,422,701</u>
Other Income	11	2,473,615	1,620,257	2,554,591	765,712
Administrative Expenses		(46,264,676)	(33,652,771)	(29,708,689)	(17,554,803)
Selling & Distribution Expenses		(1,157,285)	(6,836,486)	-	-
Finance Cost	13	(39,545,715)	(3,877,629)	(33,787,179)	(1,121,406)
Profit Before Tax	12	<u>47,476,058</u>	<u>26,133,273</u>	<u>70,292,629</u>	<u>26,512,204</u>
Income Tax Expense	14	(773,497)	(150,815)	(327,561)	(60,746)
Profit / (Loss) after Income Tax		<u>46,702,560</u>	<u>25,982,458</u>	<u>69,965,068</u>	<u>26,451,458</u>
Profit for the year		<u>46,702,560</u>	<u>25,982,458</u>	<u>69,965,068</u>	<u>26,451,458</u>
Earnings Per Share - Basic	16	1.29	0.72	-	-
Dividend per share		-	-	-	-

The accounting policies and notes on pages 16 to 20 form an integral part of the financial statements.

Colombo,
30th July 2008

Statement of Changes in Equity

Year ended 31 March 2008

Group

	Share Capital Rs.	Share Premium Rs.	Stated Capital Rs.	Accumulated Profit Rs.	Total Rs.
Balance as at 1 April 2006	298,125,090	374,980	-	9,975,210	308,475,280
Shares issued during the year - For Cash	29,812,500	29,812,500	-	-	59,625,000
Profit/ (Loss) for the period	-	-	-	25,982,458	25,982,458
Balance as at 31 March 2007	327,937,590	30,187,480	-	35,957,668	394,082,738
Profit/ (Loss) for the Year	(327,937,590)	(30,187,480)	358,125,070	46,702,560	46,702,560
Share issued during the year - For Non Cash	-	-	39,352,500	(39,352,500)	-
Balance as at March 31, 2008	-	-	397,477,570	43,307,728	440,785,298

Company

	Share Capital Rs.	Share Premium Rs.	Stated Capital Rs.	Accumulated Profit Rs.	Total Rs.
Balance as at 1 April 2006	298,125,090	374,980	-	12,940,137	311,440,207
Shares issued during the year - For Cash	29,812,500	29,812,500	-	-	59,625,000
Profit for the year	-	-	-	26,451,458	26,451,458
Balance as at 31 March 2007	327,937,590	30,187,480	-	39,391,595	397,516,665
Transferred to Stated Capital	(327,937,590)	(30,187,480)	358,125,070	-	-
Profit for the year	-	-	-	69,965,068	69,965,068
Share issued during the year - For Non Cash	-	-	39,352,500	(39,352,500)	-
Balance as at 31 March 2008	-	-	397,477,570	70,004,163	467,481,733

The accounting policies and notes are on pages 16 to 20 form an integral part of the financial statements.

Colombo,
30th July 2008

Cash Flow Statement

Year ended 31 March 2008		Group		Company	
		2008	2007	2008	2007
Note	Rs	Rs	Rs.	Rs.	
Cash Flows From / (Used in) Operating Activities					
	47,476,058	26,133,273	70,292,629	26,512,204	
Profit from Ordinary Activities Before Tax					
Adjustments for					
Depreciation	12 16,148,707	9,741,186	15,660,543	9,071,785	
Loss/(Profit) on Disposal of Property, Plant & Equipment	12 89,238	(303,522)	89,238	(303,522)	
Provision for Retiring Gratuity	12 833,165	625,051	721,665	457,301	
Retain Loss/(Profit) disposal of subsidiary	278,052	-	(387,365)	-	
Finance Costs	13 39,545,715	3,877,629	33,787,179	1,121,406	
Operating Profit Before Working Capital Changes	104,370,934	40,073,617	120,163,889	36,859,174	
(Increase)/Decrease in Inventories	13,830,304	(15,986,735)			
(Increase)/Decrease in Trade & Other Receivables	(8,311,343)	(19,325,203)	(33,565,694)	(829,093)	
Increase/(Decrease) in Other Payables	(21,691,114)	27,265,264	(10,936,301)	15,848,432	
Decrease in Income Tax Recoverable	-	157,982	-	157,982	
Cash Generated from Operations	88,198,782	32,184,925	75,661,894	52,036,495	
Finance Costs	(39,545,715)	(3,877,629)	(33,787,179)	(1,121,406)	
Defined Benefit Plan Cost Paid	(78,750)	-	(78,750)	-	
Income Tax Paid	-	-	-	-	
Net Cash From Operating Activities	48,574,317	28,307,296	41,795,965	50,915,089	
Cash Flows from/(Used in) Investing Activities					
Acquisition of Property, Plant & Equipment	3 (28,780,634)	(159,603,816)	(28,606,829)	(158,954,430)	
Proceeds from Sale of Property, Plant & Equipment	3 8,000	12,500,000	8,000	12,500,000	
Investment in Subsidiary	-	(3,000,000)	(25,000,000)	(3,000,000)	
Divestment of Subsidiary	4,387,365	-	4,387,365	-	
Net Cash Flows Used in Investing Activities	(24,385,269)	(150,103,816)	(49,211,464)	(149,454,430)	
Cash Flows from/(Used in) Financing Activities					
Issue of Shares	-	59,625,000	-	59,625,000	
Principal Payment Under Ijara Facilities/(Finance Leases)	7 (11,459,973)	(8,690,722)	(11,125,460)	(8,343,444)	
Principal Payment Under Extended Murabaha Facilities	7 (5,045,762)	-	(5,045,762)	(1,743,099)	
Principal Payment Under Mudarabah Facilities (Investment Facilities)	7 (37,697,942)	-	(37,697,942)	-	
Principal Payment Under Murabaha Facilities (Trade Finance)	7 (46,583,941)	(11,529,691)	-	-	
Proceeds from Murabaha Facility	7 16,332,921	56,928,389	-	23,019,113	
Proceeds from Mudarabaha Facility	7 23,800,000	25,129,626	23,800,000	25,129,626	
Proceeds from Musharakah Facility	7 55,000,000	-	55,000,000	-	
Net Cash Flows Used in Financing Activities	(5,654,697)	121,462,602	24,930,836	97,687,196	
Net Increase/(Decrease) in Cash & Cash Equivalents	18,534,352	(333,918)	17,515,337	(852,145)	
Cash & Cash Equivalents at the beginning of the year	2,354,021	2,687,939	1,374,534	2,226,679	
Cash & Cash Equivalents at the end of the year	16 20,888,373	2,354,018	18,889,871	1,374,534	

The accounting policies and notes on pages 16 to 20 form an integral part of the financial statements.

Colombo,
30th July 2008

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 10, Access Towers, No.278, Union Place, Colombo 02 and the principal place of business is situated at Bambarabatuoya, Rathnapura and Batatota ,Kuruwita.

Subsidiary Company

Vidul Construction Ltd

The Fully Owned Subsidiary, Vidul Construction Limited was Incorporated on 3rd September 2007 under the Companies Act. 7 of 2007. The registered office of the subsidiary is located at Level 10,Access Tower, No, 278, Union Place, Colombo 02.

Vidul Energy (Pvt.) Ltd

Company divested its investment from Vidul Energy (Pvt.) Ltd on 19th October 2007, where until such time it was a fully own subsidiary of the company.

1.2 Principal Activities and Nature of Operations Company

The principal activities of the company are 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 Batatota Kuruwita. The Bambarabatuoya Mini Hydro power plant commenced its operation during June 2001 and the Batatota Mini Hydro power plant commenced its operation during February 2007.

Subsidiary

The Principal Activities of the Vidul Construction Limited is 'Construction' which specializes civil works related to hydro power plants & hydraulic structure and is also engaged in assembling and installation of Solar Systems.

1.3 Date of Authorization for Issue

The Financial Statements of Vidullanka PLC and Vidul Construction Limited, for the year ended 31 March 2008 were authorized for issue in accordance with a resolution of the Board of Directors on 30th July 2008.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 General Policies

In the report of the Directors and in the Financial Statements, "The Company" refers to Vidullanka PLC as the Holding Company and "The Group" refers to the Consolidated results of Vidullanka PLC and its Subsidiaries Vidul Construction Limited and Vidul Energy (Pvt.) Ltd.

2.1.1 Basis of Preparation

The financial statements, presented in Sri Lanka Rupees, have been prepared on a historical cost basis.

2.1.2 Principles of Consolidation

The Financial Statement of the Group Represent the Consolidation of Financial Statements of the Company and its subsidiary over which it has control after elimination of all material inter group transactions.

The total profit and losses of the company and its subsidiary are shown in the Consolidated Income Statement.

All the assets and liabilities of the company and of its subsidiary include in the Consolidation are shown in the Consolidation Balance sheet.

2.1.3 Statement of compliance

The Balance Sheet, Statements of Income, Changes in Equity and Cash Flows, together with Accounting Policies and Notes, ("Financial Statements") i.e. Consolidated Financial Statements and separate financial Statements of the company as at 31st march 2008 and for the year then ended been prepared in accordance with Sri Lanka Accounting Standards (SLAS).

2.1.4 Comparative Information

The accounting policies have been consistently applied by the Company and, are consistent with those used in the previous year.

2.1.5 Changes in Accounting Policies

The Accounting Policies adopted are consistent with those of previous year.

2.1.6 Foreign Currency Translation

The Financial Statements are presented in Sri Lanka Rupees, which is the Company's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling 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 balance sheet 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.

2.1.7 Taxation

Current Taxes

The Vidullanka PLC is entitled for a 10 year tax holiday, which is effective from 01st June,2001.

Subsidiary

Current income tax assets and liabilities for the 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 laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet 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.

Deferred Taxation

Deferred income tax is provided, using the liability method, on temporary differences at the balance sheet 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 balance sheet 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 balance sheet date.

Sales Tax

Revenues, expenses and assets are recognised net of the amount of sales tax except where the sales tax incurred on a purchase of assets or service is not recoverable from the taxation authorities in which case the sales tax is recognised as a part of the cost of the asset or part of the expense items as applicable and receivable and payable that are stated with the amount of sales tax included. The amount of sales tax recoverable and payable in respect of taxation authorities is included as a part of receivables and payables in the Balance Sheet.

2.1.8 Borrowing Costs

Borrowing costs are recognized as an expense in the period in which they are incurred, except to the extent where borrowing costs that are directly attributable to the acquisition, construction, or production of an asset that takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of that asset.

Notes to The Financial Statements Contd.

2.2 Valuation of Assets And Their Measurement Bases

2.2.1 Inventories

Inventories are valued at the lower of cost and net realizable value, after making due allowances for obsolete and slow moving items. Net realizable 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 inventories to its present location and conditions are accounted using the following cost formulae:-

Raw Materials	- At actual cost on first-in first-out basis.
Finished Goods	- At the cost of direct materials, direct labour and an appropriate proportion of fixed production overheads based on normal operating capacity.
Good in Transit	- At actual cost.

2.2.2 Trade and Other Receivables

Trade receivables are stated at the amounts they are estimated to realize net of allowances for bad and doubtful receivables.

Other receivables and dues from Related Parties are recognized at cost less allowances for bad and doubtful receivables.

2.2.3 Cash and Cash Equivalents

Cash and cash equivalents are 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 bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

2.2.4 Property, Plant and Equipment

a) Cost and Valuation

All items of Property, Plant & 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 balance sheet date. Subsequent to the initial recognition as an asset at cost, revalued 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.

When an asset is revalued, any increase in the carrying amount is credited directly to a revaluation surplus unless it reverses a previous revaluation decrease relating to the same asset, which was previously recognised as an expense. In these circumstances the increase is recognised as income to the extent of the previous write down. When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised as an expense unless it reverses a previous increment relating to that asset, in which case it is charged against any related revaluation surplus, to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of that same asset. Any balance remaining in the revaluation surplus in respect

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.

Office Furniture	10 Years
Office Equipment	05 Years
Plant & Machinery	05 - 60 Years
Computer & Computer Equipments	03 - 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 management.

2.2.5 Leases – Company as a Lessee

Property, Plant and Equipments on finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged reflected in the income statement.

Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term. the depreciation policy for depreciable leased assets is consistent with that for depreciable asset that are owned as described in 2.2.4.

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

2.2.6 Impairment of Assets

The Company 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 Company 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 an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where 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 the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset, except for property previously re-valued where the revaluation was taken to equity. In this case the 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 Company makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That 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 income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

2.3 Liabilities and Provisions

2.3.1 Retirement Benefit Obligations

a) Defined Benefit Plan – Gratuity

Gratuity is a Defined Benefit Plan. The Company is liable to pay gratuity in terms of the relevant statute. In order to meet this liability, a provision is carried forward in the balance sheet, equivalent to an amount calculated based on a half month's salary of the last month of the financial year of all employees for each completed year of service, commencing from the first year of service. The resulting difference between brought forward provision at the beginning of a year net of any payments made, and the carried forward provision at the end of a year is dealt with in the income statement.

The gratuity liability is not funded nor actuarially valued.

Notes to The Financial Statements Contd.

b) 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.

2.3.2 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, where 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.

2.4 Income Statement

2.4.1 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company 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) Sale of Goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods.

b) Others

Other income is recognized on an accrual basis.

Net Gain and loses of a revenue nature of the disposal of property, plant & equipment and non current assets including investments have been accounted for in the income statement, having deducted from proceed on disposal, the carrying amount of the assets and related selling expenses.

2.4.2 Expenditure Recognition

a) Expenses are recognize 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 in maintaining 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 Income Statement the Directors are of the opinion that function of expenses method presents fairly the elements of the Company’s performance, and hence such presentation method is adopted.

c) Finance expense are recognized in the income statement on an accrual basis.

3 PROPERTY, PLANT & EQUIPMENT

3.1 Gross Carrying Amounts

GROUP	Balance As at 01.4.2007 Rs.	Additions/ Transfers/ Acquisitions Rs.	Disposals/ Transfers Rs.	Balance As at 31.3.2008 Rs.
Freehold Land	22,144,175	2,115,000	-	24,259,175
Office Furniture & Fittings	2,903,134	206,849	(677,081)	2,432,902
Office Equipments	360,379	69,958	(306,173)	124,164
Computers & Computer Equipments	2,702,270	807,397	(965,683)	2,544,137
Plant & Machinery	492,258,492	26,502,841	(4,462,683)	514,298,650
Motor Vehicles	193,600	2,402,740	(193,600)	2,402,740
	<u>520,562,050</u>	<u>32,104,785</u>	<u>(6,605,067)</u>	<u>546,061,556</u>
3.2 On Finance Lease				
Plant & Machinery	61,184,940	237,506	(440,000)	60,982,446
Motor Vehicle	6,683,005	10,480,000	(2,093,135)	15,069,870
	<u>67,867,945</u>	<u>10,717,506</u>	<u>(2,533,135)</u>	<u>76,052,316</u>
Total Value of Depreciable Assets	<u>588,429,995</u>	<u>42,822,291</u>	<u>(9,138,202)</u>	<u>622,114,084</u>
3.3 In the Course of Construction				
Capital work in Progress - Other Projects	2,614,803	2,009,541	(38,865)	4,585,479
	<u>2,614,803</u>	<u>2,009,541</u>	<u>(38,865)</u>	<u>4,585,479</u>
Total Gross Carrying Value	<u>591,044,798</u>	<u>44,831,832</u>	<u>(9,177,067)</u>	<u>626,699,563</u>

3.4 Depreciation

	Balance As At 01.04.2007 Rs.	Charge for the year/ Transfers Rs.	Disposals/ Transfers Rs.	Balance As at 31.03.2008 Rs.
At Cost				
Office Furniture & Fittings	201,954	281,815	(98,544)	385,225
Office Equipments	100,439	33,240	(64,876)	68,803
Computers & Computer Equipments	1,229,729	692,867	(319,656)	1,602,940
Plant and Machinery	31,120,542	11,485,869	(524,906)	42,081,505
Motor Vehicle	37,107	133,326	(43,560)	126,873
	<u>32,689,771</u>	<u>12,627,117</u>	<u>(1,051,542)</u>	<u>44,265,346</u>

Notes to The Financial Statements Contd.

3.5 On Finance Lease

	Balance As At 01.04.2007	Charge for the year/ Transfers	Disposals/ Transfers	Balance As at 31.03.2008
	Rs.	Rs.	Rs.	Rs.
Plant & Machinery	2,434,344	2,215,311	(139,300)	4,510,355
Motor Vehicle	1,199,146	1,333,955	(766,140)	1,766,961
	<u>3,633,490</u>	<u>3,549,266</u>	<u>(905,440)</u>	<u>6,277,316</u>
Total Depreciation	<u>36,323,261</u>	<u>16,176,383</u>	<u>(1,956,982)</u>	<u>50,542,662</u>

3.6 Net Book Values

	2008	2007
	Rs	Rs
At Cost		
Freehold Land	24,259,175	22,144,175
Office Furniture and Fittings	2,047,677	2,701,180
Office Equipment	55,361	259,940
Computers & Computer Equipments	941,197	1,472,541
Plant and Machinery	472,217,145	461,137,950
Motor Vehicles	2,275,867	156,493
	<u>501,796,422</u>	<u>487,729,259</u>
On Finance Lease		
Plant and Machinery	56,472,091	58,750,596
Motor Vehicles	13,302,909	5,483,859
	<u>69,775,000</u>	<u>64,234,455</u>
In the Course of Construction		
Capital Work-in-Progress -Other Projects	4,585,479	2,614,803
	<u>4,585,479</u>	<u>2,614,803</u>
Total Carrying Amount of Property, Plant & Equipment	<u>576,156,901</u>	<u>554,721,537</u>

3.7 During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs. 38,704,554/- (2007 - Rs.230,243,436/-) of which Rs.10,000,000/- (2007 -Rs.70,957,935/-) was acquired by means of Diminishing Musharakah. Cash payments amounting to Rs. 28,780,634/- (2007 - Rs. 159,285,501/-) were made during the year for purchase of Property, Plant & Equipment.

3.8 Property, Plant & Equipment includes fully depreciated assets having a gross carrying amount of Rs 2,756,936/- (2007- 2,472,280/-)

3.9 Gross Carrying Amounts

COMPANY	Balance As at 01.4.2007 Rs.	Additions/ Transfers/ Acquisitions Rs.	Disposals/ Transfers Rs.	Balance As at 31.3.2008 Rs.
At Cost				
Freehold Land	22,144,175	2,115,000	-	24,259,175
Office Furniture & Fittings	2,295,503	124,299	(11,500)	2,408,302
Office Equipments	90,271	-	-	90,271
Computers & Computer Equipments	1,862,530	399,315	-	2,261,845
Plant & Machinery	492,258,492	25,717,755	(4,462,683)	513,513,564
Motor Vehicles	193,600	2,252,700	(193,600)	2,252,700
	<u>518,844,571</u>	<u>30,609,069</u>	<u>(4,667,783)</u>	<u>544,785,857</u>
3.10 On Finance Lease				
Plant & Machinery	61,184,940	-	(440,000)	60,744,940
Motor Vehicle	4,589,870	10,000,000	-	14,589,870
	<u>65,774,810</u>	<u>10,000,000</u>	<u>(440,000)</u>	<u>75,334,810</u>
Total Value of Depreciable Assets	<u>584,619,381</u>	<u>40,609,069</u>	<u>(4,667,783)</u>	<u>620,120,667</u>
3.11 In the Course of Construction				
Capital work in Progress - Other Projects	2,614,803	2,009,541	(38,865)	4,585,479
	<u>2,614,803</u>	<u>2,009,541</u>	<u>(38,865)</u>	<u>4,585,479</u>
Total Gross Carrying Value	<u>587,234,184</u>	<u>42,618,610</u>	<u>(4,706,648)</u>	<u>624,706,146</u>

3.12 Depreciation

At Cost	Balance As At 01.04.2007 Rs.	Charge for the year/ Transfers Rs.	Disposals/ Transfers Rs.	Balance As at 31.03.2008 Rs.
Office Furniture & Fittings	146,716	238,759	(2,300)	383,175
Office Equipments	48,879	18,054	-	66,933
Computers & Computer Equipments	1,042,889	531,454	-	1,574,343
Plant and Machinery	31,120,542	11,458,375	(524,906)	42,054,011
Motor Vehicle	37,107	125,823	(43,560)	119,370
	<u>32,396,133</u>	<u>12,372,465</u>	<u>(570,766)</u>	<u>44,197,832</u>
3.13 On Finance Lease				
Plant & Machinery	2,434,344	2,203,437	(139,300)	4,498,481
Motor Vehicle	642,320	1,084,641	-	1,726,961
	<u>3,076,664</u>	<u>3,288,078</u>	<u>(139,300)</u>	<u>6,225,442</u>
Total Depreciation	<u>35,472,797</u>	<u>15,660,543</u>	<u>(710,066)</u>	<u>50,423,274</u>

Notes to The Financial Statements Contd.

3.14 Net Book Values

At Cost	2008 Rs.	2007 Rs.
Freehold Land	24,259,175	22,144,175
Office Furniture and Fittings	2,025,127	2,148,787
Office Equipment	23,338	41,392
Computers & Computer Equipments	687,502	819,641
Plant and Machinery	471,459,553	461,137,950
Motor Vehicles	2,133,330	156,493
	<u>500,588,025</u>	<u>486,448,438</u>
On Finance Lease		
Plant and Machinery	56,246,459	58,750,596
Motor Vehicles	12,862,909	3,947,550
	<u>69,109,368</u>	<u>62,698,146</u>
In the Course of Construction		
Capital Work-in-Progress -Other Projects	4,585,479	2,614,803
	<u>4,585,479</u>	<u>2,614,803</u>
Total Carrying Amount of Property, Plant & Equipment	<u>574,282,872</u>	<u>551,761,387</u>

3.15 During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs. 38,704,554/- (2007 - Rs.229,289,024/-) of which Rs.10,000,000/- (2007 -Rs.70,647,409/-) was acquired by means of Diminishing Musharakah. Cash payments amounting to Rs. 28,606,829/- (2007 - Rs. 158,641,615/-) were made during the year for purchase of Property, Plant & Equipment.

3.16 Property, Plant & Equipment includes fully depreciated assets having a gross carrying amount of Rs 2,756,936/- (2007- 2,472,280/-)

4 INVENTORIES

<i>Year ended 31 March 2008</i>	Group		Company	
	2008 Rs	2007 Rs	2008 Rs	2007 Rs
Raw Materials	4,532,278	5,117,303		
Finished Goods	-	13,886,847		
Goods in Transit	341,543	212,500		
Work-in-Progress	512,525	-		
	<u>5,386,346</u>	<u>19,216,650</u>	<u>-</u>	<u>-</u>

5 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2008	2007	2008	2007
Trade Debtors	27,123,488	20,291,506	19,697,681	2,549,357
Advances & Prepayment	8,840,137	7,482,338	4,463,460	6,147,702
VAT Receivable	11,978,302	15,716,388	11,259,350	13,839,531
Grants Recievable	-	2,420,000		
Facilities given to Contractors	-	-		
Facilities given to Company Officers (12.1)	156,650	243,300	156,650	30,985
Other Debtors	2,801,364	447,093	2,801,364	447,096
Current Account - Vidul Construction Ltd	-	-	18,228,859	-
	<u>50,899,942</u>	<u>46,600,625</u>	<u>38,378,506</u>	<u>23,014,671</u>
5.1 Loans to Company Officers:				
Summary				
Balance as at the beginning of the Year	243,300	86,785	30,985	57,485
Loans Granted During the Year	234,400	641,481	234,400	
Less: Repayments	(321,050)	(484,966)	(108,735)	(26,500)
Balance as at the end of the Year	<u>156,650</u>	<u>243,300</u>	<u>156,650</u>	<u>30,985</u>

6 STATED CAPITAL

6.1 Issued and Fully Paid

	At the Beginning of the Year 01.04.2007 Number	Issued for Cash During the Year Number	Issued for Non Cash Consideration Number	End of the Year 31.03.2008 Number
Number of Shares - Ordinary Shares	32,793,759	-	3,279,375	36,073,134
	<u>32,793,759</u>	<u>-</u>	<u>3,279,375</u>	<u>36,073,134</u>
	Rs.	Rs.	Rs.	Rs.
Value - Ordinary Shares	358,125,070	-	39,352,500	397,477,570
	<u>358,125,070</u>	<u>-</u>	<u>39,352,500</u>	<u>397,477,570</u>

The Authorised Capital and Par Value concept in relation to share capital were abolished by the Companies Act No 07 of 2007. The total amount received by the company or due and payable to company in respect of the issue and calls of the shares are referred to as Stated Capital.

Notes to The Financial Statements Contd.

7 IJARA (FINANCE LEASES), MURABAHA (TRADE FINANCE), DIMINISHING MUSHRAKAH AND MUDARABAHA INVESTMENT FACILITIES**7.1 Group**

	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	2008 Total Rs.	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	2007 Total Rs.
Ijara Facilities/ Finance Leases (7.1.a)	13,988,105	31,496,106	45,484,211	11,454,490	45,440,312	56,894,802
Extended Murabaha (7.1.b)	8,290,089	40,221,688	48,511,777	-	53,557,539	53,557,539
Diminishing Musharakah (7.1.c)	2,500,000	62,500,000	65,000,000	-	-	-
Murabaha (Trade Finance) Facilities (7.1.d)	-	-	-	-	-	-
Mudarabah Investment (7.1.e)	36,703,581	-	36,703,581	80,852,544	-	80,852,544
	<u>61,481,775</u>	<u>134,217,794</u>	<u>195,699,569</u>	<u>92,307,034</u>	<u>98,997,851</u>	<u>191,304,885</u>

7.1.a Ijara Facilities(Finance Leases)

Relationship	As at 01.04.2007 Rs.	Facilities Transferred Rs.	Facilities Obtained Rs.	Repayments Rs.	As at 31.03.2008 Rs.
a From Related Parties					
Amana Investments Limited	51,560,456	-	-	(9,850,235)	41,710,221
	<u>51,560,456</u>	<u>-</u>	<u>-</u>	<u>(9,850,235)</u>	<u>41,710,221</u>
b From Others					
Peoples Leasing Company Limited	1,625,404	273,131	-	(622,608)	1,275,927
Ceylease Financial Services Limited	3,708,942	(223,697)	-	(987,180)	2,498,065
	<u>5,334,346</u>	<u>49,434</u>	<u>-</u>	<u>(1,609,788)</u>	<u>3,773,992</u>
	56,894,802	49,434	-	(11,459,973)	45,484,213
Gross Liability	76,301,075				56,115,670
Finance Charges on Ijara Facilities allocated to future periods	(19,406,273)				(10,631,457)
Net Liability	<u>56,894,802</u>				<u>45,484,213</u>

7.1.b Extended Murabah Facilities

Relationship	As at 01.04.2007 Rs.	Facilities Obtained Rs.	Repayments Rs.	As at 31.03.2008 Rs.
From Related Parties				
Amana Investments Limited	-	53,557,539	5,045,762	48,511,777
	<u>-</u>	<u>53,557,539</u>	<u>5,045,762</u>	<u>48,511,777</u>

	As at 01.04.2007	As at 31.03.2008
	Rs.	Rs.
Gross Liability	-	66,936,316
Finance Charges on Murabaha Facilities allocated to future periods	-	<u>(18,424,539)</u>
Net Liability	<u>-</u>	<u>48,511,777</u>

7.1.c Diminishing Musharakah Facilities

		As at 01.04.2007	Facilities Obtained	Repayments	As at 31.03.2008
	Relationship	Rs.	Rs.	Rs.	Rs.
From Related Parties					
Amana Investments Limited	Affiliate Company	-	65,000,000	-	65,000,000
		<u>-</u>	<u>65,000,000</u>	<u>-</u>	<u>65,000,000</u>

	As at 01.04.2007	As at 31.03.2008
	Rs.	Rs.
Gross Liability	-	112,756,566
Finance Charges on Murabaha Facilities allocated to future periods	-	<u>(47,756,566)</u>
Net Liability	<u>-</u>	<u>65,000,000</u>

7.1.d Murabaha Facilities (Trade Finance)

		As at 01.04.2007	Facilities Transferred	Facilities Obtained	Repayments	As at 31.03.2008
	Relationship	Rs.	Rs.	Rs.	Rs.	Rs.
a From Related Parties						
Amana Asset Management Limited	Affiliate Company	55,722,917	<u>(25,471,897)</u>	-	<u>(30,251,020)</u>	-
		<u>55,722,917</u>	<u>(25,471,897)</u>	<u>-</u>	<u>(30,251,020)</u>	<u>-</u>
b From Others						
Peoples Leasing Company Limited		-	-	16,332,921	<u>(16,332,921)</u>	-
		<u>-</u>	<u>-</u>	<u>16,332,921</u>	<u>(16,332,921)</u>	<u>-</u>
Total		<u>55,722,917</u>	<u>(25,471,897)</u>	<u>16,332,921</u>	<u>(46,583,941)</u>	<u>-</u>
Gross Liability		57,680,883				-
Finance Charges on Murabaha Facilities allocated to future periods		<u>(1,957,966)</u>				-
Net Liability		<u>55,722,917</u>				<u>-</u>

Notes to The Financial Statements Contd.

7.1.e Mudarabaha Investments

		As at 01.04.2007	Facilities Transferred	Facilities Obtained	Repayments	As at 31.03.2008
	Relationship	Rs.	Rs.	Rs.	Rs.	Rs.
a From Related Parties						
Amana Asset Management Limited	Affiliate Company	25,129,626	25,471,897	18,800,000	(37,697,942)	31,703,581
		25,129,626	25,471,897	18,800,000	(37,697,942)	31,703,581
b From Others						
Others		-	-	5,000,000	-	5,000,000
		-	-	5,000,000	-	5,000,000
		<u>25,129,626</u>	<u>25,471,897</u>	<u>23,800,000</u>	<u>(37,697,942)</u>	<u>36,703,581</u>

7.2 Company

	Amount Repayable Within 1 Year	Amount Repayable After 1 Year	2008 Total	Amount Repayable Within 1 Year	Amount Repayable After 1 Year	2007 Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Ijara Facilities/ Finance Leases (7.2a)	13,249,329	30,958,955	44,208,284	10,899,016	44,434,729	55,333,745
Extended Murabaha (7.2.b)	8,290,089	40,221,688	48,511,777	-	53,557,539	53,557,539
Diminishing Musharakah - Working Capital (7.2.c)	-	55,000,000	55,000,000	-	-	-
Diminishing Musharakah - Motor Vehicle (7.2.c)	2,500,000	7,500,000	10,000,000	-	-	-
Mudarabah Investment (7.2.d)	36,703,581	-	36,703,581	25,129,626	-	-
Murabaha (Trade Finance) Facilities (7.2.e)	-	-	-	25,471,897	-	25,129,626
	<u>60,742,999</u>	<u>133,680,643</u>	<u>194,423,642</u>	<u>61,500,539</u>	<u>97,992,268</u>	<u>25,471,897</u>

7.2.a Ijara Facilities(Finance Leases)

		As at 01.04.2007	Facilities Obtained	Repayments	As at 31.03.2008
	Relationship	Rs.	Rs.	Rs.	Rs.
a From Related Parties					
Amana Investments Limited	Affiliate Company	51,560,456	9,850,235	41,710,221	-
		51,560,456	118,557,958	9,850,235	41,710,221
b From Others					
Peoples Leasing Company Limited		315,224	-	315,224	-
Ceylease Financial Services Limited		3,458,065	-	960,000	2,498,065
		3,773,289	-	1,275,224	2,498,065
		55,333,745	118,557,958	11,125,459	44,208,286
Gross Liability		74,176,224			54,617,017
Finance Charges on Ijara Facilities allocated to future periods		(18,842,479)			(10,408,731)
Net Liability		<u>55,333,745</u>			<u>44,208,286</u>

7.2.b Extended Murabah Facilities

	Relationship	As at 01.04.2007 Rs.	Facilities Obtained Rs.	Repayments Rs.	As at 31.03.2008 Rs.
From Related Parties					
Amana Investments Limited	Affiliate Company	-	53,557,539	5,045,762	48,511,777
		<u>-</u>	<u>53,557,539</u>	<u>5,045,762</u>	<u>48,511,777</u>
		As at 01.04.2007 Rs.			As at 31.03.2008 Rs.
Gross Liability		-			66,936,316
Finance Charges on Murabaha Facilities allocated to future periods		-			(18,424,539)
Net Liability		<u>-</u>			<u>48,511,777</u>

7.2.c Diminishing Mushrasah Facilitites

	Relationship	As at 01.04.2007 Rs.	Facilities Obtained Rs.	Repayments Rs.	As at 31.03.2008 Rs.
From Related Parties					
Amana Investments Limited	Affiliate Company	-	65,000,000	-	65,000,000
		<u>-</u>	<u>65,000,000</u>	<u>-</u>	<u>65,000,000</u>
		As at 01.04.2007 Rs.			As at 31.03.2008 Rs.
Gross Liability		-			112,756,566
Finance Charges on Murabaha Facilities allocated to future periods		-			(47,756,566)
Net Liability		<u>-</u>			<u>65,000,000</u>

7.2.d Mudarabaha Investments

	Relationship	As at 01.04.2007 Rs.	Facilities Obtained Rs.	Repayments Rs.	As at 31.03.2008 Rs.
a From Related Parties					
Amana Asset Management Limited	Affiliate Company	25,129,626	44,271,897	37,697,942	31,703,581
b From Non Related Parties					
Others			5,000,000		5,000,000
		<u>25,129,626</u>	<u>49,271,897</u>	<u>37,697,942</u>	<u>36,703,581</u>

Notes to The Financial Statements Contd.

7.2.e Murabaha Facilities (Trade Finance)

	Relationship	As at 01.04.2007 Rs.	Facilities Obtained Rs.	Repayments Rs.	As at 31.03.2008 Rs.
From Related Parties					
Amana Asset Management Limited	Affiliate Company	25,471,897	-	25,471,897	-
		<u>25,471,897</u>	<u>-</u>	<u>25,471,897</u>	<u>-</u>
		As at 01.04.2007 Rs.			As at 31.03.2008 Rs.
Gross Liability		26,449,505			-
Finance Charges on Murabaha Facilities allocated to future periods		(977,608)			-
Net Liability		<u>25,471,897</u>			<u>-</u>

8 DEFINED BENEFIT LIABILITIES**Group**

	Balance as at 01.04.2007 Rs.	Charge for the Year Rs.	Repayments Rs.	Balance as at 31.03.2008 Rs.
Retirement Benefit Obligation				
- Gratuity	950,160	833,165	(78,750)	1,704,575
	<u>950,160</u>	<u>833,165</u>	<u>(78,750)</u>	<u>1,704,575</u>

Company

	Balance as at 01.04.2007 Rs.	Charge for the Year Rs.	Repayments Rs.	Balance as at 31.03.2008 Rs.
Retirement Benefit Obligation				
- Gratuity	950,160	721,662	(78,750)	1,593,072
	<u>950,160</u>	<u>721,662</u>	<u>(78,750)</u>	<u>1,593,072</u>

9 OTHER PAYABLES

Year ended 31 March 2008	Group		Company	
	2008 Rs	2007 Rs	2008 Rs	2007 Rs
Trade Payable	2,382,563	11,035,154	-	-
Sundry Creditors Including Accrued Expenses	12,759,556	23,760,079	11,281,658	22,217,959
Deferred Income (GRF/Provisional Grant)	-	2,038,000	-	-
	<u>15,142,119</u>	<u>36,833,233</u>	<u>11,281,658</u>	<u>22,217,959</u>

10 REVENUE

Year ended 31 March 2008	Group		Company	
	2008 Rs	2007 Rs	2008 Rs	2007 Rs
10.1 Revenue (Net)	194,896,155	130,627,223	158,759,206	57,383,088
	<u>194,896,155</u>	<u>130,627,223</u>	<u>158,759,206</u>	<u>57,383,088</u>

11 OTHER INCOME & GAINS

Profit from Mudarabaha Investment	439,992	397,408	424,666	397,408
Write back of Gratuity	167,750	-	-	-
Revenue from other Energy Projects/ Other Sales	1,737,454	564,131	1,737,454	-
Amana Takaful Surplus	5,106	3,559	5,106	3,559
Profit on Disposal of Property, Plant & Equipment	14,000	364,745	364,745	-
Gain from Divestment of Subsidiary (Note)	109,313	-	387,365	-
Exchange Gain	-	290,414	-	-
	<u>2,751,667</u>	<u>1,620,257</u>	<u>2,554,591</u>	<u>765,712</u>

Note

During the financial year Vidul Energy (Pvt) Ltd, a fully owned subsidiary was disposed off.

12 PROFIT BEFORE TAX

Stated after Charging/(Crediting)

Auditors Remuneration (Fee & Expenses)	356,663	253,557	256,663	193,557
Depreciation	16,148,707	9,741,186	16,015,440	9,071,755
Staff Costs (Include the following Retirement Benefit Costs)	15,295,048	16,877,805	13,785,700	8,205,831
Defined Benefit Plan Costs - Gratuity	833,165	625,051	721,665	457,301
Defined Contribution Plan Costs - EPF and ETF	2,375,782	1,908,257	1,747,655	544,187
Sales Commission	326,151	3,332,777	-	-
CEO/Managing Director's Emolument	2,040,000	2,438,671	2,040,000	2,438,671
Loss/(Profit) on Disposal of Property, Plant & Equipment	89,238	(303,522)	89,238	61,223

Notes to The Financial Statements Contd.

13 FINANCE EXPENSES

Year ended 31 March 2008	Group		Company	
	2008 Rs	2007 Rs	2008	2007
Finance Cost: (Lease Markup on Ijara/Murabaha/Mudarabah Facilities)	39,395,937	3,877,629	33,787,179	1,121,406
Exchange Loss of GEF Grant	4,750	-	-	-
Lease Mark Up - Vehicles	145,028	-	-	-
	<u>39,545,715</u>	<u>3,877,629</u>	<u>33,787,179</u>	<u>1,121,406</u>

14 INCOME TAX

Year ended 31 March 2008	Group		Company	
	2008	2007	2008	2007
The major components of income tax expense for the year ended March 31, 2008 are as follows:				
Current Income tax				
Current Income Tax Charge	327,561	125,722	327,561	60,746
Deferred Tax				
Deferred taxation Charge/(14.2)	445,936	25,093		
	<u>773,497</u>	<u>150,815</u>	<u>327,561</u>	<u>60,746</u>
Income Tax expense reported in the Income statement				
Social Responsibility Levy 1 %	324,318	124,478	324,318	60,145
	3,243	1,244	3,243	601
	<u>327,561</u>	<u>125,722</u>	<u>327,561</u>	<u>60,746</u>

14.1 A reconciliation between tax expense and the accounting profits multiplied by Statutory tax rate is as follows

Accounting profit before income tax/(loss) tax	47,754,110	26,133,272	70,292,629	26,512,204
At the statutory income tax rate of 15% (2007 : 15%)	7,163,117	10,543,894	3,976,830	
Tax effect of Disallowed expenses	4,202,271	4,892,398	-	4,745,489
Tax effect of Income exempt from tax	(10,595,154)	(8,662,174)	(10,219,576)	(8,662,174)
At the effective income tax rate of 15% (2007 : 15 %)	770,234	149,571	324,318	60,145
Social Responsibility Levy 1 %	3,243	1,244	3,243	601
	<u>773,497</u>	<u>150,815</u>	<u>327,561</u>	<u>60,746</u>

14.2 Deferred Tax Assets, Liabilities and Income Tax relates to the followings

	Balance sheet		Income Statement	
	As at 31.03.2008	As at 31.03.2007	For the Year ended 31.03.2008	For the Year ended 31.03.2007
	Rs.	Rs.	Rs.	Rs.
Deferred Tax liability				
Capital allowances for tax purposes	-	45,788	45,788	(15,615)
	-	45,788	45,788	(15,615)
Deferred Tax Assets				
Deferred Benefit Plans	-	25,163	(25,163)	25,163
Tax Loss Carried forward	-	466,561	(466,561)	(34,641)
	-	491,724	(491,724)	(9,478)
Deferred income tax income /(expense)			(445,936)	(25,093)
Net Deferred Tax Assets	-	445,936		

15 EARNINGS PER SHARE

15.1 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.

Year ended 31 March 2008	Group		Company	
	2008	2007	2008	2007
15.2 Amounts Used as Numerator				
Net Profit Attributable to Ordinary Shareholders for Basic Earnings per Share	46,702,560	25,982,458	69,965,068	26,451,458
Number of Ordinary Shares Used as Denominator				
Weighted Average Number of Ordinary Shares in Issue	36,073,134	36,073,134	36,073,134	36,073,134

16 CASH AND CASH EQUIVALENTS**16.1 Favourable Cash & Cash Equivalents Balance
Components of Cash and Cash Equivalents**

	Group		Company	
	2008	2007	2008	2007
Cash & Bank Balances	20,888,373	2,354,018	18,889,871	1,374,533
Total Cash and Cash Equivalents For the Purpose of Cash Flow Statement	20,888,373	2,354,018	18,889,871	1,374,533

Notes to The Financial Statements Contd.

17 COMMITMENTS & CONTINGENCIES

17.1 There are no significant commitments and contingencies as at the Balance Sheet date except following.

	2008 Rs	2007 Rs
Amana Assets Management Limited (Affiliate Company)	-	30,251,021
Peoples Leasing Company Limited	-	1,783,366
Ceylease Financial Services Limited	-	309,769
	<u>-</u>	<u>32,344,156</u>

18 ASSETS PLEDGED

The following assets have been pledged as security for liabilities.

Group	Nature of assets	Nature of Liability	Carrying Amount Pledged		Included under
			2008 Rs.	2007 Rs.	
	Leased Assets (Ijara Facilities)	Charge over Leased Assets on Finance Lease Liabilities	45,484,211	57,426,880	Property, Plant & Equipment
	Extended Murabaha and Diminishing Musharakah Facilities	Murabaha Facility, working capital and Motor Vehicle	113,511,777	-	Ijara Facilities and Murabaha Facilities
	Finished Goods	Murabaha Facility	-	30,251,021	Diminishing Musharakah
	Total carrying value of Assets Pledged		<u>158,995,988</u>	<u>87,677,901</u>	

Company	Nature of assets	Nature of Liability	Carrying Amount Pledged		Included under
			2008 Rs.	2007 Rs.	
	Leased Assets	Charge over Leased Assets on Finance Lease Liabilities	44,208,284	55,333,745	Property, Plant & Equipment
	Extended Murabaha	Murabaha Facility	48,511,777	53,557,539	Extended Murabaha
	Diminishing Musharakah	Working Capital	55,000,000	-	Diminishing Musharakah
	Diminishing Musharakah	Motor Vehicle	10,000,000	-	Motor Vehicle
	Total carrying value of Assets Pledged		<u>147,720,061</u>	<u>108,891,284</u>	

19 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There have been no material events occurring after the Balance Sheet date that require adjustments to or disclosure in the financial statements, except for the following,

- Board of Directors have proposed a dividend of 50 cents per share at the board meeting which was held on 30th July 2008, which is more fully described in Note 22.

20 COMPARATIVE INFORMATION

The presentation and classification of following items in these Financial Statements are amended to ensure comparability with the current year.

As reported previously:**2007**
Group

Net Profit Attributable to Ordinary Shareholders for Basic Earnings per Share	25,982,458
Weighted Average Number of Ordinary Shares in Issue	32,793,759
EPS	0.80

Current Presentation:**2007**
Group

Net Profit Attributable to Ordinary Shareholders for Basic Earnings per Share	25,982,458
Weighted Average Number of Ordinary Shares in Issue	36,073,135
EPS	0.72

Reasons for change in the presentation and classification:

Company had made a bonus issue of one for every ten shares during the year which amounting to Rs. 39,352,500/-. Accordingly comparative Earning Per Share has been restated to in line with SLAS 34.

21.2 Transactions with Key Management Personnel of the Company

21.2.a The Key management personnel of the company are the members of the its Board of Directors.

No other transaction had been taken place during the year with the parties/entities in with key management personnel or their close family member have control or significant influence.

Key management personnel compansation

	2008 Rs.	2007 Rs.
Short-term Employee Benefits	2,040,000	2,438,671

21.2.b Transaction with Other Related Parties

Transactions with close members of the family of Key Management personnel and sharehoders who have either control, significant influeces or joint control over the company.

Amana Investment Limited and Amana Assets Management Limited are two companies in which the key management personal have significant influence over financial and operating decision.Transaction had with those companies are detailed in Note 21.1.

22 DIVIDENDS PROPOSED

	2008 Rs.	2007 Rs.
Proposed for approval at AGM (not recognised as a liability as at 31st March 2008)	-	-
Equity dividends on ordinary shares	-	-
Final dividend for 2008: 50 cents per share (2007: Rs Nil per share)	18,036,567	-

Shareholder and Investor Information

a. Twenty largest Shareholders

The top Twenty shareholders as at 31st March 2008 are as follows :

Name of the Shareholder	2008		2007	
	No. of Shares	%	No. of Shares	%
1 Belmonts Agents Ltd	5,500,000	15.25	4,725,000	14.41
2 Wembley Spirit Ltd	4,585,900	12.71	4,169,000	12.71
3 Lanka Equities (Pvt) Ltd	3,204,533	8.88	3,270,613	9.97
4 Growth Lanka (Pvt) Ltd	2,365,000	6.56	3,640,000	11.10
5 Amana Investments Limited	2,153,112	5.97	1,977,375	6.03
6 Mrs. R.L. Mather	1,850,360	5.13	1,631,973	4.98
7 ABC International Ltd	1,595,000	4.42	1,450,000	4.42
8 Ms. Y. Kunimoto	1,588,125	4.40	1,443,750	4.40
9 SKM Lanka Holdings (pvt) Limited	1,458,930	4.04	-	0.00
10 Vanguard Industries (Pvt) Ltd	1,447,160	4.01	2,538,900	7.74
11 Equity Investments Lanka Ltd	1,443,750	4.00	1,312,500	4.00
12 Alchemy Heavy Metals (Pvt) Ltd	1,309,891	3.63	1,128,910	3.44
13 Dynawash (Pvt) Ltd	1,051,600	2.92	-	0.00
14 Mr. M.S. Mohideen	1,028,500	2.85	935,000	2.85
15 Phoenix Ventures Ltd	605,000	1.68	-	0.00
16 Mr. R.B. Barmecha	599,148	1.66	506,490	1.54
17 Mr. R.M. Sangani	419,226	1.16	283,051	0.86
18 Lucky Industries (Pvt) Ltd	412,500	1.14	375,000	1.14
19 Commercial Bank of Ceylon PLC/Growth Lanka (Pvt) Ltd	385,000	1.07	350,000	1.07
20 Ms. B.R.I. Sangani	329,050	0.91	335,500	1.02
	33,331,785	92.40	30,073,062	91.71
Others	2,741,349	7.60	2,720,697	8.30
	36,073,134	100.00	32,793,759	100.00

b. Analysis of shareholders as at 31st March 2008 distributed as follows :

There were 695 shareholders as at 31st March 2008, who are distributed as follows :

	No. of Shares		Total Holdings		%	
	Foreign	Local	Foreign	Local	Foreign	Local
Less Than 1001 Shares	2	399	750	95,032	0.00	0.26
1001 To 5000 Shares	5	188	11,660	362,728	0.03	1.01
5001 To 10000 Shares	1	28	6,600	177,969	0.02	0.49
10001 To 50000 Shares	1	39	26,200	658,831	0.07	1.83
50001 To 100000 Shares	1	5	60,500	379,610	0.17	1.05
100001 To 500000 Shares	1	9	265,870	2,241,375	0.74	6.21
500001 To 1000000 Shares	1	1	599,148	605,000	1.66	1.68
Over 1000000 Shares	2	12	3,183,125	27,398,736	8.82	75.95
TOTAL	14	681	4,153,853	31,919,281	11.51	88.48

Shareholder and Investor Information Contd.

c. Related parties shareholding.

The related party shareholding as at 31st March 2008 are as follows

Name of the Shareholder	No. of Shares	%
1 Belmonts Agents Ltd	5,500,000	15.25%
2 Wembley Spirit Ltd	4,585,900	12.71%
3 Lanka Equities (Pvt) Ltd	3,204,533	8.88%
4 Growth Lanka (Pvt) Ltd	2,365,000	6.56%
5 Amana Investments Limited	2,153,112	5.97%
6 Mrs. R. Mather	1,850,360	5.13%
7 Vanguard Industries (Pvt) Ltd	1,447,160	4.01%
8 Equity Investments Lanka Ltd	1,443,750	4.00%
9 Dynawash (Pvt) Ltd	1,051,600	2.91%
10 Mr. R.M. Sangani	421,726	1.17%
11 Lucky Industries (Pvt) Ltd	412,500	1.14%
12 Commercial Bank of Ceylon PLC/Growth Lanka (Pvt) Ltd	385,000	1.07%
13 Mrs. B.R.I. Sangani	329,050	0.91%
14 Amana Takaful PLC	227,989	0.63%
Related parties	25,377,680	70.35%
Public	10,695,454	29.65%
Total Issued Share Capital	36,073,134	100.00%

d. Information of Market prices of shares recorded for the year 31st March 2008

Share Information	2008	2007
Share Prices		
Lowest	15.50	18.00
Highest	25.00	26.50
Closing	21.50	21.25

Five Year Summary

Operating Results

Year ended 31 March 2008	Company		Group		
	2004	2005	2006	2007	2008
Revenue	64,431,741	71,915,190	76,849,258	130,627,223	194,896,155
Gross Profit	59,931,688	66,018,624	59,591,611	68,879,902	131,970,119
Operating Profit	40,438,403	51,179,829	40,863,312	30,010,901	87,021,773
Profit Before Tax	21,934,451	51,179,829	38,864,206	26,133,272	47,476,058
Profit After Tax	21,934,451	51,098,294	39,235,083	25,982,457	46,702,560
Shareholder Funds					
Stated Capital	238,500,070	238,500,070	298,125,090	358,125,070	397,477,570
Reserves	57,154,355	60,552,635	10,350,190	35,957,668	43,307,728
Liabilities					
Long Term Debt	-	-	42,161,529	98,997,851	134,217,794
Non - Current Liabilities	182,025	315,287	492,859	1,117,910	1,704,575
Short term Debt	-	-	16,943,189	92,307,035	61,481,775
Current Liabilities	5,968,312	7,664,567	9,089,352	36,833,233	15,142,119
Assets					
Non Current Assets	292,560,433	290,684,141	347,236,359	554,721,537	576,156,901
Current Assets	9,244,329	16,348,418	29,925,850	68,171,293	77,174,661
Key Indicators					
Total Assets/Equity	1.02	1.03	1.22	1.58	1.48
Net Profit Margin	0.34	0.71	0.51	0.20	0.24
Turnover/ Assets	0.21	0.23	0.20	0.21	0.30
Return on Equity(%)	7.42%	17.11%	12.60%	6.63%	10.77%
Return on Assets (%)	7.27%	16.67%	10.30%	4.20%	7.27%
Current Ratio	1.55	2.13	1.15	0.53	1.01
Earnings Per Share	0.92	2.14	1.3	0.7	1.3

Form of Proxy

I/We of

 being member/s of Vidullanka PLC , do hereby appoint
 of.....
 as my /our proxy to represent me/us, vote for me/us and to speak on my/our behalf at the Annual General Meeting of the Company to be held on 10th September 2008 and at any adjournment thereof.

	For	Against
1. To receive, consider and adopt the Audited Financial Statements for the year ended 31st March 2008 together with the Reports of the Auditors and Directors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect Mr. Hilal Rumesh Peiris as a director of the Company who retires by rotation.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Mr. Shahid Mohamed Sangani as a director of the Company, who retires by rotation.	<input type="checkbox"/>	<input type="checkbox"/>
4. Declaration of a Final Dividend of Fifty Cents per share for the Financial Year 2007/2008	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-appoint the retiring auditors M/s Ernst & Young, Chartered Accountants for the ensuing year and authorize directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this.....day of2008

.....
Signature of Shareholder/s

Form of Proxy Contd.

Instructions to Complete the Form of Proxy

1. Kindly perfect of 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 Vidullanka PLC at Level 10, Access Towers, 278, Union Place, Colombo 2 not less than 48 hours before the time fixed for the Meeting.

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. 397,477,570/-

Issued Capital

36,073,134 shares

BOARD OF DIRECTORS

Mr. Osman Kassim (Chairman)
Mr. Riyaz M. Sangani (Managing Director)
Mr. Shahid M. Sangani
Mr. Ranjan Mather
Dr. A A M Haroon
Mr. Hilal Peiris
Mr. Zulficar Ghouse

COMPANY SECRETARY

Managers & Secretaries (Pvt) Limited

REGISTERED OFFICE

Level 10, 'Access Towers'
No 278 Union Place, Colombo 2.

AUDITORS

M/s. Ernst & Young, Chartered Accountants

BANKERS

Commercial Bank of Ceylon PLC

VIDULLANKA PLC



Level 10 Access Towers, # 278 Union Place, Colombo 2, Sri Lanka.
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