

Batathota Mini Hydro Power Plant - First Mini Hydro Power Plant to Win 5 S Award

Growing Beyond Boundaries



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About us

Established in 1997 as a BOI approved company, Vidullanka helped champion the cause of cleaner, greener and renewable energy through the introduction of hydro power and other forms of alternative energy. The Company is among the first of its kind to specialise in the design and construction of mini hydro power plants and commissioned its first power plant in 2001. The company's current capacity which is steadily growing is rated at 7MW, with a total energy supply of 26 GWh. The company has the distinction of being the first power company to be listed on the Colombo Stock Exchange (CSE) in 2005 and more recently, Vidullanka was listed as a part of the main board of the CSE.

The Company was also rated BBB+ by RAM Rating in 2009 and received a 5 S merit award for their successful implementation of the 5 S concept at Batathota Mini Hydro Power Plant, which made Vidullanka the first company to be awarded such a distinction in this sector.

Leveraging on their success the company has also diversified into several other renewable energy sources, including Wind power, Solar power and Biomass.

Chairman's Report

It is my pleasure to warmly welcome you on behalf of the Board of Directors for the Fourteenth Annual General Meeting of Vidullanka PLC and present to you the Annual Report and the Audited Financial statements of the Company and its subsidiaries for the financial year ended 31st March 2010.

Your Company reported a group profit of Rs. 121.8 million, which is the highest reported by the group since its inception. The group profit increased by 78.1% compared to last financial year. Higher generation reported from our two main power plants coupled with improved performance of our fully owned subsidiary, Vidul Construction Limited, has contributed for the increase in profits.

During the year, your Company won a merit award for successful implementation of 5 S concept at Batathota Mini Hydro Power Plant. The achievement was very significant as the plant was shut down for a week owing to heavy rains and eventual flooding at the plant.

We continued our commitment towards corporate social responsibility by carrying out 5 S educational programmes at Sudagala Maha Vidyalaya in Kuruwita. Our Programmes also targeted the villagers of Sudagala, who were educated on the importance of implementing 5 S concept at schools and households.

Our fourth mini hydro power plant, "Ganthuna Mini Hydro Power Plant" was commissioned on 26th March, 2010. The Plant is located in the Kegalle district and is expected to supply 4 gigawatt hours of power to the national grid.

During the year, your Company embarked on its fifth mini hydro power plant, "Ethmala Ella Mini Hydro Power Plant". The construction commenced in January 2010 and is expected to be commissioned by 31st January 2011. The plant is located in Morwaka and is of 2 MW capacity. The plant is under the pervue of Nilwala Vidulibala Company (Pvt) Limited.

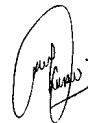
We have obtained all relevant approvals to set up a 1.1 MW Wind Power Plant in Ambewela. The plant will be constructed together with our supplier Vergnet SA in order to showcase

the distinct advantages of installing Vergnet SA wind turbines in a rapidly developing wind power sector in Sri Lanka.

During the year we welcomed two Directors to represent our board. Mrs B.R.I. Sangani and Mr Chistian F. Fuhrer were appointed to the board on 20th August 2009 and 24th March 2010 respectively. Both appointees serve on the boards of many companies and will undoubtedly enhance the strategic outlook of Vidullanka PLC.

Your company declared an interim dividend of Rs. 0.50 per share in January 2010 and would like to inform you that we are declaring a further dividend of Rs. 1.00 per share for the Financial Year 2009/10.

I take this opportunity to express my gratitude to my fellow board members for all the valuable advice & input extended at all times. I would also like to thank management & staff of all levels for their commitment and support which has contributed to a positive operational & financial performance. Last but not least, I wish to thank all the shareholders for the support & trust placed upon us and look forward to your continuous support in the future.



Osman Kassim
Chairman

31st May, 2010

Profiles of Directors

Mr. Osman Kassim

Mr. O. Kassim, the chairman of Vidullanka Group, is also the Chairman of the Expolanka group of companies, a private family-held company, which has grown at a tremendous rate to rank among the largest conglomerates in the country. The group consists of over 50 companies in diverse areas such as Tea, Freight Forwarding, Aviation, Travel, Commodity Trading, Packaging, just to name a few. Mr. Kassim is also the Chairman of the Asia Pacific Institute of Information Technology (APIIT) and the Amana Group.

Mr. Riyaz Mohamed Sangani

Mr. Riyaz M. Sangani along with Mr. S. Ranjan Mather found the company in 1997. Mr. Riyaz M. Sangani serves on the board 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 Jayewardenepura. He is also an Associate Member of the Chartered Institute of Management Accountants, UK. He also serves as the treasurer for Small Hydro Power Developers Association.

Mr. S.Ranjan Mather

Mr. S. Ranjan Mather has been a Director of Vidullanka PLC from the inception stage and is the Managing Director of Ranmalu Fashions Ltd. He also serves on the Board of Mag Consultants Ltd and Chesa Swiss Restaurants Ltd. He serves the Board as a Non-Executive Director.

Dr. Aboobucker Admani M. Haroon

Dr. A. A. M. Haroon is a Medical Practitioner; by profession and is also a businessman of repute. He holds the Chairmanship of several private companies. His business experience encompasses different industries including Garments, Textile Manufacturing and Exports, Health Care and Clinical Diagnostics. He Serves the Board as a Independent Non-Executive Director.

Mr. Shahid Mohamed Sangani

Mr. Shahid M. 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 in several companies. Mr. Shahid M. Sangani is an Attorney-at-Law of the Supreme Court of Sri Lanka. He Serves the Board as a Non-Executive Director.

Mr. M. Zulficar Ghouse

Mr. M. Zulficar Ghouse is the executive director of Expack Corrugated Cartons Pvt Limited, a leading corrugated paper manufacturer. As a Fellow Member of the Institute of Chartered Accountants of Sri Lanka & Certified Management Accountants of Sri Lanka, Mr. M. Zulficar Ghouse has more than 22 years experience in senior management positions both internationally and locally in multinational listed companies, currently holds directorships in several companies including Chairmanship at Liberty Plaza Management Corporation. He also serves as the Senior Vice President and Treasurer of the International Chamber of Commerce – Sri Lanka. He heads the Audit Committee of Vidullanka PLC and serves the board as Independent Non-Executive Director.

Mr. Hilal R. Peries

Mr. Hilal R. Peries is the Chief Executive Officer of Equity Investments Lanka Ltd, an Associate company of Commercial Bank of Ceylon PLC. Equity Investments Lanka Ltd. is one of the moving forces behind the venture capital industry in Sri Lanka. Mr. Hilal R. Peries career spans over twenty-five years, including 15 years at Equity Investments Lanka Ltd. He also serves on the boards of Hayleys MGT Knitting Mills PLC, Ceylon Tapes (Pvt) Ltd, Interex Enterprises (Pvt) Ltd, Unit Energy (Pvt) Ltd and Blackwater Power (Pvt) Ltd. He serves the board as a Independent Non-Executive Director

Dr. T. Senthilverl

Dr. T. Senthilverl serves the board as a Non-Executive Director. He holds directorships in CT Land Development PLC, Lanka Ceramics PLC, Blue Diamond Worldwide PLC, Citizens Business Development Finance PLC, MBSL Saving Bank PLC and Amana Takaful PLC.

Mrs. B. Roshini I. Sangani

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

Mr. Christian F. Fuhrer

Mr. Christian F. Fuhrer serves the board of Vidullanka PLC as a Non-Executive Director. He is also a Director at Ranmalu Fashions (Pvt) Ltd.

Management Discussion

Vidullanka PLC

Vidullanka PLC is aggressively venturing into many different renewable energy sources whilst ensuring highest stakeholder returns. Vidullanka started off as a hydro power generating company, has since moved onto other renewable energy sources such as Wind and Bio Mass.

Operations

During the year under review, Vidullanka's two plants operated more efficiently with Bambarabatuoya Mini Hydro Power Plant recording 46.1% plant factor compared to 36.6% in Financial Year 2008/09 and Batathota Mini Hydro Power Plant recording 59.6% plant factor compared to 56.8% plant factor in Financial Year 2008/09.



Achievements

"The Batathota Mini Hydro power plant is more than just a success story."

The Batathota Mini Hydro power plant won an award for the successful implementation of the 5 S concept which is a Japanese model for work management geared at achieving higher productivity, cost reduction, timely delivery, safe work environment and high moral among the staff.

The competition is annually held by Japan- Sri Lanka Technical and Cultural Association (JASTECA).

It is the commitment of the senior management and the dedication of the site employees which made it possible to implement the 5 S concept and win this prestigious award,



New Project Investments

During the financial year Vidullanka PLC invested in setting up the "Ganthuna Mini Hydro Power Plant", under Gurugoda Hydro (Pvt) Ltd, which is a joint Venture between Vidullanka PLC and Hirdramani (Pvt) Ltd, commissioned on 26th March, 2010. The 1.2 MW plant is located in Ganthuna, Kegalle District. The Plant is expected to supply annual energy of 4.12 GWh to the National Grid.



Vidullanka is expected to invest a total of Rs. 42 million to set up Ethamala Ella Mini Hydro Power Plant. The construction of the plant commenced in January 2010. The plant, has a capacity of 2 MW and, is under the perview Nilwala Vidulibala Company (Pvt) Ltd. The plant is expected to be commissioned in January 2011.

Overall objective of Vidullanka PLC is to invest & commission at least one mini hydro power plant annually and for the second year running Vidullanka PLC has been successful in achieving the set objective.

Looking Ahead

Vidullanka PLC will consolidate on its hydro portfolio by ensuring smooth operation of its four power plants as well as to commission Ethmala Ella mini hydro power plant by January 2011. Looking at the year ahead, Vidullanka PLC has lined up at least two mini hydro power plant as well as to diversify its portfolio by investing in a wind power plant.

Financial Summary

Rs (Millions)	2009/10	2008/09	Change %
Turnover	250.1	185.6	+34.7%
Operating Profit	152.4	115.3	+32.2%
Profit Before Tax	126.2	82	+53.9%
Profit After Tax	126.1	81.9	+53.8%
Total Assets	733	702	+4.4%
No of Employees	58	55	+5.5%

Vidul Construction Limited

Vidul Construction Limited incorporated in September 2007 is a fully owned subsidiary of Vidullanka PLC. Vidul Construction specialises in designing & construction of mini hydro power plants as well as construction project management.



Channel at Ganthuna Mini Hydro Power Plant

Operations

Ganthuna Mini Hydro Power Plant

Vidul Construction Limited successfully completed the construction of Ganthuna Mini Hydro Power Plant, its second major construction contract since incorporation. The plant, has a capacity of 1.2 MW, had a treacherous terrain through which the penstock of 560 metres was constructed in the remote area in the Kegalle district.

Ethamala Ella Mini Hydro Power Plant

During the year, Vidul Construction Limited also focused on obtaining construction project management contracts for mini hydro and wind power plants. This will enable us to focus on our strength of designing and installation of electro mechanicals for power plants with our team of experts.

“Ethamala Ella Mini Hydro Power Plant” was the first construction project management contract secured by Vidul Construction Limited. The 2 MW plant is scheduled to be commissioned in January 2011. Vidul Construction’s scope of work mainly includes designing of the power plant, procuring of electro mechanicals and installation of electro mechanicals.

Management Discussion Contd.

Construction of Forbay Tank at Ethamala Ella Mini Hydro Power Plant

Other Operations

Vidul Construction Limited has experienced considerable growth in consulting & feasibility reporting segment. The growth is mainly owed to the engineering team, who had provided detailed and thorough analysis of the potential power plants whilst ensuring all regulatory requirements are satisfied.

Looking Ahead

Looking ahead, Vidul Construction Limited is expecting to secure a contract to carry out construction of a mini hydro plant as well as to carry out construction project management for a wind power plant. In the immediate future, Vidul Construction Limited will concentrate on ensuring successful commissioning of Ethmala Ella Mini Hydro Power plant by January 2011 as well.

Financial Summary

Rs (Millions)	2009/10	2008/09	Change %
Turnover	74.8	44.5	+68.1%
Operating Profit	(1.4)	(13.8)	+89.8%
Profit Before Tax	(2.3)	(13.5)	+82.9%
Profit After Tax	(2.3)	(13.5)	+82.9%
Total Assets	59.1	48.6	+21.6%
No of Employees	18	13	+38.5%

Gurugoda Hydro (Pvt) Limited

Gurugoda Hydro (Pvt) Limited, is a joint venture between Vidullanka PLC and Hirdramani (Pvt) Limited. The company was incorporated to develop “Ganthuna Mini Hydro Power Plant”.

Commissioning of Ganthuna Mini Hydro Plant

Gurugoda Hydro (Pvt) Ltd commissioned its first mini hydro power plant, “Ganthuna Mini Hydro Power Plant” on 26th March, 2010. The plant is located in Ganthuna, Kegalle District. The plant, has a capacity of 1.2 MW and is expected to supply 4.12 GWh of electricity to the National Grid. Vidul Construction has been assigned the task of overlooking operation of the plant.



Weir and Intake at Ganthuna Mini Hydro Power Plant

Financial Review

Group Income

Vidullanka PLC's overall revenue grew by 41.1 % to Rs. 324.8 million during the concluded financial year. Our core business revenue, power generation grew by 34.1 % and revenue of Vidul Construction Limited grew by 68.1 % to Rs. 74.8 million.

Investments

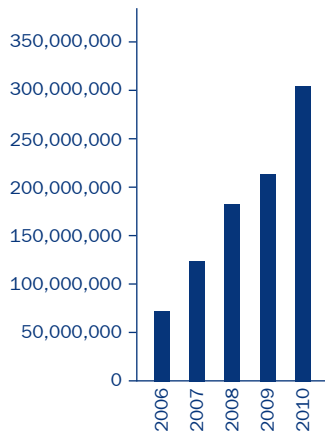
Gurugoda Hydro (Pvt) Limited

Ganthuna Mini Hydro Power Plant owned by Gurugoda Hydro (Pvt) Ltd was commissioned on 26th March 2010. The Company is a joint venture between Vidullanka PLC and Hirdramani (Pvt) Ltd.

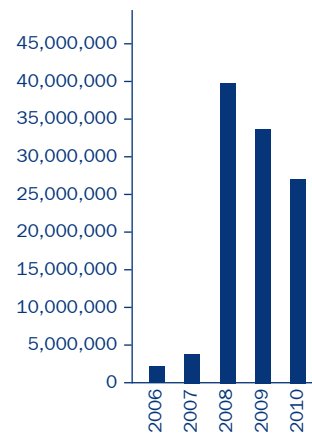
Finance Cost

The finance cost of the group has reduced compared to last year. The finance cost for financial years 2008/09 & 2009/10 was 27m & 33.6m respectively. Most of short term facilities was repaid during the year thus reducing the finance cost.

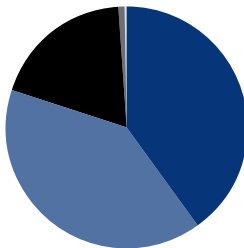
Group Revenue



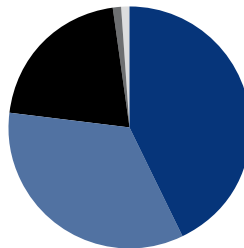
Finance Cost



Break up of Group Revenue 2008/09



Break up of Group Revenue 2009/10



■ Generation Plant - 1	40%
■ Generation Plant - 2	40%
■ Construction Contracts	19%
■ Plant Management	0.8%
■ Solar Home Systems	0.2%

■ Generation Plant - 1	43%
■ Generation Plant - 2	34%
■ Construction Contracts	21%
■ Plant Management	1%
■ Feasibility Reports & Consultancy	1%

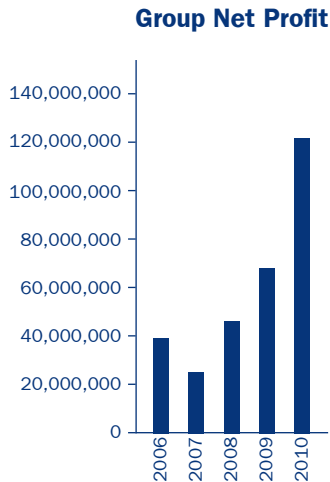
Financial Review Contd.

Taxation

Vidullanka PLC is a BOI approved company which is entitled to a 10 year tax holiday till 2011.

Net Profit

Group Net Profit for the year under review is Rs. 121.8 million. This was an increase of 78.33% compared to last financial year. Increase in revenue coupled with fall in finance cost has resulted in increase of net profits.



Return on Equity (ROE)

Group ROE for the financial year ended 31st March 2010 is 21.25 %, which is an increase by 52.43 % compared to last financial year.

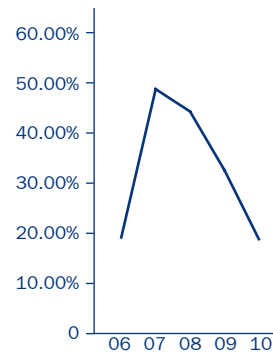
Current Ratio

The Group current ratio as at 31st March 2010 was 0.92:1 compared to 1.02:1 as at 31st March 2009.

Capital Structure

The total equity of the group, as at 31st March 2010 was Rs. 573.2 million compared to Rs. 491.1 million as at 31st March, 2009. The group debt to equity ratio as at 31st March, 2010 is 18.9% compared with 32.41% as at 31st March, 2009

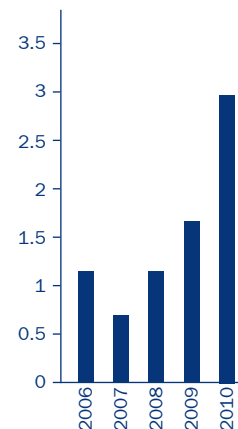
Debt/Equity



Earnings Per Share (EPS)

The group recorded basic earnings per share of Rs. 3.38 as against Rs. 1.90 recorded in the previous financial year.

Earnings Per Share (EPS)



Investor Information

Price to Earnings Ratio

As at 31 March 2010, Price Earnings Ratio of the group was 9.9 times (FY 2008/09 – 11.1 times). This is due to increase in profits of the group is not reflected in Share Price of Vidullanka Plc.

Dividend Payout Ratio

The Dividend Payout ratio of Vidullanka PLC increase to 44.3 in 2009/10 compared to 31.6 in 2008/09. The increase is mainly due to increase in earnings.

Price to Book Value

Price to book ratio of the group as at 31 March 2010 was 1.61 times compared to 1.14 as at 31 March 2009. The fall in price to book ratio was due to marginal fall in share price coupled with increase in Net Assets during the year in review.

Share Information

	2009/10	2008/09
Highest Price	39.75	25.50
Lowest Price	20.50	12.00
Closing Price	33.50	21.00

Market Capitalisation

Market capitalisation of the group stood at Rs. 1.2 Billion as at 31 March 2010 compared to Rs. 757.5 million as at 31 March 2009.

Twenty Largest Shareholders of Vidullanka PLC

As at 31st March	2010		2009	
	No of Shares	%	No of Shares	%
Belmont Agents Limited	6,341,000	17.58	5,854,700	16.23
Dr. Thirugnanasambandar Senthilvel	6,181,010	17.13	3,140,110	8.70
Wembley Spirit Limited	5,777,300	16.02	4,605,900	12.77
Mrs. Ren Lan Mather	2,000,060	5.54	2,000,060	5.54
ABC International Limited	1,595,000	4.42	1,595,000	4.42
Ms. Yumna Kunimoto	1,588,125	4.40	1,588,125	4.40
Growth Lanka (Pvt) Limited	1,535,000	4.26	2,150,000	5.96
Equity Investments Limited	1,443,750	4.00	1,443,750	4.00
Mrs. Sabeera Riyaz Sangani	1,183,215	3.28	826,115	2.29
Mr. Suhaib Mohamed Sangani	1,170,501	3.24	500,101	1.39
Mr. Mohamed Shafee Mohideen	1,052,700	2.92	1,028,500	2.85
Dynawash (Pvt) Limited	956,600	2.65	956,600	2.65
Lanka Equities (Pvt) Limited	947,233	2.63	2,736,033	7.58
Amana Investments Limited	930,912	2.58	1,958,112	5.43
Mrs. Zaibunissa Mohamed Sangani	820,800	2.28	820,800	2.28
Mrs. Biyagama Roshini Indira Sangani	587,550	1.63	329,050	0.91
Mr. Ranjeet Bhanwarlal Barmecha	557,639	1.55	557,139	1.54
Mrs. Shazia Shahid Sangani	186,400	0.52	-	-
Mr. Fauzal Kabeer Mohideen	181,500	0.50	-	-
Trade First (Pvt) Limited	133,000	0.37	-	-
Total Top 20 Shareholders	35,169,295	97.49	32,090,095	88.96
Others	903,839	2.51	3,983,039	11.04
Issued Share Capital	36,073,134	100.00	36,073,134	100.00

*Investor Information Contd.***Shareholder's Profile**

Description	2010		2009	
	No of Shares	Percentage	No of Shares	Percentage
1 to 1,000 Shares	106,915	0.30	87,319	0.24
1,001 to 10,000 Shares	288,951	0.80	731,007	2.03
10,001 to 100,000 Shares	507,973	1.41	1,249,463	3.46
100,001 to 1,000,000 Shares	5,301,634	14.70	6,496,628	18.00
Over 1,000,000 Shares	29,867,661	82.80	27,508,717	76.27
Total	36,073,134	100.00	36,073,134	100.00

Related Party's Shareholding

Name of Shareholder	2010		2009	
	No. of Shares	%	No. of Shares	%
Belmonts Agents Limited	6,341,000	17.58	5,854,700	16.23
Dr. Thirugnanasambandar Senthilvel	6,181,010	17.13	3,140,110	8.70
Wembley Spirit Limited	5,777,300	16.02	4,605,900	12.77
Mrs. R.L Mather	2,000,060	5.54	2,000,060	5.54
Growth Lanka (Pvt) Limited	1,535,000	4.26	2,150,000	5.96
Equity Investments Lanka Limited	1,443,750	4.00	1,443,750	4.00
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Lanka Equities (Pvt) Limited	947,233	2.63	2,736,033	7.58
Amana Investments Limited	930,912	2.58	1,958,112	5.43
Mrs. B.R.I. Sangani	587,550	1.63	329,050	0.91
Mrs. Shazia Shahid Sangani	186,400	0.52	-	-
Trade First (Pvt) Limited	133,000	0.37	-	-
Mr. R.M. Sangani	5,101	0.01	101	0.00
Mr. S.M. Sangani	1,293	0.00	1293	0.00
Amana Takaful PLC	1,089	0.00	168,389	0.47
Vanguard Industries (Pvt) Limited	60	0.00	447,160	1.24
Total Related Party's Holding	27,253,973	75.55	22,520,663	62.43
Public Share Holding	8,819,161	24.45	13,552,471	37.57
Total Issued Share Capital	36,073,134	100.00	36,073,134	100.00

Corporate Responsibility

All corporate citizens have the upmost responsibility towards its stakeholders as they have positive and negative effect from the activities of the company. Vidullanka PLC takes the responsibility very seriously, although Vidullanka PLC uses renewable sources to generate electricity which reduces the impact on the environment. Over the years Vidullanka PLC has focused on improving infrastructure facilities in rural areas in which operates.

Social Responsibility

Vidullanka Continues its commitment to improvement of livelihood of villagers in the project area. During the year, Vidullanka PLC further constructed a road in Sudagala Village, Kuruwita. The total length of the road was 500 meters.

A community center was also constructed during the year under review. The community center is located in Sudagala, Kuruwita and was handed over to the residents in the area.

5 S awareness Programme

Vidullanka PLC carried out a 5S awareness Programme to Sudagala Maha Vidyalaya in Kuruwita. The programme was initiated to educate the students and the teachers of the importance of 5 S and to also show them the effective and efficient ways to implement 5 S concept at school.

Vidullanka PLC also carried out a 5 S awareness programme for the residents of Sudagala area.

Employee Responsibility

The management of Vidullanka PLC maintain a flat organisational structure which paves the way for participation by the employees on the management system thus encouraging employee commitment and efforts in achieving the company's objectives.

Performance Recognition

Vidullanka PLC annually recognises exceptional performances by its employees and rewards the best performers. Vidullanka PLC rewarded its best performing employees for Financial Year 2008/09 at the Annual Awards Ceremony held on 15th August, 2009. The ceremony was attended by our directors, consultants and employees. Three Silver Awards and one Gold Award were presented at the ceremony.

Training & Development

The need for training & development is planned based on the performance appraisals & recommendations from heads of department. The training & development is focused on enhancing technical & managerial skills of the employees and succession planning.

During the year Vidullanka PLC sent a member of the senior management team to participate in the International Conference on Sustainable Consumption, Sustainable Production and Sustainable Future in Philippines The conference was organised by Asia Productivity Organisation

Vidullanka PLC also provided overseas training to its technical engineers (i.e. Electrical & Mechanical) to gain knowledge and hands on experience on latest technology development in Hydro electronic equipment & Wind Turbines.

Annual Report of the Board of Director 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 2010, to be presented at the 14th 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 Subsidiary

The principal activity of the Subsidiary is to engage in turnkey construction contracts for mini hydro power plants, hydraulic structures and water supply works.

Principal Activity of the Joint Venture

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

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 pages 22 to 26 in this annual report.

Independent Auditor's Report

The Auditor's Report on the financial statements is given on page 21 in this report.

Accounting Policies

The Accounting Policies adopted in preparation of the financial statements is given on pages 27 to 30. There were no changes in Accounting Policies adopted by the Company during the year under review.

Financial Results / Profit and Appropriations

<i>Rs ' 000</i>	Year ended 31.03.2010	Year ended 31.03.2009
Net Profit/(Loss) for the year	121,821	68,393
Add : Accumulated Profit/(Loss)	93,665	43,309
	215,478	111,702
Appropriations		
Dividends Paid	(39,680)	(18,037)
Accumulated Profit/(Loss) C/F	175,806	93,665

Property, Plant & Equipment

During the year under review the Group invested a sum of Rs. 86,856,949 (2009 – Rs 21,702,315) in property, plant & equipment of which Rs 82,223,106 is in machinery & equipment, Rs. 2,053,970 is in Computer and other equipment, Rs 1,484,088 is in Furniture & fixtures, Rs. 382,235 is in Motor Vehicles and Rs. 297,500 is in Land.

Information relating to movement in Property, Plant & Equipment during the year is disclosed under Note 3 to the financial statement.

Market Value of Freehold Land

There are no freehold land classified as Investment Properties.

Corporate Governance

The Company has complied with the corporate governance rules laid down under the listing rules of the Colombo Stock Exchange and the status report is presented on Page 16.

Dividend

The board paid an interim dividend of Rs. 0.50 per share for Financial Year 2009/10 in January 2010.

The board recommends a final dividend of Rs. 1.00 per share for Financial Year 2009/10.

Reserves

The Reserves and Accumulated Profits as at 31st March 2010 amount to Rs. 175,806,242 vs Rs. 93,665,004 as at 31st March 2009. The breakup and the movement are shown in the Statement of Changes in Equity in the financial statements Page 24.

Stated Capital

As per the terms of the Companies Act No. 7 of 2007, the stated capital of the Company was Rs. 397,477,570 as at 31st March 2010 and was unchanged during the year. The details are given in Note 8 to the financial statement on Page 36.

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 20 to the financial statements on pages 46 to 48, and have been declared at the Board meeting, pursuant to Section 192 (2) of the Companies Act No. 7 of 2007.

Audit Committee

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

1. Mr. M. Zulficar Ghouse
2. Mr. Hilal R. Peiris
3. Mr. Shahid.M. Sangani

The report of the Audit Committee on page 17 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. Osman Kassim
2. Mr. S.Ranjan Mather
3. Dr. A.A.M. Haroon

The report of the Remuneration committee on page 17 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 20.2 on page 50 to the financial statement.

Investor Information & Shareholdings

The Investor information are given on Pages 9 to 10

Major Shareholders

Details of Twenty largest shareholders of the company and the percentage held by each of them are disclosed in page 9

Directors

The Directors of the Company as at 31st March 2010 and their brief profiles are given on page 03 in this report.

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

Mr. M. Zulficar Ghouse
Mr. Hilal R. Peiris
Mr. Shahid.M. Sangani

Mrs B.Roshini.I Sangani and Mr. Christian F. Fuhrer were appointed as a Directors of the company on 20th August, 2009 and 24th March 2010 respectively subsequent to the last Annual General Meeting and is recommended for election.

Directors' Shareholding

The interest of the Directors in the shares of the Company as at 31st March 2010, were as follows;

No. of Ordinary Shares

	As at 31.03.2010	As at 31.03.2009
Mr. Osman Kassim	-	-
Mr. R. M. Sangani	5,100	101
Mr S. M. Sangani	1,292	1,292
Mr. S. R. Mather	-	-
Dr. A. A. M.Haroon	-	-
Mr. Hilal R. Peiris	-	-
Mr. M. Z. Ghouse	-	-
Dr. T. Senthilverl	6,181,010	4,525,510
Mrs. B. R. I Sangani	587,550	329,050
Mr. C. F. Fuhrer	-	-

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.

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

As far as the Directors are aware, the Auditors do not have any relationship on 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. Details on the work on 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

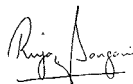
The Annual General Meeting will be held at Galadari Hotel , Colombo 01 on 21st July, 2010 at 3.30 pm.

The Notice of the Annual General Meeting appears on page 52

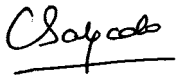
For and on behalf of the Board.



Osman Kassim
Chairman



Riyaz M. Sargani
Managing Director



Managers & Secretaries (Pvt) Ltd
Secretaries

Vidullanka PLC
31st May, 2010
Colombo

Corporate Governance

“Corporate governance involves a set of relationships between a company’s management, its board, its shareholders and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined”, OECD Principles of Corporate Governance

Governance is the process by which companies are managed to enhance shareholder wealth and meet the obligation of all other stakeholders, with whom the company interacts. Governance is therefore the responsibility of the board of directors for competent and ethical operation of the business on a day to day basis and to generate value for shareholders.

Vidullanka PLC adheres to the Corporate Governance requirements under the listing rules published by the Colombo Stock Exchange.

The board of Directors comprise of nine non-executive directors of which 3 Directors are independent. The Managing Director is the only Executive Director in the board of Directors. As per the Articles of Association of the company two Directors should retire by rotation at every Annual General Meeting. The person who has served for the longest period has to retire but is eligible for reappointment. The Managing Director is not subject to rotation.

Directors Attendance for Board and Committee Meetings for the Financial Year 2009/10

Name	Directorship Status	Board Meeting	Audit Committee	Remuneration Committee	Investment & Strategy Committee
Mr. Osman Kassim	Chairman	5/6	N/A	2/2	2/2
Mr. Riyaz. M.Sangani	Managing Director	6/6	N/A	N/A	2/2
Mr. S.Ranjan Mather	Non Executive Director	4/6	N/A	2/2	2/2
Dr. A.A. Mohamed Haroon	Independent Non Executive Director	5/6	N/A	1/2	2/2
Dr. T. Senthilverl	Non Executive Director	4/6	N/A	N/A	N/A
Mr. H.R. Peries	Independent Non Executive Director	6/6	6/6	N/A	N/A
Mr. M. Zulficar. M. Ghouse	Independent Non Executive Director	6/6	6/6	N/A	2/2
Mr. Shahid. M. Sangani	Non Executive Director	6/6	6/6	N/A	N/A
Mrs. B. Roshini.I. Sangani *	Non Executive Director	3/3	N/A	N/A	N/A
Mr. C.F. Fuhrer **	Non Executive Director	N/A	N/A	N/A	N/A

*Mrs. B.Roshini.I.Sangani was appointed to the board on 20th August, 2009.

**Mr. C.F. Fuhrer was appointed to the board on 24th March, 2010

*Corporate Governance Contd.***Corporate Governance Disclosures under the Listing Rules of the Colombo Stock Exchange of Sri Lanka.**

Corporate Governance Principles	CSE Rule Reference	Status	Explanatory Notes
Non Executive Directors	7.10.1	Yes	MD is the sole Executive Director. All other Directors are Non Executives
Independent Directors	7.10.2 (a)	Yes	Three out of the nine Non-Executive Directors are independent.
	7.10.2 (b)	Yes	All Non-Executive Directors have submitted their declarations on independence or non independence.
Disclosures relating to Directors	7.10.3 (a)	Yes	The board assessed the independence declared by the Directors and determined the independent Directors
	7.10.3 (b)	Yes	Board has adequate number of Independent Directors.
	7.10.3 (c)	Yes	Refer Page No. 03.
	7.10.3 (d)	Yes	1 Appointment of Mrs. B. Roshini I. Sangani as a Director was informed to CSE on 3rd September, 2009 2 Appointment of Mr. Christian F. Fuhrer as a Director was informed to CSE on 6th April, 2010
Remuneration Committee	7.10.5 (a)	No	Remuneration committee comprises of two Non-Executive Directors and one Independent Director .The committee is chaired by a Non-Executive Director. The board has initiated steps to rectify the issue.
	7.10.5 (b)	Yes	Refer To Page No. 17.
	7.10.5 (c)	Yes	Names of the Remuneration committee members and report on Remuneration committee are provided in Page . The Remuneration paid to Directors is provided in the Note 22.2 to the financial statements.
Audit Committee	7.10.6 (a)	Yes	Audit Committee comprise of three Non-Executive Directors, two of them are independent including the Chairman of the committee. The Managing Director attends committee meetings by invitation.
	7.10.6 (b)	Yes	Refer To Page No. 17
	7.10.6 (c)	Yes	Names of the Audit committee members and report on Audit committee are provided in Page 17. The basis of the determination of the auditor is also given in the audit committee report.

Audit Committee Report

The Board appointed Audit Committee comprising of following Non-Executive Directors of the company :

Mr. M. Zulficar Ghouse
Mr. Hilal R. Peiris
Mr. Shahid.M. Sangani

The committee is chaired by Mr. Zulficar Ghouse, an independent Director and the committee has met 6 times during the year in concern. The Managing Director & Senior Management team attends the meetings by invitation.

One of the main responsibilities of Audit committee is to assist the Board of Directors in fulfilling its oversight responsibilities for accounting & financial reporting process of the company. The audit committee's other main responsibilities include reviewing the performance of internal audit function and making recommendations on appointment of External & Internal Auditors.

During the year, the audit committee undertook the annual evaluation of the independence and objectivity of the external auditor and the effectiveness of the audit process.

The committee has reviewed and discussed the company's quarterly & annual financial statements prior to publication with the management as well as the external auditors.

An internal audit function was carried out during the year in concern where the main focus was to obtain an independent assurance on the overall system of internal controls, risk management & governance.

Based on 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 is being followed.



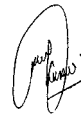
Chairman
Audit Committee

Remuneration Committee Report

The remuneration committee is appointed by the board of Directors and consists of three Non-Executive Directors. Mr Osman Kassim is the chairman of the committee and Mr Ranjan Mather & Dr A. A. M. Haroon. The Managing Director Mr Riyaz Sangani attended meetings by invitation.

The main responsibility of the committee is to set salary level, terms and conditions relating to senior management staff. The board recommends to the board of directors the remuneration packages and annual increments and bonuses of the Managing Director and Senior Management Staff.

The committee held two meetings during the year to review the compensation structures and the performance evaluation procedures of the senior management staff. The group policy is designed to attract & retain best talents in order to achieve strategic goals of the company.

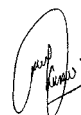


Chairman
Remuneration Committee

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 in order to enhance creation of wealth to the shareholders. The Committee has met a total of 3 times for the year under review.

The Committee is chaired by Mr. Oman Kassim and the committee comprise of Mr. Ranjan Mather, Dr. A.A.M. Haroon and Mr. M. Zulficar Ghouse.



Chairman
Investment & Strategy Committee

Risk Management

The process of understanding and managing the risks that an organisation is inevitably subject to in attempting to achieve its corporate objectives. Vidullanka PLC identifies

such risks and takes appropriate measures to mitigate or avoid such risks.

Important risks affecting Vidulanka PLC and strategies implemented to mitigate the identified risks.

Type of Risk	Description	Impact	Likelihood	Strategies
Economic Risk	Economic Risks are changes in the macro environment	Very High	Medium	Vidullanka PLC carries out thorough analysis of macro economic variables before embarking on new project investment
Operational Risk	Day to Day risk arising through day to day functioning of the company.	Very high	Low to medium	Vidullanka PLC has a system for identifying, monitoring and evaluating processes with inadequate systems.
Credit Risk	This arises from the customers and credit facilities offered.	Extreme	Low	Vidullanka PLC's only customer is Ceylon Electricity Board. The subsidiary company carries out construction contracts after signing of the relevant agreement which are aligned to the company's credit policy.
Environment Risk	Effect to the environment to carry Risk to the environment	High	Medium	Reducing or Eliminating Environment Risk is high on Vidullanka PLC's agenda. Before implementation of a power project, Vidullanka PLC carries out thorough environment risk analysis with the service of leading ecological consultants. The plant structures are designed to reduce the impact to the environment.
Social Risk	Adverse affects to the society due to carrying out business	High	Low	Please refer corporate social responsibility on page 11.
Fraud Risk	Misusing of Company's risk	High	Low	This is managed via internal controls which were developed by the company. These are reviewed periodically by the Board Audit Committee.
Information Risk	Employees are made aware of the importance of the security of information and maintaining confidentiality	Very High	Low	Some vital information is accessible only for the selected employees and confidentiality is maintained.

Director's 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 departures, 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 safeguarded 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 the 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



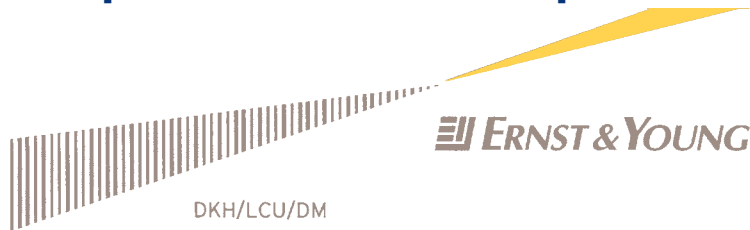
Managers & Secretaries (Pvt) Ltd
Secretaries

Vidullanka PLC
31st May, 2010
Colombo

Financial Information

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Independent Auditor's Report



Chartered Accountants

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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"), the consolidated financial statements of the Company and its subsidiaries, which comprise the balance sheets as at 31 March 2010, and the income statements, statements of changes in equity and cash flow statements 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 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 2010 and the financial statements give a true and fair view of the Company's state of affairs as at 31 March 2010 and its profit 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 state of affairs as at 31 March 2010 and the profit 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.

31 May 2010
Colombo.

Consolidated Balance Sheet


As at 31 March 2010	Note	Group		Company	
		2010 Rs	2009 Rs	2010 Rs	2009 Rs
ASSETS					
Non-Current Assets					
Property, Plant & Equipment	3	662,417,410	584,207,848	578,532,533	578,850,309
Investments	4	-	-	50,412,412	32,412,412
Goodwill		6,687,411	6,737,412	-	-
		<u>669,104,821</u>	<u>590,945,260</u>	<u>628,944,945</u>	<u>611,262,721</u>
Current Assets					
Inventories	5	729,257	1,767,347	-	-
Trade and Other Receivables	6	74,500,975	67,407,829	13,358,119	25,399,224
Amount Due from Related Parties	7	-	-	81,521,857	58,191,730
Cash and Bank Balances	12	12,283,019	7,543,601	9,295,444	7,155,000
		<u>87,513,251</u>	<u>76,718,777</u>	<u>104,175,420</u>	<u>90,745,954</u>
Total Assets		<u>756,618,072</u>	<u>667,664,037</u>	<u>733,120,365</u>	<u>702,008,675</u>
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	8	397,477,570	397,477,570	397,477,570	397,477,570
Retained Earnings		175,806,242	93,665,004	220,320,541	133,882,343
Total Equity		<u>573,283,812</u>	<u>491,142,574</u>	<u>617,798,111</u>	<u>531,359,913</u>
Non-Current Liabilities					
Ijara Facilities (Finance Leases), Murabaha Facilities (Trade Finance) and Mudarabaha Investment Facilities	9	85,447,848	99,698,884	56,194,175	99,698,884
Defined Benefit Liability	10	3,434,842	1,688,379	2,986,845	1,532,259
		<u>88,882,690</u>	<u>101,387,263</u>	<u>59,181,020</u>	<u>101,231,143</u>
Current Liabilities					
Trade and Other Payables	11	45,028,684	15,656,686	11,088,087	11,430,001
Ijara Facilities (Finance Leases), Murabaha Facilities (Trade Finance) and Mudarabaha Investment Facilities	9	49,422,886	59,477,514	45,053,147	57,987,620
		<u>94,451,570</u>	<u>75,134,200</u>	<u>56,141,234</u>	<u>69,417,621</u>
Total Equity and Liabilities	19	<u>756,618,072</u>	<u>667,664,037</u>	<u>733,120,365</u>	<u>702,008,675</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,


Riyaz M. Sangani
Director


M. Zulficar Ghouse
Director

The accounting policies and notes on pages 27 to 30 form an integral part of the financial statements.

Consolidated Income Statement

Year ended 31 March 2010	Note	Group		Company	
		2010 Rs	2009 Rs	2010 Rs	2009 Rs
Revenue	13	324,879,065	230,265,967	250,053,043	185,667,324
Cost of Sales		(100,601,557)	(75,949,014)	(38,552,030)	(31,277,833)
Gross Profit		224,277,508	154,316,953	211,501,013	154,389,491
Other Income	14	907,035	7,421,655	910,958	7,421,106
Administrative Expenses		(76,179,836)	(59,631,869)	(60,005,715)	(46,459,724)
Selling & Distribution Expenses		-	-	-	-
Finance Cost	16	(27,053,667)	(33,623,571)	(26,158,256)	(33,346,800)
Profit Before Tax	15	121,951,040	68,483,168	126,248,000	82,004,073
Income Tax Expense	17	(129,347)	(89,326)	(129,347)	(89,326)
Profit for the year		121,821,693	68,393,842	126,118,653	81,914,747
Earnings Per Share - Basic	18	3.38	1.90	3.50	2.27
Dividend Per Share	19	1.50	0.60	1.50	0.60

The accounting policies and notes on pages 27 to 30 form an integral part of the financial statements.

Consolidated Statement of Changes in Equity

GROUP	Stated Capital Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 1st April, 2008	397,477,570	43,307,729	440,785,299
Profit for the Year	-	68,393,842	68,393,842
Dividend		(18,036,567)	(18,036,567)
Balance as at 31st March, 2009	397,477,570	93,665,004	491,142,574
Profit for the Year		121,821,693	121,821,693
Dividend		(39,680,455)	(39,680,455)
Balance as at 31st March, 2010	<u>397,477,570</u>	<u>175,806,242</u>	<u>573,283,812</u>
COMPANY			
	Stated Capital Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 1st April 2008	397,477,570	70,004,163	467,481,733
Profit for the year	-	81,914,747	81,914,747
Dividend		(18,036,567)	(18,036,567)
Balance as at 31st March 2009	397,477,570	133,882,343	531,359,913
Profit for the year	-	126,118,653	126,118,653
Dividend	-	(39,680,455)	(39,680,455)
Balance as at 31st March 2010	<u>397,477,570</u>	<u>220,320,541</u>	<u>617,798,111</u>

The accounting policies and notes on pages 27 to 30 form an integral part of the financial statements.

Consolidated Cash Flow Statement

Year ended 31 March 2010	Note	Group		Company	
		2010 Rs	2009 Rs	2010 Rs	2009 Rs
Cash Flows From / (Used in) Operating Activities					
		121,951,040	68,483,168	126,248,000	82,004,073
Profit from Ordinary Activities Before Tax					
Adjustments for					
Depreciation	3	21,567,584	19,223,668	20,068,847	18,483,014
Loss/(Profit) on Disposal of Property, Plant & Equipment	14	105,423	663,195	96,243	663,195
Insurance Claim	14	-	(2,438,550)	-	(2,438,550)
Profit from Divestment of Subsidiary	14	-	(5,037,589)	-	(5,037,589)
Provision for Retiring Gratuity	15	1,746,462	283,804	1,454,586	239,184
Provision for Site Maintenance		1,000,000		1,000,000	
Bad Debts Written off		40,619	1,317,441	40,614	
Provision for Income Tax		129,347		129,347	
Finance Costs	16	27,053,667	33,623,571	26,158,256	33,346,800
Operating Profit Before Working Capital Changes		173,594,142	116,118,708	175,195,893	127,260,127
(Increase)/Decrease in Inventories		1,038,090	3,618,999	-	-
(Increase)/Decrease in Trade & Other Receivables		(7,093,146)	(17,825,328)	12,041,105	12,979,282
(Increase)/ Decrease in Amount Due from Related Parties		-	-	(23,330,127)	(39,962,871)
Increase/(Decrease) in Other Payables		29,371,998	514,566	(341,914)	148,342
Cash Generated from Operations		196,911,084	102,426,945	163,564,957	100,424,880
Finance Costs		(26,929,354)	(32,072,819)	(26,083,947)	(31,746,049)
Defined Benefit Plan Cost Paid		-	(300,000)		(300,000)
Income Tax Paid		(2,780)	(125,573)	(2,780)	(125,573)
Net Cash From Operating Activities		169,978,950	69,928,553	137,478,230	68,253,258
Cash Flows from/(Used in) Investing Activities					
Acquisition of Property, Plant & Equipment	3	(86,856,949)	(17,687,794)	(11,076,690)	(14,188,630)
Investment in New project		(12,004,893)	(4,539,521)	(12,004,893)	(4,539,521)
Insurance Claim		561,702	2,438,550	561,702	
Proceeds from Sale of Property, Plant & Equipment	3	441,000	-	396,000	2,438,550
Investment in Subsidiary /Joint Venture		-	(14,924,822)	(18,000,000)	(14,924,822)
Divestment of Subsidiary		-	6,000,000	-	6,000,000
Net Cash Flows Used in Investing Activities		(97,859,140)	(28,713,587)	(40,123,881)	(25,214,423)

Consolidated Cash Flow Statement Contd.

Year ended 31 March 2010	Note	Group		Company	
		2010 Rs	2009 Rs	2010 Rs	2009 Rs
Cash Flows from/(Used in) Financing Activities					
Dividend Payments		(39,680,455)	(18,036,567)	(39,680,455)	(18,036,567)
Principal Payment Under Ijara Facilities/ (Finance Leases)	a	(16,761,268)	(14,352,747)	(16,021,801)	(13,629,214)
Principal Payment Under Murabaha Facilities	a	(937,500)	(312,500)	-	-
Principal Payment Under Extended Murabaha Facilities	a	(10,891,941)	(8,130,583)	(10,692,104)	(8,130,583)
Principal Payment Under Mudarabaha Facilities (Trade Finance)	a	(16,501,240)	(17,202,341)	(16,501,240)	(17,202,341)
Principal Payment Under Dimishing Musharakah Facilities	a	(13,291,671)	(2,500,000)	(13,291,671)	(2,500,000)
Proceeds from Extended Murabaha Facilities		1,572,866	-	973,366	-
Proceeds from Ijara Facilities		-	-	-	-
Proceeds from Murabaha Facilities		2,000,000	5,975,000	-	4,725,000
Proceeds from Diminishing Musharakaha Facilities		26,660,150	-	-	-
Net Cash Flows Used in Financing Activities		(67,831,059)	(54,559,738)	(95,213,905)	(54,773,705)
Net Increase/(Decrease) in Cash & Cash Equivalents		4,288,751	(13,344,772)	2,140,444	(11,734,870)
Cash & Cash Equivalents at the beginning of the year	13	7,543,601	20,888,373	7,155,000	18,889,870
Cash & Cash Equivalents at the end of the year	13	11,832,352	7,543,601	9,295,444	7,155,000

The accounting policies and notes on pages 27 to 30 form an integral part of the financial statements.

Consolidated 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 place of business is situated at Bambarabatuoya, Rathnapura and Batathota ,Kuruwita.

Subsidiary Company

Vidul Construction Limited

The Fully Owned Subsidiary, Vidul Construction Limited was incorporated on 3 September 2007 under the Companies Act. 7of 2007. The registered office of the subsidiary is located at Level 04, Access Tower, No, 278, Union Place, Colombo 02.

Joint Venture

Gurugoda Hydro (Pvt) Limited

Vidullanka PLC owns 50% of Gurugoda Hydro (Pvt) Limited which is an investment in a joint venture with Hidramani (Pvt) Ltd.

The registered office is located at Level 4, Access Tower, No. 278, Union Place, Colombo 02.

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 Batathota Kuruwita. The 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 Activities of the Vidul Construction Limited is ‘Construction’ which specialises civil works related to hydro power plants & hydraulic structure.

Joint Venture

The principal activities of Gurugoda Hydro (Pvt) Limited is to produce electrical energy and transit to feed the national grid.

1.3 Date of Authorisation for Issue

The Financial Statements of Vidullanka PLC, for the year ended 31 March 2010 was authorised for issue in accordance with a resolution of the Board of Directors on 31 May 2010.

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, its Subsidiary and its Joint Venture.

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, its Subsidiary and its Joint Venture over which it has control after elimination of all material inter group transactions.

The total profit and losses of the Company, its Subsidiary and its Joint Venture are shown in the Consolidated Income Statement.

All the assets and liabilities of the Company, its Subsidiary and its Joint Venture 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 31 March 2010 and for the year then ended

Consolidated Notes to the Financial Statements Contd.

been prepared in accordance with Sri Lanka Accounting Standards (SLAS).

The preparation and presentation of these Financial Statements are in compliance with the Companies Act No. 07 of 2007.

2.1.4 Comparative Information

The accounting policies adopted and comparative information are consistent with those of the previous financial year.

2.1.5 Significant Assumptions and Estimates

The financial statements are sensitive to assumptions and estimates made in measuring certain carrying amounts represented in the Balance Sheet and amounts charged to the Income Statement. These could result in a significant risk of causing material adjustments to the carrying amounts of assets and liabilities which are disclosed in the relevant Notes to the financial statements.

Defined Benefit Plans

The Defined Benefit Obligation and related charge for the year is determined using assumptions required under actuarial valuation techniques. The valuation involves making assumptions about discount rates, future salary increases, staff turnover rates etc. Due to the long term nature of such obligations these estimates are subject to significant uncertainty. Further details are given in Note 10 to these financial statements.

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 01 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 recognised 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 capitalised as part of that asset.

2.2 VALUATION OF ASSETS AND THEIR MEASUREMENT BASES

2.2.1 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 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 realise net of allowances for bad and doubtful receivables.

Other receivables and dues from Related Parties are recognised 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.

Consolidated Notes to the Financial Statements Contd.

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 Years – 60 Years
Computer & Computer Equipment	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 capitalised 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.

Capitalised 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 (b).

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

2.2.6 Investments**a) Joint Venture Investment**

The Company's interest in joint ventures is accounted for by proportionate consolidation, which involves recognising a proportionate share of joint ventures assets, liabilities, income and expenses with similar items in the Company's financial statements on a line-by-line basis.

In the separate financial statements of the Company such investments in joint ventures are accounted for of cost.

2.2.7 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

The Company annually measures the present value of the promised retirement benefits for gratuity, which is a defined benefit plan using the Gratuity Formula in Appendix E of Sri Lanka Accounting Standard No. 16, Employee Benefits (Revised 2006) which is based on the Projected Unit Credit method as discussed in the said Standard. Although actuarial assumptions are used therein, it should not be treated as a substitute to an Actuarial Valuation.

This item is state under Defined Benefit Liability in the Balance Sheet.

b) Recognition of Actuarial Gains and Losses

Actuarial gains and losses are recognised as income or expenses when the net cumulative unrecognised actuarial gains and losses at the end of the previous reporting period exceeded 10% of the higher of the defined benefit obligation and the fair value of plan assets at the date.

The gain / losses are recognised over the expected average remaining working lives of the employees participating in the plan.

c) 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.

d) Funding Arrangements

The gratuity liability is not externally funded.

2.3.2 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.

2.3.3 Provisions

Provisions are recognised 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 recognised 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.

*Consolidated Notes to the Financial Statements Contd.***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 recognised on an accrual basis.

Net Gain and losses 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 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 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.

b) Finance expense are recognised in the income statement on an accrual basis.

2.5 EFFECT OF ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following standards have been issued by the Institute of Chartered Accountants of Sri Lanka and are effective for the accounting periods on the dates specified below.

a) Sri Lanka Accounting Standard 44 Financial Instruments; Presentation (SLAS 44) and Sri Lanka Accounting Standard 45 Financial Instruments; Recognition & Measurement (SLAS 45)

SLAS 44 and 45 become effective for financial years beginning on or after 1 January 2011. Accordingly, the financial Statements for the year ending 31 March 2012

will adopt SLAS 44 and 45, for the first time. These two standards together provide comprehensive guidance on identification, classification, measurement and presentation of financial instruments (including Derivatives) into financial assets, financial liabilities and equity instruments.

In order to comply with the requirements of these standards, the Company is in the process of assessing the effect of adoption of the aforesaid two standards. Due to the complex nature of the effect of these standards the impact of adoption is not estimable as at the date of publication of these financial statements.

b) Sri Lanka Accounting Standard 39 Share-based Payments (SLAS-39)

SLAS 39 was issued and available for public in latter part of 2009, and become effective for financial years beginning on or after January 01, 2010. Accordingly, SLAS 39 will be adopted in preparing and presenting the financial Statements for the year ending 31 March 2011 for the first time.

SLAS 39 requires an expense to be recognised where the Company buys goods or services in exchange for shares or rights over shares (equity-settled transactions), or in exchange for other assets equivalent in value to a given number of shares or rights over shares (cash-settled transactions). For equity-settled share-based payment transactions, the Company is required to apply SLAS 39 in issuing shares, share options or other equity instruments that are to be issued after 1 January 2010.

The Company is currently in the process of evaluating the impact the standard will have on its financial statements, and the impact of the same is not currently estimable as at the date of the publication of these financial statements.

3 PROPERTY, PLANT & EQUIPMENT

3.1 Gross Carrying Amounts

GROUP	Balance As at 01.04.2009 Rs.	Additions/ Transfers/ Acquisitions Rs.	Disposals/ Transfers Rs.	Balance As at 31.03.2010 Rs.
Year ended 31 March 2010				
Freehold Land	25,044,175	297,500	-	25,341,675
Office Furniture & Fittings	2,686,999	821,921	-	3,508,920
Office Equipments	500,384	662,167	-	1,162,551
Computers & Computer Equipments	4,242,237	2,053,970	-	6,296,207
Plant & Machinery	528,492,702	82,223,106	-	610,715,807
Motor Vehicles	2,402,740	798,286	(75,020)	3,126,006
	<u>563,369,237</u>	<u>86,856,949</u>	<u>(75,020)</u>	<u>650,151,166</u>
3.2 On Finance Lease				
Plant & Machinery	60,982,446	-	-	60,982,446
Motor Vehicle	20,055,365	4,300,000	(2,343,719)	22,011,646
	<u>81,037,811</u>	<u>4,300,000</u>	<u>(2,343,719)</u>	<u>82,994,092</u>
Total Value of Depreciable Assets	<u>644,407,048</u>	<u>91,156,949</u>	<u>(2,418,739)</u>	<u>733,145,258</u>
3.3 In the Course of Construction				
Capital work in Progress - Other Projects	9,125,000	12,004,893	(2,539,878)	18,590,015
	<u>9,125,000</u>	<u>12,004,893</u>	<u>(2,539,878)</u>	<u>18,590,015</u>
Total Gross Carrying Value	<u>653,532,048</u>	<u>103,161,842</u>	<u>(4,958,617)</u>	<u>751,511,723</u>

3.4 Depreciation

At Cost	Balance As At 01.04.2009 Rs.	Charge for the year/ Transfers Rs.	Disposals/ Transfers Rs.	Balance As at 31.03.2010 Rs.
Office Furniture & Fittings	641,711	288,406	-	930,117
Office Equipments	146,765	233,058	-	379,823
Computers & Computer Equipments	2,501,359	1,194,076	-	3,695,435
Plant and Machinery	53,929,791	12,610,228	-	66,540,019
Motor Vehicle	254,235	204,056	(20,836)	437,455
	<u>57,473,861</u>	<u>14,529,824</u>	<u>(20,836)</u>	<u>71,982,849</u>
3.5 On Finance Lease				
Plant & Machinery	6,716,349	2,566,488	-	9,282,837
Motor Vehicle	5,133,990	4,471,272	(1,553,085)	8,052,177
	<u>11,850,339</u>	<u>7,037,760</u>	<u>(1,553,085)</u>	<u>17,335,014</u>
Total Depreciation	<u>69,324,200</u>	<u>21,567,584</u>	<u>(1,573,921)</u>	<u>89,317,863</u>

*Consolidated Notes to the Financial Statements Contd.***3.6 Net Book Values**

At Cost	2010 Rs	2009 Rs
Freehold Land	25,341,675	25,044,175
Office Furniture and Fittings	2,578,803	2,045,288
Office Equipment	782,728	353,619
Computers & Computer Equipments	2,600,772	1,740,878
Plant and Machinery	544,175,788	474,562,911
Motor Vehicles	2,688,551	2,148,505
	<u>578,168,317</u>	<u>505,895,376</u>
On Finance Lease		
Plant and Machinery	51,699,609	54,266,097
Motor Vehicles	13,959,469	14,921,375
	<u>65,659,078</u>	<u>69,187,472</u>
In the Course of Construction		
Capital Work-in-Progress -Other Projects	18,590,015	9,125,000
	<u>18,590,015</u>	<u>9,125,000</u>
Total Carrying Amount of Property, Plant & Equipment	<u>662,417,410</u>	<u>584,207,848</u>

3.7 During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs. 103,161,842/- (2009 - Rs. 27,937,810/-) of which Rs.4,300,000/- (2009 - Rs.4,985,495/-) was acquired by means of finance leases and Extended Murabaha. Cash payments amounting to Rs. 98,861,842/- (2009 - Rs. 22,227,315/-) 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. 3,925,094 (2009- 3,341,015/-)

3.9 Gross Carrying Amounts

COMPANY	Balance As at 01.04.2009 Rs.	Additions/ Transfers/ Acquisitions Rs.	Disposals/ Transfers Rs.	Balance As at 31.03.2010 Rs.
At Cost				
Freehold Land	24,319,175	260,000	-	24,579,175
Office Furniture & Fittings	2,662,399	671,656	-	3,334,055
Office Equipment	438,525	596,340	-	1,034,865
Computers & Computer Equipment	2,889,745	1,760,178	-	4,649,923
Plant & Machinery	525,306,618	7,372,465	-	532,679,083
Motor Vehicles	2,252,700	416,051	-	2,668,751
	<u>557,869,162</u>	<u>11,076,690</u>	<u>-</u>	<u>568,945,852</u>
3.10 On Finance Lease				
Plant & Machinery	60,744,940	-	-	60,744,940
Motor Vehicle	19,575,365	-	(2,343,719)	17,231,646
	<u>80,320,305</u>	<u>-</u>	<u>(2,343,719)</u>	<u>77,976,586</u>
Total Value of Depreciable Assets	<u>638,189,467</u>	<u>11,076,690</u>	<u>(2,343,719)</u>	<u>646,922,438</u>
3.11 In the Course of Construction				
Capital work in Progress - Other Projects	9,125,000	12,004,893	(2,539,878)	18,590,015
	<u>9,125,000</u>	<u>12,004,893</u>	<u>(2,539,878)</u>	<u>18,590,015</u>
Total Gross Carrying Value	<u>647,314,467</u>	<u>23,081,583</u>	<u>(4,883,597)</u>	<u>665,512,453</u>

3.12 Depreciation

	Balance As at 01.04.2009 Rs.	Charge for the year/ Transfers Rs.	Disposals/ Transfers Rs.	Balance As at 31.03.2010 Rs.
At Cost				
Office Furniture & Fittings	634,741	280,148	-	914,889
Office Equipments	132,523	218,206	-	350,729
Computers & Computer Equipments	2,273,379	872,416	-	3,145,795
Plant and Machinery	53,551,827	11,729,902	-	65,281,729
Motor Vehicle	216,724	145,583	-	362,307
	<u>56,809,194</u>	<u>13,246,255</u>	<u>-</u>	<u>70,055,449</u>
3.13 On Finance Lease				
Plant & Machinery	6,608,475	2,518,987	-	9,127,462
Motor Vehicle	5,046,489	4,303,605	(1,553,085)	7,797,009
	<u>11,654,964</u>	<u>6,822,592</u>	<u>(1,553,085)</u>	<u>16,924,471</u>
Total Depreciation	<u>68,464,158</u>	<u>20,068,847</u>	<u>(1,553,085)</u>	<u>86,979,920</u>

*Consolidated Notes to the Financial Statements Contd.***3.14 Net Book Values**

	2010 Rs.	2009 Rs.
At Cost		
Freehold Land	24,579,175	24,319,175
Office Furniture and Fittings	2,419,166	2,027,658
Office Equipment	684,136	306,002
Computers & Computer Equipments	1,504,128	616,366
Plant and Machinery	467,397,354	471,754,791
Motor Vehicles	2,306,444	2,035,976
	<u>498,890,403</u>	<u>501,059,968</u>
On Finance Lease		
Plant and Machinery	51,617,478	54,136,465
Motor Vehicles	9,434,637	14,528,876
	<u>61,052,115</u>	<u>68,665,341</u>
In the Course of Construction		
Capital Work-in-Progress -Other Projects	18,590,015	9,125,000
	<u>18,590,015</u>	<u>9,125,000</u>
Total Carrying Amount of Property, Plant & Equipment	<u>578,532,533</u>	<u>578,850,309</u>

3.15 During the financial year, The Company acquired Property, Plant and Equipment to the aggregate value of Rs. 23,081,583/- (2009 - Rs. 23,716,646) of which Rs. - Nil (2009- Rs. 4,985,495/-) was acquired by means of finance leases and Extended Murabaha. Cash payments amounting to Rs. 23,081,538/- (2009 - Rs. 18,728,151/-) 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. 3,925,094/- (2009 - Rs. 3,341,015)

4. INVESTMENTS

Investments in Equity Securities Non Quoted	Country of Incorporation	Holding %	2010 Rs.		2009 Rs.	
			Cost	Directors Valuation	Cost	Directors Valuation
Vidul Construction Limited	Sri Lanka	100%	25,000,000	25,000,000	25,000,000	25,000,000
Gurugoda Hydro (Pvt) Ltd	Sri Lanka	50%	25,412,412	25,412,412	7,412,412	7,412,412
			<u>50,412,412</u>	<u>50,412,412</u>	<u>32,412,412</u>	<u>32,412,412</u>
As at 1 April			32,412,412		25,000,000	
Acquired during the year			18,000,000		7,412,412	
Disposal during the year			-		-	
As at 31 March			<u>50,412,412</u>		<u>32,412,412</u>	
Total Non- Quoted Investments in Equity Securities			<u>50,412,412</u>		<u>32,412,412</u>	

5. INVENTORIES

	Group		Company	
	2010 Rs	2009 Rs	2010 Rs	2009 Rs
Finished Goods	729,257	1,703,149	-	-
Goods in Transit	-	39,345	-	-
Work-in-Progress	-	24,853	-	-
	<u>729,257</u>	<u>1,767,347</u>	<u>-</u>	<u>-</u>

6. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2010 Rs	2009 Rs	2010 Rs	2009 Rs
Trade Debtors	36,461,706	52,602,237	6,561,760	13,438,557
Advances & Prepayment	22,743,098	7,001,761	4,944,648	4,246,120
VAT Receivable	-	459,206	-	459,206
Facilities given to Company Officers (6.1)	298,650	227,650	189,000	197,650
Other Debtors	14,997,521	7,116,975	1,662,711	7,057,691
	<u>74,500,975</u>	<u>67,407,829</u>	<u>13,358,119</u>	<u>25,399,224</u>

6.1 Loans to Company Officers:

Summary

Balance as at the beginning of the Year	227,650	156,650	197,650	156,650
Loans Granted During the Year	237,500	237,500	333,000	187,500
Less: Repayments	(166,500)	(166,500)	(341,650)	(146,500)
Balance as at the end of the Year	<u>298,650</u>	<u>227,650</u>	<u>189,000</u>	<u>197,650</u>

7. AMOUNTS DUE FROM RELATED PARTIES

Relationship	Group		Company	
	2010 Rs	2009 Rs	2010 Rs	2009 Rs
Current Account				
- Gurugoda Hydro (Pvt) Ltd Joint Venture	-	-	26,669,620	118,567
- Vidul Construction Ltd Subsidiary	-	-	54,852,237	58,073,163
	<u>-</u>	<u>-</u>	<u>81,521,857</u>	<u>58,191,730</u>

Consolidated Notes to the Financial Statements Contd.

8. STATED CAPITAL

Issued and Fully Paid	At the Beginning of the Year 01.04.2009 Number	Issued for Cash During the Year Number	Issued for Non Cash Consideration Number	End of the Year 31.03.2010 Number
Number of Shares - Ordinary Shares	36,073,134	-	-	36,073,134
	<u>36,073,134</u>	<u>-</u>	<u>-</u>	<u>36,073,134</u>
	Rs.	Rs.	Rs.	Rs.
Value - Ordinary Shares	397,477,570	-	-	397,477,570
	<u>397,477,570</u>	<u>-</u>	<u>-</u>	<u>397,477,570</u>

9. IJARA (FINANCE LEASES), MURABAHA (TRADE FINANCE), MUSHARAKAH AND MUDARABAHA INVESTMENT FACILITIES

GROUP	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	2010 Total Rs.	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	2009 Total Rs.
Ijara Facilities/ Finance Leases (9.1)	16,856,202	5,841,595	22,697,797	15,013,509	20,842,955	35,856,464
Extended Murabaha (9.2)	13,616,016	17,446,103	31,062,119	10,525,265	29,855,929	40,381,194
Diminishing Musharakah (9.3)	13,500,000	62,160,150	75,660,150	13,500,000	49,000,000	62,500,000
Mudarabah Investment (9.4)	3,000,000	-	3,000,000	19,501,240	-	19,501,240
Murabaha Investment (9.5)	2,000,000	-	2,000,000	937,500	-	937,500
Bank Overdrafts (12.2)	450,668	-	450,668	-	-	-
	<u>49,422,886</u>	<u>85,447,848</u>	<u>134,870,734</u>	<u>59,477,514</u>	<u>99,698,884</u>	<u>159,176,398</u>

9.1 Ijara Facilities (Finance Leases)

Relationship	As at 01.04.2009 Rs.	Facilities Obtained Rs.	Repayments Rs.	As at 31.03.2010 Rs.
a) From Related Parties				
Amana Investments Limited Affiliate Company	29,500,698	-	14,611,115	14,889,583
	<u>29,500,698</u>	<u>-</u>	<u>14,611,115</u>	<u>14,889,583</u>

Relationship	As at 01.04.2009 Rs.	Facilities Obtained Rs.	Repayments Rs.	As at 31.03.2010 Rs.
b) From Others				
Peoples Leasing Company PLC	552,394	-	552,394	-
Ceylease Financial Services Limited	1,260,599	-	1,260,599	-
MCB Bank Limited	4,542,773	-	847,486	3,695,287
Lanka Orix Leasing Finance Company (Pvt) Limited	-	4,300,000	187,073	4,112,927
	<u>6,355,766</u>	<u>4,300,000</u>	<u>2,847,552</u>	<u>7,808,214</u>
	<u>35,856,464</u>	<u>4,300,000</u>	<u>17,458,667</u>	<u>22,697,797</u>
Gross Liability	42,738,363			27,493,679
Finance Charges on Ijara Facilities allocated to future periods	(6,881,899)			(4,795,882)
Net Liability	<u>35,856,464</u>			<u>22,697,797</u>

9.2 Extended Murabaha Facilities

Relationship	As at 01.04.2009 Rs.	Facilities Obtained Rs.	Repayments Rs.	As at 31.03.2010 Rs.
a) From Related Parties				
Amana Investments Limited Affiliate Company	40,381,194	-	10,227,743	30,153,451
Amana Asset Management Limited Affiliate Company	-	1,572,866	664,198	908,668
	<u>40,381,194</u>	<u>1,572,866</u>	<u>10,891,941</u>	<u>31,062,119</u>
	As at 01.04.2009 Rs.			As at 31.03.2010 Rs.
Gross Liability	51,293,196			35,955,721
Finance Charges on Murabaha Facilities allocated to future periods	(10,912,002)			(4,893,602)
Net Liability	<u>40,381,194</u>			<u>31,062,119</u>

9.3 Diminishing Musharakah Facilities

Relationship	As at 01.04.2009 Rs.	Facilities Obtained Rs.	Repayments Rs.	As at 31.03.2010 Rs.
a) From Related Parties				
Amana Investments Limited Affiliate Company	62,500,000	-	13,500,000	49,000,000
	<u>62,500,000</u>	<u>-</u>	<u>13,500,000</u>	<u>49,000,000</u>
b) From Others				
Pan Asia Banking Corporation PLC	-	26,660,150	-	26,660,150
	<u>-</u>	<u>26,660,150</u>	<u>-</u>	<u>26,660,150</u>
	<u>62,500,000</u>	<u>26,660,150</u>	<u>13,500,000</u>	<u>75,660,150</u>

Consolidated Notes to the Financial Statements Contd.

	As at 01.04.2009 Rs.	As at 31.03.2010 Rs.
Gross Liability	96,030,525	107,224,724
Finance Charges on Murabaha Facilities allocated to future periods	(33,530,525)	(31,564,574)
Net Liability	<u>62,500,000</u>	<u>75,660,150</u>

9.4 Mudarabaha Facilities

Relationship	As at 01.04.2009 Rs.	Facilities Obtained Rs.	Repayments Rs.	As at 31.03.2010 Rs.
a) From Related Parties				
Amana Asset Management Limited	17,001,240		14,001,240	3,000,000
b) From Others				
Others	2,500,000	-	2,500,000	-
	<u>19,501,240</u>	<u>-</u>	<u>16,501,240</u>	<u>3,000,000</u>

9.5 Murabaha Facilities

Rs.	As at 01.04.2009 Rs.	Facilities Obtained Rs.	Repayments Rs.	As at 31.03.2010 Rs.
a) From Others				
First Global Investments Limited	937,500	-	937,500	-
Other Investor	-	2,000,000	-	2,000,000
	<u>937,500</u>	<u>2,000,000</u>	<u>937,500</u>	<u>2,000,000</u>
	As at 01.04.2009 Rs.			As at 31.03.2010 Rs.
Gross Liability	1,143,700			2,000,000
Finance Charges on Murabaha Facilities allocated to future periods	(206,200)			-
Net Liability	<u>937,500</u>			<u>2,000,000</u>

9. IJARA (FINANCE LEASES), MURABAHA (TRADE FINANCE), MUSHARAKAH AND MUDARABAHA INVESTMENT FACILITIES

COMPANY	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	2010 Total Rs.	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	2009 Total Rs.
Ijara Facilities/ Finance Leases (9.6)	15,336,798	3,248,072	18,584,870	14,461,115	20,842,955	35,304,070
Extended Murabaha (9.7)	13,216,349	17,446,103	30,662,452	10,525,265	29,855,929	40,381,194
Diminishing Musharakah - Working Capital (9.8)	13,500,000	35,500,000	49,000,000	13,500,000	49,000,000	62,500,000
Mudarabah Investment (9.9)	3,000,000	-	3,000,000	19,501,240	-	19,501,240
	<u>45,053,147</u>	<u>56,194,175</u>	<u>101,247,322</u>	<u>57,987,620</u>	<u>99,698,884</u>	<u>157,686,504</u>

9.6 Ijara Facilities (Finance Leases)

Relationship	As at 01.04.2009 Rs.	Facilities Obtained Rs.	Repayments/ Transfer Rs.	As at 31.03.2010
a) From Related Parties				
Amana Investments Limited	29,500,698	-	14,611,115	14,889,583
Affiliate Company	<u>29,500,698</u>	<u>-</u>	<u>14,611,115</u>	<u>14,889,583</u>
b) From Others				
Ceylease Financial Services Limited	1,260,599	-	1,260,599	-
MCB Bank Limited	4,542,773	-	847,486	3,695,287
	5,803,372	-	2,108,085	3,695,287
	<u>35,304,070</u>	<u>-</u>	<u>16,719,200</u>	<u>18,584,870</u>
Gross Liability	42,180,988			21,007,091
Finance Charges on Ijara Facilities allocated to future periods	(6,876,918)			(2,422,221)
Net Liability	<u>35,304,070</u>			<u>18,584,870</u>

9.7 Extended Murabaha Facilities

Relationship	As at 01.04.2009 Rs.	Facilities Obtained Rs.	Repayments Rs.	As at 31.03.2010 Rs.
a) From Related Parties				
Amana Investments Limited	40,381,194		10,227,743	30,153,451
Amana Asset Management Limited	-	973,366	464,365	509,001
Affiliate Company	<u>40,381,194</u>	<u>973,366</u>	<u>10,692,108</u>	<u>30,662,452</u>

Consolidated Notes to the Financial Statements Contd.

	As at 01.04.2009 Rs.	As at 31.03.2010 Rs.
Gross Liability	51,293,196	35,517,193
Finance Charges on Murabaha Facilities allocated to future periods	(10,912,002)	(4,854,741)
Net Liability	<u>40,381,194</u>	<u>30,662,452</u>

9.8 Diminishing Musharakah Facilities

Relationship	As at 01.04.2009 Rs.	Facilities Obtained Rs.	Repayments Rs.	As at 31.03.2010 Rs.
a) From Related Parties				
Amana Investments Limited Affiliate Company	62,500,000	-	13,500,000	49,000,000
	<u>62,500,000</u>	<u>-</u>	<u>13,500,000</u>	<u>49,000,000</u>

	As at 01.04.2009 Rs.	As at 31.03.2010 Rs.
Gross Liability	96,030,525	69,803,158
Finance Charges on Murabaha Facilities allocated to future periods	(33,530,525)	(20,803,158)
Net Liability	<u>62,500,000</u>	<u>49,000,000</u>

9.9 Mudarabaha Facilities

Relationship	As at 01.04.2009 Rs.	Facilities Obtained Rs.	Repayments Rs.	As at 31.03.2010 Rs.
a) From Related Parties				
Amana Asset Management Limited Affiliate Company	17,001,240	-	14,001,240	3,000,000
b) From Others				
Others	2,500,000	-	2,500,000	-
	<u>19,501,240</u>	<u>-</u>	<u>16,501,240</u>	<u>3,000,000</u>

	As at 01.04.2009 Rs.	As at 31.03.2010 Rs.
Gross Liability	19,501,240	3,000,000
Finance Charges on Murabaha Facilities allocated to future periods	-	-
Net Liability	<u>19,501,240</u>	<u>3,000,000</u>

10. DEFINED BENEFIT LIABILITIES

10.1 Defined Benefit Liability

	Group		Company	
	2010 Rs.	2009 Rs.	2010 Rs.	2009 Rs.
Balance as at the beginning of the year	1,688,380	1,704,575	1,532,259	1,593,075
Charge for the year (10.2)	1,746,461	283,805	1,454,586	239,184
Payments during the year	-	(300,000)	-	(300,000)
Balance as at the end of the year	<u>3,434,841</u>	<u>1,688,380</u>	<u>2,986,845</u>	<u>1,532,259</u>

10.2 Expenses on Defined Benefit Plan

	2010	2009	2010	2009
	Rs.	Rs.	Rs.	Rs.
Current service cost	683,179	283,805	551,674	239,184
Interest cost on benefit liability	270,140	-	245,162	-
Net actuarial gain recognized during the year	793,142	-	657,750	-
	<u>1,746,461</u>	<u>283,805</u>	<u>1,454,586</u>	<u>239,184</u>

10.3 Assumptions

	2010	2009	2010	2009
	Discount Rate	16%	16%	16%
Salary increment	12%	12%	12%	12%
Retirement age	55	55	55	55
Staff Turnover	4%	3%	4%	3%

11. OTHER PAYABLES

	Group		Company	
	2010 Rs	2009 Rs	2010 Rs	2009 Rs
Trade Payable	4,215,962	1,539,282	-	-
Sundry Creditors Including Accrued Expenses	40,812,723	14,117,404	11,088,086	11,430,001
	<u>45,028,684</u>	<u>15,656,686</u>	<u>11,088,086</u>	<u>11,430,001</u>

*Consolidated Notes to the Financial Statements Contd.***12. CASH AND CASH EQUIVALENTS**

Components of Cash and Cash Equivalents	Group		Company	
	2010 Rs	2009 Rs	2010 Rs	2009 Rs
12.1 Favourable Cash & Cash Equivalents Balance				
Cash & Bank Balances	12,283,019	7,543,601	9,295,444	7,155,000
12.2 Unfavourable Cash & Cash Equivalents Balance				
Bank Overdraft	(450,668)	-	-	-
Total Cash and Cash Equivalents For the Purpose of Cash Flow Statement	<u>11,832,352</u>	<u>7,543,601</u>	<u>9,295,444</u>	<u>7,155,000</u>

13. REVENUE

Revenue	324,879,065	230,265,967	250,053,043	185,667,324
	<u>324,879,065</u>	<u>230,265,967</u>	<u>250,053,043</u>	<u>185,667,324</u>

14. OTHER INCOME & GAINS

Profit from Mudarabaha Investment	403,774	405,366	403,774	405,366
Revenue from other Energy Projects/ Other Sales	452,537	-	450,000	-
Amana Takaful Surplus		18,547		18,547
Commercial Bank		549		
MCB Bank Limited.		101,163		101,163
First Global Investment Holding Limited	2,720			
Loss on Disposal of Property, Plant & Equipment	(105,423)	(663,195)	(96,243)	(663,195)
Capital Gain	232,052		232,052	
Insurance Premium	-	2,438,550	-	2,438,550
Gain from Divestment of Subsidiary	-	5,037,589	-	5,037,589
Management Fee	(78,625)	83,086	(78,625)	83,086
	<u>907,035</u>	<u>7,421,655</u>	<u>910,958</u>	<u>7,421,106</u>

15. PROFIT BEFORE TAX

Stated after Charging	Group		Company	
	2010 Rs	2009 Rs	2010 Rs	2009 Rs
Depreciation	21,567,584	19,223,667	20,068,847	18,483,015
Staff Costs (Include the following Retirement Benefit Costs)	27,940,759	22,156,569	24,897,995	18,403,739
Defined Benefit Plan Costs - Gratuity	1,746,461	283,805	1,454,586	239,184
Defined Contribution Plan Costs - EPF and ETF	3,326,269	2,703,976	2,913,062	2,283,923

16. FINANCE COST

Finance Cost: (On Ijara / Murabaha Facilities)	26,775,097	33,346,800	26,158,256	33,346,800
People's Leasing Company PLC - Car	65,780	177,469	-	-
People's Leasing Company PLC - Baby Dumper	6,590	30,501	-	-
First Global Investment - Excavator	206,200	68,801	-	-
	27,053,667	33,623,571	26,158,256	33,346,800

17. INCOME TAX

The major components of income tax expense for the year ended March 31, 2010 are as follows:

Current Income Tax

Current Income Tax Charge	129,347	89,326	129,347	89,326
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Deferred Tax

Deferred taxation Charge/(Reversed)	-	-	-	-
	129,347	89,326	129,347	89,326

Income Tax expense reported in the Income statement	128,066	88,442	128,066	88,442
Social Responsibility Levy 1 %	1,281	884	1,281	884
	129,347	89,326	129,347	89,326

Consolidated Notes to the Financial Statements Contd.

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

	Group		Company	
	2010 Rs	2009 Rs	2010 Rs	2009 Rs
Accounting profit before income tax/(loss) tax	121,951,040	68,483,168	126,248,000	82,004,073
At the statutory income tax rate of 15% (2009 : 15%)	18,292,656	10,272,475	18,937,200	12,300,611
Tax effect of Disallowed expenses	-	2,202,557	-	-
Tax effect of Income exempt from tax	(18,164,590)	(12,386,590)	(18,809,134)	(12,212,169)
At the effective income tax rate of 15% (2009 : 15 %)	128,066	88,442	128,066	88,442
Social Responsibility Leavy 1 %	1,281	884	1,281	884
	129,347	89,326	129,347	89,326

18. 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.

	2010	2009	2010	2009
18.1 Amounts Used as Numerator				
Net Profit Attributable to Ordinary Shareholders for				
Basic Earnings per Share	121,821,693	68,393,842	126,118,653	81,914,747
18.2 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

19. DIVIDENDS PAID AND PROPOSED

	2010 Rs.	2009 Rs.
Declared and paid during the year		
Equity dividends on ordinary shares :		
Final dividend for 2009 : Rs 0.60/-per share(2008: Rs.0.50/- per share)	21,643,880	18,036,567
Interim dividend for 2010 : Rs 0.50/-per share	18,036,567	-
	39,680,447	18,036,567
Proposed for approval at AGM (not recognised as a liability as 31 March)		
Equity dividends on ordinary shares		
Final dividend for 2010: Rs 1.00/- per share (2009: Rs 0.60/-per share)	36,073,134	21,643,880

20. COMMITMENTS & CONTINGENCIES

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

21. ASSETS PLEDGED

The following assets have been pledged as security for liabilities.

Nature of assets	Nature of Liability	Carrying Amount Pledged		Included under Assets
		2010 Rs.	2009 Rs.	
GROUP				
Leased Assets (Ijarah Facilities)	Charge over Leased Assets on Finance Lease Liabilities	22,697,797	35,856,464	Property, Plant & Equipment
Assets on Finance Lease and working capital	Ijara facilities & Murabaha Facilities	80,062,123	102,881,194	Property, Plant & Equipment
Finished Goods	Murabaha Facility	-	937,500	Property, Plant & Equipment
Movable & Immovable assets on Ganthuna Project	Diminishing Musharaka Facility	146,529,748	-	Property, Plant & Equipment
Total carrying value of Assets Pledged		249,289,668	139,675,158	
COMPANY				
Leased Assets (Ijarah Facilities)	Charge over Leased Assets on Finance Lease Liabilities	18,584,870	35,856,464	Property, Plant & Equipment
Assets on Finance Lease and working capital	Ijara facilities & Murabaha Facilities	80,062,123	102,881,194	Property, Plant & Equipment
Total carrying value of Assets Pledged		98,646,993	138,737,658	

Consolidated Notes to the Financial Statements Contd.

22. RELATED PARTY DISCLOSURES

Details of significant related party disclosures are as follows:

22.1 Transaction with Related Entities

Name of the Company and Relationship Nature of Transaction	Vidul Construction (Pvt)Ltd Subsidiary		Lanka Equities (Pvt) Ltd Affiliate Company		Diamond Cutters Ltd Affiliate Company	
	2010 Rs.	2009 Rs.	2010 Rs.	2009 Rs.	2010 Rs.	2009 Rs.
As at 1 April 2009	58,073,163	18,228,859	450,000.00	200,000		
Fund transfer to Vidullanka PLC	(27,779,414)	(8,933,194)		263,903		
Repayment by Vidullanka PLC						
Fund transfers by Vidullanka PLC	8,352,714	22,797,865			1,700,000	
Gurugoda Hydro (Pvt) Ltd	(1,374,850)					
LEL Balance T/fer to Vidul Construction Ltd					859,948	
Other Expenses Related to Vidullanka PLC	(1,079,223)					
Other Expenses Related to Vidul Construction Ltd	1,899,187					
50% payment of Kaizan	74,750					
Ethamala Ella Revenue	(8,100,000)					
Rathganga related Cost	369,386					
Bonus Payment		404,350				
Salary Payment	12,795,669	4,598,543				
Statutory Payment		947,966				
Telephone , Fax & Lease Line Expenses	2,167,424	784,494	15,770.00		9,961	
Electricity		754,768			(81,696)	
Rent	(3,754,425)	4,513,864				
Expenses on Site visits	71,155					
Provision For telephone & Electricity	(314,168)					
Maintenance Expenses	(120,283)	30,771			(7,000)	
IT fee & Equipment		49,500			(530,000)	
WHT on Specified fees	88,128				(298,800)	
Loans - Office Staff		75,000				
Loan repayment	(2,500,000)					
Expense incurred on behalf of the Company					785,645	
Part Settlement to Vidullanka PLC						
Softlogic Ltd		12,750				
Settlement Amana Takaful PLC	(6,982,774)	95,134				
Bhoruka Management Expences	(331,970)					
Bhoruka money Deposited in Vidullanka PLC A/C	(504,000)					
Issue of Shares						
ESC Payments		342,693				
Refundable deposit			(686,000)			686,000
Received Money / (Settlement)					(1,700,000)	
Finance Charges		(43,773)				
Service by External party	20,690,863		(56,000)			
Car Maintenance		9,000				
Agreement with Energy Net		96,600				
VAT Payment		1,492,713				
Solar related Cost	607,906					
PSS Renewable		53,674				
Audit Fee Payment		413,471				
Lawyers Payment		157,500				
Training & Development		4,200				
Co. Secretarial Payment - Managers & Secretaries	3,000	11,411				
Payment to Subcontractors		9,319,299				
Innovatec		828,000				
Sales of furniture						
Project Consultant Payments		505,000				
Extended Mudarabha						
Murabaha Facility - First Global Investment		127,100				
Ijarah Facility - People's Leasing PLC		395,605				
Ijarah Facilities (Repayment)						
Mudarabaha settlements						
Diminishing Musharakah Facility						
As at 31 March	54,852,237	58,073,163	465,770	450,000	9,961	-
	Trade and Other Receivable	Trade and Other Receivable	Trade and Other Receivable	Trade and Other Receivable	Trade and Other Payables	Trade and Other Payables

Gurugoda Hydro (Pvt)Ltd Joint Venture		Amana Investments Ltd Affiliate Company		Amana Assets Management Ltd Affiliate Company		Total	
2010 Rs.	2009 Rs.	2010 Rs.	2009 Rs.	2010 Rs.	2009 Rs.	2010 Rs.	2009 Rs.
118,567	-	132,381,895	155,221,999	17,001,241	31,703,581	207,078,135	204,954,439
						(27,779,414)	(9,197,097)
						-	-
42,539,565						52,592,279	22,797,865
						(1,374,850)	-
						-	(859,948)
						(5,040,000)	-
						1,899,187	-
						74,750	-
						(1,680,000)	-
						369,386	-
						-	404,350
						12,795,669	4,598,543
						-	947,966
						2,193,155	784,494
						-	836,464
						(3,754,425)	4,513,864
						71,155	-
						(314,168)	-
						(120,283)	37,771
						-	579,500
						88,128	298,800
						-	75,000
						(2,500,000)	-
2,011,488	118,567					2,011,488	(667,078)
						-	-
						-	12,750
						(6,982,774)	95,134
						(331,970)	-
						(504,000)	-
(18,000,000)						(18,000,000)	-
						-	342,693
						(1,700,000)	-
						-	(43,773)
						20,690,863	56,000
						-	9,000
						-	96,600
						-	1,492,713
						607,906	-
						-	53,674
						-	413,471
						-	157,500
						-	4,200
						3,000	11,411
						-	9,319,299
						-	828,000
						-	-
						-	505,000
	(10,227,743)	(8,130,583)				(10,227,743)	(8,130,583)
						-	127,100
						-	348,874
		(13,968,404)	(12,209,521)			(13,968,404)	(12,209,521)
		(13,500,000)	(2,500,000)	(14,001,240)	(14,702,340)	(14,001,240)	(14,702,340)
		(13,500,000)	(2,500,000)			(13,500,000)	(2,500,000)
26,669,620	118,567	94,685,748	132,381,895	3,000,001	17,001,241	179,683,338	207,078,135
Trade and Other Receivable	Trade and Other Receivable	Ijara,Murabaha & Musharakaha Facility	Ijara,Murabaha & Mudarabaha Facility	Mudarabaha Facility	Ijara,Murabaha & Mudarabaha Facility		

*Consolidated Notes to the Financial Statements Contd.***22 RELATED PARTY DISCLOSURES (Contd.)**

Details of significant related party disclosures are as follows:

22.2 (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 Compensation	2010 Rs.	2009 Rs.
Short-term Employee Benefits	6,825,840	5,740,000
Dividend Payment	11,135,953	3,108,215
	17,961,793	8,848,215

22.2(b) Transaction with Other Related Parties

Transactions with close members of the family of Key Management personnel and shareholders who have either control, significant influences 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 22.1

Five Year Summary

Group Operating Results

Year ended 31 March 2010	2006	2007	2008	2009	2010
Revenue	76,849,258	130,627,223	194,896,155	230,265,967	324,897,065
Gross Profit	59,591,611	68,879,902	131,970,119	154,316,953	224,277,508
Operating Profit	40,863,312	30,010,901	87,299,825	102,106,739	148,995,526
Profit Before Tax	38,864,206	26,133,272	47,754,110	68,483,168	121,941,859
Profit After Tax	39,235,083	25,982,457	46,702,560	68,393,842	121,812,512
Equity					
Stated Capital	298,125,090	327,937,590	397,477,570	397,477,570	397,477,570
Reserves	10,350,190	66,145,147	43,307,728	93,665,003	175,806,242
Liabilities					
Long Term Debt	42,161,529	92,307,035	134,217,794	99,698,884	58,787,698
Other Non - Current Liabilities	492,859	1,117,910	1,704,575	1,688,380	3,434,842
Short term Debt	16,943,189	98,997,851	61,481,775	59,477,514	49,422,886
Current Liabilities	9,089,352	36,833,233	15,142,119	15,656,686	71,465,284
Assets					
Non Current Assets	347,236,359	555,167,473	576,156,901	590,945,260	662,193,860
Current Assets	29,925,850	68,171,293	77,174,661	76,718,777	87,513,251
Key Indicators					
Total Assets/Equity	1.22	1.58	1.48	1.36	1.31
Net Profit Margin	51%	20%	24%	30%	37%
Turnover/ Assets	0.2	0.21	0.3	0.34	0.43
Return on Equity(%)	12.60%	6.63%	10.83%	13.94%	21.25%
Return on Assets (%)	10.30%	4.19%	7.31%	10.26%	16.25%
Current Ratio	1.15	0.5	1.01	1.02	0.72
Earnings Per Share	1.3	0.8	1.3	1.9	3.4
Debt/ Equity	19.16%	48.54%	44.40%	32.41%	18.88%

Notice of Meeting

NOTICE IS HEREBY GIVEN that the 14th Annual General Meeting of shareholders of Vidullanka PLC will be held on Wednesday, 21st July, 2010 at Galadari Hotel Colombo 01 at 3.30 p.m. for the following purposes :

Agenda

1. To, consider and adopt the Audited Financial Statements for the year ended 31st March 2010 together with the Annual Report of the Directors thereon.
2. To declare a final dividend of Re. 1/= per share for the Financial Year 2009/2010.
3. To re-elect Mr. Shahid Mohamed Sangani as a Director of the Company, who retires by rotation.
4. To re-elect Mr. Hilal Rumesh Peries as Director of the Company, who retires by rotation.
5. To re-elect Mr. Mohamed Zulficar Mohamed Ghouse as Director of the Company, who retires by rotation.
6. To elect Mrs. Biyagama Roshini Indira Sangani, who was appointed as a Director of the Company subsequent to the last Annual General Meeting.
7. To elect Mr. Christian Ferdinand Fuhrer, who was appointed as a Director of the Company subsequent to the last Annual General Meeting.
8. To re-appoint the retiring auditors M/s Ernst & Young, Chartered Accountants for the ensuing year and authorize directors to determine their remuneration.
9. To consider and if thought fit to pass the following resolution as a **Special Resolution**:

That the Articles of Association of the company be amended as follows:

Existing Article 3 be deleted in its entirety and the following be substituted therefor;
3. the Company may by Special Resolution consolidate or sub divide all or any of its shares in issue in such proportion as it may seem fit, in a manner which would leave the relative voting and distribution rights of all shareholders substantially unaffected. The consolidation or division shall take effect on such day as may be determined in the said resolution or by the Board.
10. To consider and if thought fit to pass the following resolution as a **Special Resolution**:

To Sub-divide each existing Ordinary Share into ten shares
That under and by virtue of Article 3, divide/subdivide each existing share into ten shares based on the shareholding as at 21st July 2010 thus increasing the number of shares of the Company from 36,073,134 to 360,731,340. The shares arising from such sub division carries the same rights vis a vis the existing shares from which such increase arise.

By order of the Board

MANAGERS & SECRETARIES (PRIVATE) LIMITED

Secretaries

08th June, 2010

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/her.
2. A proxy need not be a member of the Company.
3. A form of proxy accompanies this notice.

Form of Proxy

I/We.....of.....

 being member/s of Vidullanka PLC, do hereby appoint.....
 of..... as my/
 our proxy to represent me/us and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 21st July, 2010 and at my adjournment thereof.

	For	Against
1. To receive, consider and adopt the Audited Financial Statements for the year ended 31st March 2010 together with the Reports of the Auditors and Directors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To declare a final dividend of Rs. 1.00/= per share for the Financial Year 2009/2010.	<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. To re-elect Mr. Hilal Rumesh Peries as a Director of the Company, who retires by rotation.	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-elect Mr. Mohamed Zulficar Mohamed Ghouse as a Director of the Company, who retires by rotation.	<input type="checkbox"/>	<input type="checkbox"/>
6. To elect Mrs. Biyagamage Roshini Indira Sangani, who was appointed as a Director of the Company, subsequent to the last Annual General Meeting.	<input type="checkbox"/>	<input type="checkbox"/>
7. To elect Mr. Christian Ferdinand Fuhrer, who was appointed as a Director of the Company, subsequent to the last Annual General Meeting.	<input type="checkbox"/>	<input type="checkbox"/>
8. 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"/>
9. Special Resolution 1	<input type="checkbox"/>	<input type="checkbox"/>
10. Special Resolution 2	<input type="checkbox"/>	<input type="checkbox"/>

Signed this Day of 2010.

.....
 Signature of Shareholder/s

Form of Proxy Contd.

Instructions to Complete the Form 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 in the Articles of Association.
3. The completed Form of Proxy should be deposited at the following address:
Vidullanka PLC
Level 04, Access Towers,
278, Union Place,
Colombo – 02.

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. S. Ranjan Mather

Dr. A. A. M. Haroon

Mr. Hilal R. Peiris

Mr. M. Zulficar Ghouse

Dr. T. Senthilverl

Mr. C.F. Fuhrer

Mrs. B. Roshini.I. Sangani

COMPANY SECRETARY

Managers & Secretaries (Pvt) Limited

REGISTERED OFFICE

Level 04, 'Access Towers'

No 278 Union Place, Colombo 2.

AUDITORS

M/s. Ernst & Young, Chartered Accountants

BANKERS

Commercial Bank of Ceylon PLC

VIDULLANKA PLC
Building on Renewable Energy Sources



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