

LAUNCHING SUCCESS

VIDULLANKA PLC
Building on Renewable Energy Sources



Annual Report 2010/11

Contents

About Us	2
Strategic Shift	3
Financial Summary	4
Chairman's Message	6
Board of Directors	8
Management Discussion	10
Investor Information	14
Corporate Social Responsibility	16
Annual Report of the Board of Directors on the Affairs of the Company	18
Corporate Governance	22
Board Committees	24
Audit Committee Report	24
Remuneration Committee Report	25
Investment & Strategy Committee Report	25
Risk Management	26
Director's Responsibility for Financial Reporting	27
Financial Information	28
Independent Auditor's Report	29
Balance Sheet	30
Income Statement	31
Statement of Changes in Equity	32
Cash Flow Statement	33
Notes to the Financial Statements	35
Five Year Summary	57
Notice of Meeting	58
Form of Proxy	59

At the end of another year, that saw us recording the highest ever profit for the company, we are proud to say that we are creating a springboard for success. By establishing a foundation that is based on our values and ethics, we are gaining momentum in the industry, ready to take off and take on the prospects that are offered by a burgeoning economy. Here at Vidullanka, we are,

LAUNCHING SUCCESS

About Us

“I aim to relieve country’s poor and the economy from the impact of increasing fuel prices in the world market and at improving the energy supply to match the demand within the country.”

- An extract from Mahinda Chinthanaya.

Established in 1997 as a BOI approved company to deliver environmental friendly green renewable energy potential to the country, Vidullanka PLC now prides itself with four mini hydro power plants contributing a total of 26GWh to the national grid at the end of the financial year 2010/11.

We have gradually achieved our milestones with the first power plant Bambarabatu oya MHPP commissioned in 2001, and in 2005 getting listed in the Colombo Stock Exchange. Our second power plant the Batathota MHPP was commissioned in 2007 and in 2008 Sheen MHPP, a joint venture with Elpitiya Plantations PLC connected to the national grid. In 2010 Ganthuna MHPP was added to our portfolio as a joint venture with Hirdramani (Pvt) Ltd.

We have commenced construction of Ethamalla Ella MHPP, Wembiyagoda MHPP and Hal Oya MHPP, which has combined capacity of 4.1MW. In 2010, as a strategic movement, we have allied with Vergnet SA, a French company excelling in manufacture and installation of wind turbines to utilize the wind energy potential through our new venture Ambewela Pilot Wind Power Project. Meanwhile in 2010, the company was rated A- with a positive short term outlook by RAM ratings Lanka, indicating a strong financial position.

As we grow, we add value to our stakeholders and continue to strive delivering the eco friendly green energy to the increasing demand for energy caused by the rapid growth of our country.



Strategic Shift

Vidul Engineering

Vidul Construction Limited was renamed as Vidul Engineering Limited which is a 100% owned subsidiary of Vidullanka PLC. This was carried out to shift focus from construction of renewable energy power projects to design and project management services, turnkey solutions for electro mechanicals, Operation and Maintenance and Feasibility studies for renewable energy projects. This is in line with our long term vision of becoming the leader in providing renewable energy solutions.

Vidul Engineering is headed by Mr. P.H.M Suraweera, a veteran in the construction and hydro power industry with over 25 years of experience in Sri Lanka and overseas and is assisted by Electrical, Civil and Mechanical engineers who have extensive industry experience. Vidul Engineering also closely works with the leading consultants in the industry to provide the best services to the clients.

Vidul Control Solutions

During this financial year, Vidullanka emerged with Vidul Control Solutions - a new product line built upon the expertise and innovations of the Vidul Engineers regarding the electrical and electro mechanical solutions for renewable energy projects.

The new line of services includes services related to machine control and protection system, HV Protection & Auxiliary Systems and SCADA systems. The subsidiary has made strategic alliances with its suppliers and manufactures locally and internationally. We act as their exclusive agent in Sri Lanka delivering unmatched quality products for a price which is competitive to any other supplier.

Financial Summary

166

Mn Profit

Year ended 31 March 2011	2007	2008	2009	2010	2011
Revenue	130,627,223	194,896,155	230,265,967	324,879,065	362,854,086
Gross Profit	68,879,902	131,970,119	154,316,953	224,277,508	282,890,776
Operating Profit	30,010,901	87,299,825	102,106,739	148,732,893	181,901,355
Profit Before Tax	26,133,272	47,754,110	68,483,168	122,586,261	167,737,324
Profit After Tax	25,982,457	46,702,560	68,393,842	122,456,914	166,362,509

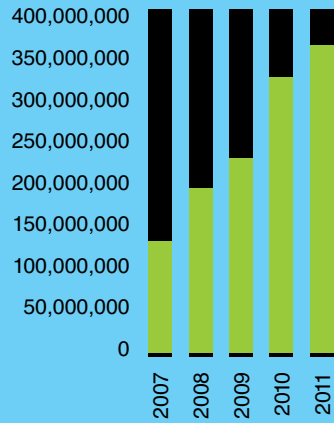
Key Indicators

Total Assets/Equity	1.58	1.48	1.36	1.32	1.23
Net Profit Margin	20%	24%	30%	38%	46%
Turn Over/Assets	0.21	0.30	0.34	0.43	0.31
Return on Equity *	6.63%	10.83%	13.94%	21.32%	17.77%
Return on Assets *	4.19%	7.31%	10.26%	16.17%	14.44%
Current Ratio	0.50	1.01	1.02	0.94	13.16
Earnings Per Share **	0.79	1.17	1.72	0.32	0.41
Debt/Equity	48.54%	44.40%	32.41%	22.66%	21.42%

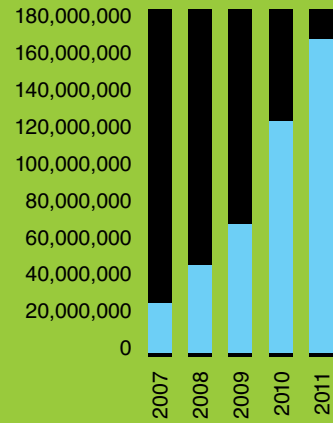
* During the financial year 2010/11, the company raised its capital via a rights issue which has diluted the Return on Equity and Return on Assets. The proceeds from the right issue are still being invested in new projects.

** Shares were subdivided into 10:1 split during the FY 2010/11.

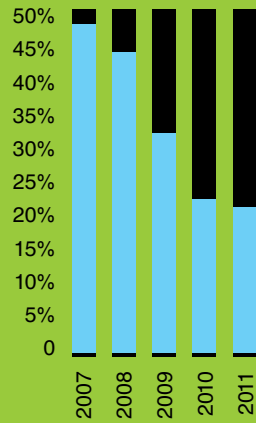
Group Revenue



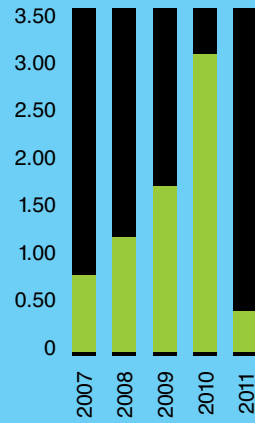
Net Profit



Debt/Equity



Basic EPS



Chairman's Message

It is a great pleasure and a privilege to welcome you all to the annual general meeting of Vidullanka PLC on behalf of the Board of Directors of the Company and present you the annual report and the audited financial statements for the year ended 2010/11.

My dear Shareholders, let me announce you that your Company has recorded the highest ever profit since incorporation. The profit after tax for the year is Rs. 166.3 Mn, a 36% increase from last year. This is a result of better financial and operations management by your Company.

The reduction of direct cost by 21% and the finance cost by 30% along with the 12% increase in the generation revenue in comparison to the last year were the major contributing factors boosting the profit. During the period under review, your Company made a right issue for Rs.216 Mn. The proceeds were used to settle the loans obtained at higher rates. The funds will also be invested in implementing new projects.

The Ethamala Ella MHPP, which is scheduled to be commissioned with in FY 2010/11, is delayed due to the external factors. Further, the construction of Ambewela pilot wind Project is postponed to FY 2011/12 due to the delay in obtaining the final approvals. However it is expected that both Ethamala Ella MHPP and the Ambewela pilot wind project would be commissioned in the financial year 2011/12 and start generating wealth for you.

Your Company is in the process of growing bigger. I take pride in announcing that during the year we have commenced construction of a 1.3 MW MHPP as well as a 0.8 MW MHPP. Both projects are expected to be connected to the national grid in FY 2011/12.

Your Company, along with renewable energy project developers, has brought to the notice of the Sustainable Energy Authority (SEA) and the Ministry of Power and Energy on the hardships faced by project developers when going through the slow and cumbersome project approval process. The amount of time and effort put in by developers at bureaucratic public departments, which is seriously delaying the implementation of our projects and is adversely affecting the Company's performance as well as the country's economy.

The SEA is carrying out an audit and looking into ways in minimizing the delays as it is important to protect the interest of various stakeholders whilst ensuring minimal environmental damage.

Your Company's subsidiary, Vidul Construction Limited is undergoing strategic change with additional product portfolio and was renamed as "Vidul Engineering Limited" to reflect that it offers total turnkey solutions in the renewable energy industry.

Your Company is in the process of growing bigger. I take pride in announcing that during the year we have commenced construction of a 1.3 MW MHPP as well as a 0.8 MW MHPP. Both projects are expected to be connected to the national grid in FY 2011/12.

It is important to protect the interest of various stakeholders whilst ensuring minimal environmental damage.


During the FY 2010/11, your Company won 5S merit award for both Bambarabatuoya MHPP and Batathota MHPP.

Your Company paid an interim dividend of Rs. 0.10 per share in January 2011 and declared a second interim dividend of Rs. 0.10 per share in May 2011.

I take this opportunity to express my gratitude to my fellow Board members for all the valuable advice and input extended at all times.

I would also like to thank the management and 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 and trust placed upon us and look forward to your continuous support in the future.



Osman Kassim
Chairman

31st May, 2011

Board of Directors

Osman Kassim
Chairman
Non-Executive Director

Mr. Kassim, the chairman of Vidullanka Group, is also the Chairman of the Expolanka Holdings PLC. This is a publicly 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.

Riyaz Mohamed Sangani
Managing Director

Mr. Riyaz Sangani along with Mr Ranjan Mather founded the company in 1997. Mr. Riyaz 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 (ACMA). He also serves as the treasurer for Small Hydro Power Developers Association.

S.Ranjan Mather
Non-Executive Director

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

Dr. Aboobucker Admani
M. Haroon
Non-Executive Director

Dr. 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 Non Executive Director.

Shahid Mohamed Sangani
Non-Executive
Independent Director

Mr. Shahid Sangani is the Managing Director of Lanka Equities (Pvt) Limited, 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 Sangani is an Attorney-at-Law of the Supreme Court of Sri Lanka. He Serves the Board as a Non Executive Director.

M. Zulficar Ghouse
Non-Executive
Independent Director

Mr. M.Zulficar Ghouse is the executive director of Expack Corrugated Cartons (Pvt) Limited, a leading corrugated paper manufacturer. A Fellow Member of the Institute of Chartered Accountants of Sri Lanka & Certified Management Accountants of Sri Lanka, with more than 22 years experience in senior management positions. He serves as the Chairman of Audit Committee and serves the board as the Independent Non Executive Director. He is also the Vice Chairman of International Chamber of Commerce.

Hilal R. Peiris
Non-Executive
Independent Director

Mr. Hilal Peiris is the Chief Executive Officer of Equity Investments Lanka Limited, an Associate company of Commercial Bank of Ceylon PLC. Equity Investments Lanka Limited is one of the moving forces behind the venture capital industry in Sri Lanka. Mr. Hilal Peiris's career spans over twenty-five years, including 15 years at Equity Investments Lanka Limited. He also serves on the Boards of Hayleys MGT Knitting Mills PLC, Ceylon Tapes (Pvt) Limited, Interex Enterprises (Pvt) Limited, Unit Energy (Pvt) Limited and Blackwater Power (Pvt) Limited.

Dr. T.Senthilveri
Non-Executive Director

Dr. T. Senthilveri 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 Savings Bank PLC and Amana Takaful PLC.

B.R.I. Sangani
Non-Executive Director

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

C.F. Fuhrer
Non-Executive Director

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

Management Discussion

Performance Review

Vidullanka PLC

Vidullanka PLC recorded its highest profit ever from the day of its inception for the financial year 2010/11. The profit after tax of Rs. 166 Mn with a margin 46% on generation income earned for the year which is 36% higher than that of the financial year 2009/10. The FY 2010/11 was not yet another successful year for the group but, a milestone on its way to realise the corporate vision of the strategic apex.

The achievement came as a result of better financial and operations management of the group. The power generation revenue increased by 12% while the direct costs came down by 21% resulting in a 26% increase in gross profit. The weather was favourable through out the year and the group was able to reduce the costs by an effective management plan while maximizing the revenue income.

The 30% reduction in the finance cost in comparison to the FY 2009/10 was



Batathota MHPP

another significant factor boosting the profit. The finance cost mainly comprised the interest element of the project loans which is obtained at a higher rate during FY 2007/08. The management has decided to settle the loan through the proceeds from the right issue, thus relieving the group from high interest cost. The excess right issue proceeds are to be used for the upcoming projects.



Sheen MHPP

The power generation revenue increased by 12% while the direct costs came down by 21% resulting in 26% increase in gross profit.



Sheen MHPP

The Rs. 6.8 Mn other income generated during the year is 7.5 times higher than the other income generated in FY 2009/10. This is because the company has invested the excess right issue proceeds in various short term investments.

Vidul Construction Limited (Renamed as Vidul Engineering Limited)

Vidul Construction, the 100% owned subsidiary of Vidullanka PLC generated Rs. 0.5 Mn profit, the first time since it started operation in 2007. The subsidiary is undergoing a strategic shift from rendering project construction and

management services to the clients, towards providing total turnkey solutions through Design & Project management, Supply Install & Commission, Operation & Maintenance and Feasibility studies for renewable energy projects locally and internationally.

The name of the subsidiary was changed to “Vidul Engineering Limited” from “Vidul Construction Limited” in order to reflect the strategic change.

This major breakthrough is gained from the expertise of talented pool of engineers at Vidul construction and the HR policy which values the individuals as human resource and believes in continuous training and development. The upcoming year of 2011/12 is expected to be a year of major events for Vidul Construction as it is involved in the feasibility studies in African Continent for projects to be owned by Vidullanka PLC and other external clients.

Gurugoda Hydro (Pvt) Limited

Ganthuna MHPP, the power plant with 1.2MW installed capacity has completed its first year of operation in March,



Batathota MHPP

Management Discussion contd...

2011. It has generated a net profit of Rs. 41.95 Mn with a net profit margin 63%. The high margin is derived as a result of the management strategy gaining economies of scope generated through incorporating the support functions of the joint venture into the Vidullanka group.

New Projects

Vidullanka PLC harbors and values innovative ideas and is keen to explore each and every renewable energy potential for the betterment and value addition of its stakeholders. Presently Vidullanka owns and manages four mini hydro power plants. The Ethamala Ella MHPP is under construction and expected to be commissioned within the next six months.

Wembiyagoda MHPP

The Wembiyagoda project is proposed to implement at Koswathu Ganga which is also called as Koswatta Ganga will have an installed capacity of 1300kW. The annual average rain fall into the project area is about 3500mm. The design flow proposed after computations is $7.28\text{m}^3/\text{s}$ and the gross head as measured in the field is 22.5m. The project will feed 5.61 GWh of energy in to the National grid in every year of operation.

The proposed mini hydro power project is located within Wembiyagoda village of Kalawana Divisional secretariat of Rathnapura District. The Project is

developed under Walagamba Balashakthi (Pvt) Limited, which is BOI approved company and will be a fully owned subsidiary of Vidullanka PLC.

The project cost is estimated around 290 million and out of which 60% is to finance through bank facilities. The project is expected to be commissioned by March 2012.



Forebay location at Wembiyagoda MHPP



Weir Location at Wembiyagoda MHPP

Hal Oya MHPP

The Hal Oya mini hydro power project is located in the Weliulla village at proximity of Loonuwatte town of Uva-paranagama Divisional secretariat within the Badulla District. The source of the project is the flow of Hal oya, located towards the southeast of central hills of the country.

The Project will be developed under Udaka Energy Group (Pvt) Limited and with 800 kW installed capacity. The project will supply 2.650 Gwh of energy to the national grid. The project is expected to be commissioned in April 2012.

The Project is expected to cost Rs. 180 Mn.

Achievements

Both Batathota mini hydro Project and Bambarabatu oya mini hydro Project were awarded the 5S Merit award by the Japan Sri Lanka Technical and Cultural Association (JASTECA). Vidullanka PLC is the one and only renewable energy producer to win 5S merit award for its plants.

This achievement is derived as a result of the quality assurance program practiced in the company to promote productivity, work efficiency and continuous improvement. The quality assurance has become part of the corporate culture from the position of an implemented process.



Batathota MHPP



Weir Location at Hal Oya MHPP

Investor Information

Twenty Largest Shareholders of Vidullanka PLC as at 31st March, 2011

Name	2011		2010	
	Shares	%	Shares	%
Dr. Thirugnanasambandar Senthilverl	102,943,733	23.78	6,181,010	17.13
Belmont Agents Limited	75,000,000	17.33	6,341,000	17.58
Wembley Spirit Limited	66,026,286	15.25	5,777,300	16.02
Mrs. Ren Lan Mather	20,000,000	4.62	2,000,060	5.54
ABC International Limited	18,228,571	4.21	1,595,000	4.42
Trustees to Employ Share Option Scheme	18,036,560	4.17	-	-
Equity Investments Limited	16,520,064	3.82	1,443,750	4.00
Ms. Yumna Kunimoto	13,924,185	3.22	1,588,125	4.40
Mrs. Sabera Riyaz Sangani	13,896,138	3.21	1,183,250	3.28
Mr. Suhaiyb Mohamed Sangani	13,377,153	3.09	1,170,501	3.24
Mrs. Zaibunissa Mohamed Sangani	13,245,466	3.06	820,800	2.28
Ms. Mohamed Shafee Mohideen	11,211,258	2.59	1,052,700	2.92
Mrs. Biyagama Roshini Indira Sangani	6,925,557	1.60	587,550	1.63
Dynawash (Pvt) Limited	6,436,914	1.49	956,600	2.65
Mr. Ranjeet Bhanwarlal Barmecha	6,371,877	1.47	557,639	1.55
Mr. Riyaz Mohamed Sangani	2,912,997	0.67	-	-
Lanka Equities (Pvt) Limited	2,181,986	0.50	-	-
Mrs. Shazia Shahid Sangani	2,007,841	0.46	186,400	0.52
LEL Investments (Pvt) Limited	1,500,000	0.35	-	-
Mr. Fauzal Kabeer Mohideen	1,511,064	0.35	181,500	0.50
Total Top 20 Shareholders	412,257,650	95.24	31,623,185	87.66
Others	20,619,950	4.76	4,449,949	12.34
Total Issued Share Capital	432,877,600	100.00	36,073,134	100.00

Highest and Lowest Share Prices as at 31st March 2011

Financial Year	High Price (Rs)	Low Price (Rs)	Closing Price (Rs)
2010 /11	59.00	5.00	6.30
2009/10	39.75	20.50	33.50
2008/09	25.50	12.00	21.00

Distribution of Shares as at 31st March 2011

Description	2011		2010	
	No of Shares	%	No of Shares	%
1 to 1,000 Shares	349,627	0.08	106,915	0.30
1,001 to 10,000 Shares	3,102,706	0.72	288,951	0.80
10,001 to 100,000 Shares	8,540,969	1.97	507,973	1.40
100,001 to 1,000,000 Shares	10,284,080	2.38	5,301,634	14.70
Over 1,000,000Shares	410,600,218	94.85	29,867,661	82.80
Total	432,877,600	100.00	36,073,134	100.00

Corporate Social Responsibility

Organizations as corporate citizens, need to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities and other potential stakeholders along with all other members of the public sphere. Vidullanka PLC proactively promotes the public interest by encouraging community growth and development, and voluntarily eliminating practices that harm the public sphere, regardless of legality.

Community Development

The company has contributed extensively to improve the infrastructure of the villages of Banagoda, Batathota and Gurugoda in the past and continues to do so. Vidullanka has built a 12 ft concrete bridge in Banagoda to facilitate safe crossing of the Bambarabatuoya especially considering the safety of school children. A Dhamma School and a temple have also been constructed in the village by the company assuring the bond it has with the residents of the village.

In Ganthuna, Vidullanka has constructed a play ground for Ganthuna Udagama Junior School and donated equipment to children. The play ground was officially opened on 6th August, 2010. The company has also mended the school road and laid concrete to ease the vehicle transport during the rainy seasons.

Further initiatives have been taken to build a bridge in Neluwa. The foundation stone was ceremoniously laid down by the Honorable minister of Indigenous medicine, Mr. Piyasena Gamage in March 2011 and the construction of the bridge is to commence soon.

5S Initiatives

Vidullanka takes pride to be awarded the 5S merit awards for Batathota MHPP for second consecutive year and



Bambarabatuoya MHPP thus becoming first renewable energy producer in the industry to win such awards for two of its plants.

Vidullanka has contributed to upgrade the infrastructure of Sudagala Maha Vidyalaya, Ganthuna Udagama Maha

The management Values and recognizes the staff as the key resource which continuously contribute to the success of the company.

Vidyalaya and Banagoda Maha Vidyalaya in the past and presently participates in implementing the 5S, which is based on the vision of increasing the productivity of each individual through its practice and in the long term, promoting the 5S in the community and improving the quality of lifestyle of the people in the villages.

Employee Responsibility

The management hierarchy of Vidullanka PLC is a flat structure with closely knit departments. The management Values and recognizes the staff as the key resource which continuously contribute to the success of the company. The management encourages employee initiatives and the commitment to achieve the organizational objectives.

Annual Award Ceremony

Vidullanka annually organizes an award ceremony to reward and recognize the commitment and



performance of the staff. The company held the annual award ceremony and the annual get-together for the FY 2009/10 on 19th July, 2010 to recognize the Vidullanka staff who have performed exceptionally well during the year under review. The ceremony took place in Jetliner cruiser on a grand scale.

Training and Development

The training and development need for the employees determined by the heads of the department through the performance appraisals. The company has conducted extensive training programs including certificate training programs for both executives and Non Executives.

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

The Directors are pleased to submit their report together with the Auditor's Report and Financial Statements for the year ended 31st March 2011, to be presented at the 15th Annual General Meeting of the Company.

Review of the Year

Principal Activities / Core Business

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

Principal Activities of the Subsidiary

The principal activity of the Subsidiary is to provide total turnkey solutions to the

clients in renewable energy industry including Feasibility study, Consultation, Project Management, Operation & Management of the power plant and electrical control solutions.

Financial Statements

The financial statements prepared in compliance with the requirements of Section 151 of the Companies Act No 7 of 2007 are given from page 30 onwards.

Independent Auditor's Report

The Auditor's Report on the financial statements is given on page 29 in this report.

Accounting Policies

The Accounting Policies adopted in preparation of the financial statements is given on page 35. There were no changes in Accounting Policies adopted by the Company during the year under review.

During the year under review the Group invested a sum of Rs. 79,441,244 (2010 – Rs. 86,856,949) in property, plant & equipment of which Rs. 67,433,822 is in machinery &

Financial Results / Profit and Appropriations		
Rs ' 000	Year ended 31.03.2011	Year ended 31.03.2010
Net Profit/ (Loss) for the year	166,362	122,457
Add : Accumulated profit/ (loss)	176,972	94,195
	343,334	216,652
Appropriations		
Dividends Paid	(81,165)	(39,680)
Accumulated profit / (Loss) carried forward	262,169	176,972

equipment, Rs.1,840,239 is in Computer and other equipment, Rs. 5,345,475 is in Furniture and fixtures, Rs. 3,659,209 is in Motor Vehicles and Rs. 1,162,500 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.

Dividend

The board paid an interim dividend of Rs. 0.10 per share for Financial Year 2010/11 in January 2011.

The board declared a second interim dividend of Rs. 0.10 per share in May 2011.

Reserves

The Reserves and Accumulated Profits as at 31st March 2011 amount to Rs. 262,169,984 as against Rs. 176,972,025 as at 31st March 2010. The breakup and the movement are shown in the Statement of Changes in Equity in the financial statements.

Stated Capital

As per the terms of the Companies Act No. 7 of 2007, the stated capital of the Company was Rs. 673,887,932 as at 31st March 2011. The details regarding the changes in the stated capital are given in Note 6 to the financial statement on page 45.

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 page 54, and have been declared at the Board meeting, pursuant to Section 192 (2) of the Companies Act No. 7 of 2007.

Board Committees

Audit Committee

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

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

The report of the Audit Committee on page 24 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

The report of the Remuneration committee on page 25 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 56 to the financial statement.

Investor Information & Shareholdings

The Investor information are given on Page 14.

Major Shareholders

Details of Twenty largest shareholders of the company and the percentage held by each of them are disclosed in page 14.

Directors

The Directors of the Company as at 31st March 2010 and their brief profiles are given on page 8 in this report. The following Directors retire by rotation and being eligible had offered themselves for re-election.

Mr. S. Ranjan Mather
Dr. A.A.M. Haroon
Dr. T. Senthilverl

Directors' Shareholding

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

Directors' Shareholding		
Rs ' 000	As at 31.03.2011	As at 31.03.2010
Mr. Osman Kassim	-	-
Mr. R M. Sangani	2,912,987	5,100
Mr S.M. Sangani	564,767	1,292
Mr. S.R. Mather	-	-
Dr. A.A.M.Haroon	-	-
Mr. Hilal..R. Peiris	-	-
Mr. M.Z. Ghouse	-	-
Dr. T.Senthilverl	102,943,733	6,181,010
Mrs. B.R.I Sangani	6,925,557	587,550

Auditors

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

As far as the Directors are aware, the Auditors do not have any relationship 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

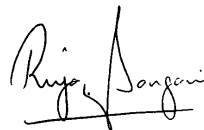
The Annual General Meeting will be held at Galadari Hotel Colombo 01 on 28th July, 2011 at 4.30 pm.

The Notice of the Annual General Meeting appears on page 58.

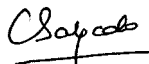
For and on behalf of the Board.



Osman Kassim
Chairman



Riyaz M. Sangani
Managing Director



Managers & Secretaries (Pvt) Limited.
Secretaries

Vidullanka PLC
10th May, 2011
Colombo

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 of the Board. 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.

Name	Directorship Status	Board Meeting	Audit Committee	Remuneration Committee	Investment & Strategy Committee
Mr. Osman Kassim	Chairman	4/7	N/A	2/2	2/2
Mr. Riyaz.M.Sangani	Managing Director	7/7	N/A	N/A	2/2
Mr S.Ranjan Mather	Non Executive Director	7/7	N/A	2/2	2/2
Dr. A.A. Mohamed Haroon	Non Executive Director	6/7	N/A	N/A	0/2
Dr. T. Senthilverl	Non Executive Director	4/7	N/A	N/A	N/A
Mr. H.R. Peries	Independent Non Executive Director	6/7	3/3	N/A	N/A
Mr. M. Zulficar Ghouse	Independent Non Executive Director	7/7	3/3	N/A	0/2
Mr. Shahid.M. Sangani	Independent Non Executive Director	7/7	3/3	N/A	N/A
Mrs. B. Roshini.I. Sangani	Non Executive Director	7/7	N/A	N/A	N/A
Mr. C.F.Fuhrer	Non Executive Director	6/7	N/A	N/A	N/A

“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.

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 eight 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 to page 22.
	7.10.3 (d)	No	-
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 25.
	7.10.5 (c)	Yes	Names of the Remuneration committee members and report on Remuneration committee are provided in page 20. The Remuneration paid to directors is provided in the Note 20.2(a) 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 24.
	7.10.6 (c)	Yes	Names of the Audit committee members and report on Audit committee are provided in page 24. The basis of the determination of the auditor is also given in the audit committee report.

Board Committees

Audit Committee Report

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

Mr. M.Zulficar.M.Ghose
Mr. Shahid.M.Sangani
Mr. H.R. Peiris

The committee is chaired by Mr. Zulficar Ghose, an independent director and the committee has met 3 times during the year in concern. The Managing Director and 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. Other main responsibilities include

reviewing the performance of internal audit function and make recommendations on appointment of External and 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 and 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 and governance. Internal Audit is carried out by Baker Tilly Merali's.

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
10th May, 2011

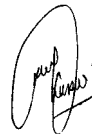
Remuneration Committee Report

The remuneration committee is appointed by the board of Directors and consists of three Non Executive Directors. Mr. Osman Kassim, the chairman of the committee, Mr. Ranjan Mather and 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.

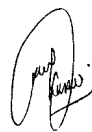


Chairman
Remunerations Committee
10th May, 2011

Investment & Strategy Committee Report

The Investment committee comprises of four 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. Osman Kassim and the committee comprise of Mr. Ranjan Mather, Dr. A.A.M. Haroon and Mr. M. Zulficar Ghouse.



Chairman
Investment & Strategy Committee
10th May, 2011

Risk Management

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 investments.
Operational Risk	Day to Day risk arising through day to day functioning of the company.	Very high	Low to medium	Vidullanka PLC has a systems 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 company's credit policy.
Environment Risk	Effect 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 carried 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 16.
Fraud Risk	Misusing of Company's Assets	High	Low	This is managed via internal controls which were developed by the company. These are reviewed by 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.

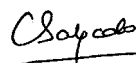
5. The Directors are required to prepare the Financial Statements and to provide the Auditors with every opportunity to take whatever steps, and undertake whatever inspection they consider to be appropriate for the purpose of enabling them to give their audit report.

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) Limited.
Secretaries

Vidullanka PLC
24th June, 2011
Colombo

Financial Information

Independent Auditor's Report	29
Balance Sheet	30
Income Statement	31
Statement of Changes in Equity	32
Cash Flow Statement	33
Notes to the Financial Statements	35

Independent Auditor's Report



Chartered Accountants

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Sri Lanka

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

DKH/MPSS/DM

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

Report on the Financial Statements

We have audited the accompanying financial statements of Vidullanka PLC ("Company"), the consolidated financial statements of the Company and its subsidiaries, which comprise the balance sheets as at 31 March 2011, 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 policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

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

Opinion

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended 31 March 2011 and the financial statements give a true and fair view of the Company's state of affairs as at 31 March 2011 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 2011 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.

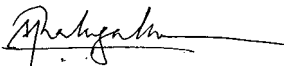
10 May 2011
Colombo.

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

Balance Sheet

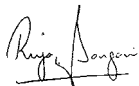
As at March 31, 2011		Group		Company	
		2011 Rs	2010 Rs	2011 Rs	2010 Rs
ASSETS	Note				
Non-Current Assets					
Property, Plant & Equipment	3	722,589,303	662,417,410	630,483,925	578,532,533
Investments in Subsidiaries	4.1	-	-	80,587,412	50,412,412
Goodwill - Gurugoda Hydro (Pvt) Limited		6,687,411	6,687,411	-	-
		<u>729,276,714</u>	<u>669,104,821</u>	<u>711,071,337</u>	<u>628,944,945</u>
Current Assets					
Inventories		864,780	729,257	-	-
Trade and Other Receivables	5	127,515,938	75,338,363	145,229,685	95,717,364
Short Term Investment	4.2	80,123,993	-	80,123,993	-
Cash and Bank Balances		214,572,556	12,283,019	211,743,150	9,295,444
		<u>423,077,267</u>	<u>88,350,639</u>	<u>437,096,828</u>	<u>105,012,808</u>
Total Assets		<u>1,152,353,981</u>	<u>757,455,460</u>	<u>1,148,168,165</u>	<u>733,957,753</u>
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	6	673,887,932	397,477,570	673,887,932	397,477,570
Retained Earnings		262,169,984	176,972,025	288,033,744	221,486,325
Total Equity		<u>936,057,916</u>	<u>574,449,595</u>	<u>961,921,676</u>	<u>618,963,895</u>
Non-Current Liabilities					
Ijara Facilities (Finance Leases)	7	178,495,545	85,447,848	161,034,728	56,194,175
Defined Benefit Liability	8	5,644,208	3,434,842	4,667,523	2,986,845
		<u>184,139,753</u>	<u>88,882,690</u>	<u>165,702,251</u>	<u>59,181,020</u>
Current Liabilities					
Trade and Other Payables	9	22,008,860	44,700,289	16,260,896	10,759,691
Ijara Facilities (Finance Leases) and Murabaha Facilities (Trade Finance)	7	10,147,452	49,422,886	4,283,342	45,053,147
		<u>32,156,312</u>	<u>94,123,175</u>	<u>20,544,238</u>	<u>55,812,838</u>
Total Equity and Liabilities		<u>1,152,353,981</u>	<u>757,455,460</u>	<u>1,148,168,165</u>	<u>733,957,753</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 35 to 56 form an integral part of the financial statements.
Colombo
10th May, 2011

Income Statement

Year Ended 31 March	Note	Group		Company	
		2011 Rs	2010 Rs	2011 Rs	2010 Rs
Revenue	11	362,854,086	324,879,065	299,068,304	250,053,042
Cost of Sales		(79,963,310)	(100,601,557)	(60,338,046)	(38,552,030)
Gross Profit		282,890,776	224,277,508	238,730,258	211,501,012
Other Income	12	4,477,066	907,035	6,825,274	910,958
Administrative Expenses		(100,989,421)	(75,544,615)	(83,065,006)	(59,370,492)
Finance Cost	14	(18,641,097)	(27,053,667)	(13,666,177)	(26,158,256)
Profit Before Tax	13	167,737,324	122,586,261	148,824,349	126,883,222
Income Tax Expense	15	(1,374,815)	(129,347)	(1,112,380)	(129,347)
Profit for the year		166,362,509	122,456,914	147,711,969	126,753,875
Earnings Per Share - Basic	16	0.41	0.32	-	-
Dividend Per Share		0.20	1.50	0.20	1.50

The accounting policies and notes on pages 35 to 56 form an integral part of the financial statements.

Statement of Changes in Equity

Group	Stated Capital Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 31st March 2009	397,477,570	94,195,566	491,673,136
Profit for the Year	-	122,456,914	122,456,914
Dividend	-	(39,680,455)	(39,680,455)
Balance as at 31st March 2010	397,477,570	176,972,025	574,449,595
Profit for the Year	-	166,362,509	166,362,509
Dividend	-	(81,164,550)	(81,164,550)
Share issue during the year	276,410,362	-	276,410,362
Balance as at 31st March 2011	<u>673,887,932</u>	<u>262,169,984</u>	<u>936,057,916</u>

Company	Stated Capital Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 31st March 2009	397,477,570	134,412,905	531,890,475
Profit for the year	-	126,753,875	126,753,875
Dividend	-	(39,680,455)	(39,680,455)
Balance as at 31st March 2010	<u>397,477,570</u>	<u>221,486,325</u>	<u>618,963,895</u>
Profit for the year	-	147,711,969	147,711,969
Dividend	-	(81,164,550)	(81,164,550)
Share issue during the year	276,410,362	-	276,410,362
Balance as at 31st March 2011	<u>673,887,932</u>	<u>288,033,744</u>	<u>961,921,676</u>

The accounting policies and notes on pages 35 to 56 form an integral part of the financial statements.

Cash Flow Statement

Year ended 31 March 2011	Note	Group		Company	
		2011 Rs	2010 Rs	2011 Rs	2010 Rs
Cash Flows From / (Used in) Operating Activities					
Profit from Ordinary Activities Before Tax		167,737,324	122,586,261	148,824,349	126,883,222
Adjustments for					
Depreciation	13	26,802,375	21,567,584	21,660,134	20,068,847
Loss/(Profit) on Disposal of Property, Plant & Equipment	12	(331,490)	105,423	(243,448)	96,243
Provision for Retiring Gratuity	13	2,342,116	1,746,462	1,813,428	1,454,586
Provision for Site Maintenance		-	1,000,000	-	1,000,000
Bad Debts Written off		342,202	40,614	142,252	40,614
Panel write off		15,755,435	-	15,755,435	-
Finance Costs	14	18,641,097	27,053,667	13,666,177	26,158,256
Operating Profit Before Working Capital Changes		231,289,059	174,100,011	201,618,327	175,701,768
(Increase)/Decrease in Inventories		(135,523)	1,038,090	-	-
(Increase)/Decrease in Trade & Other Receivables		7,793,987	(7,728,362)	10,459,241	(11,924,244)
(Increase)/ Decrease in Short Term Investment		(80,123,993)	-	(80,123,993)	-
Increase/(Decrease) in Other Payables		(24,066,244)	29,501,345	4,388,825	(212,567)
Cash Generated from Operations		134,757,286	196,911,084	136,342,400	163,564,957
Finance Costs		(15,676,396)	(26,929,354)	(12,727,827)	(26,083,947)
Defined Benefit Plan Cost Paid		(132,750)	-	(132,750)	-
Income Tax Paid		(4,895)	(2,780)	(4,895)	(2,780)
Net Cash From Operating Activities		118,943,245	169,978,950	123,476,928	137,478,230
Cash Flows from/(Used in) Investing Activities					
Acquisition of Property, Plant & Equipment 3.7/3.15		(32,611,308)	(86,856,949)	(19,186,609)	(11,076,690)
Investment in New project		(60,006,675)	(12,004,893)	(60,006,675)	(12,004,893)
Insurance Claim		-	561,702	-	561,702
Proceeds from Sale of Property, Plant & Equipment		-	441,000	-	396,000
Investment in Subsidiary /Joint Venture		-	-	(30,175,000)	(18,000,000)
Divestment of Subsidiary		-	-	2,475,970	-
Net Cash Flows Used in Investing Activities		(92,617,983)	(97,859,140)	(106,892,314)	(40,123,881)

Cash Flow Statement Contd...

Year ended 31 March 2011	Note	Group		Company	
		2011 Rs	2010 Rs	2011 Rs	2010 Rs
Cash Flows from/(Used in) Financing Activities					
Dividend Payments		(81,164,550)	(39,680,455)	(81,164,550)	(39,680,455)
Right Issue of shares		216,438,800	-	216,438,800	-
Principal Payment Ijara Facilities/ (Finance Leases)	7.1/7.6	(17,553,448)	(16,761,268)	(16,748,702)	(16,021,801)
Principal Payment Murabaha Facilities		-	(937,500)	-	-
Principal Payment Extended Murabaha Facilities	7.2/7.7	(30,662,456)	(10,891,941)	(30,662,456)	(10,692,104)
Principal Payment Under Mudarabaha Facilities (Trade Finance)		-	(16,501,240)	-	(16,501,240)
Principal Payment Under Diminishing Musharakah Facilities	7.3/7.8	(59,939,904)	(13,291,671)	(49,000,000)	(13,291,671)
Principal Payment Under Diminishing Musharakah Facilities	7.9	(11,000,000)	-	(11,000,000)	-
Proceeds from Extended Murabaha Facilities	7.9	-	1,572,866	8,000,000	973,366
Mudarabaha Facilities	7.5	(2,000,000)			
Proceeds from Mudarabaha Facilities	7.4	8,000,000	2,000,000	-	-
Proceeds from Diminishing Murabaha Facilities	7.3/7.8	154,296,500	26,660,150	150,000,000	-
Net Cash Flows from Financing Activities		176,414,942	(67,831,059)	185,863,092	(95,213,905)
Net Increase/(Decrease) in Cash & Cash Equivalents		202,740,204	4,288,751	202,447,706	2,140,444
Cash & Cash Equivalents at the beginning of the year		11,832,352	7,543,601	9,295,444	7,155,000
Cash & Cash Equivalents at the end of the year	10	214,572,556	11,832,352	211,743,150	9,295,444

The accounting policies and notes on pages 35 to 56 form an integral part of the financial statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1 General

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

Vidullanka PLC owns 50% of Gurugoda Hydro (Pvt) Ltd which is an investment in a joint venture with Hirdramani (Pvt) Limited and owns 50% of Co-Energi (Pvt) Ltd which is an investment in a joint venture with Mr and Mrs Ralapanawe.

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 Batatota Kuruwita. The Bambarabatuoya Mini Hydro power plant commenced its operation during June 2001 and the Batatota Mini Hydro power plant commenced its operation during February 2007.

Subsidiary

The Principal Activities of the Vidul Construction Limited is ‘Construction’ which specializes in civil works related to hydro power plants & hydraulic structure.

Joint Venture

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

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

1.3 Date of Authorization for Issue

The Financial Statements of Vidullanka PLC, for the year ended 31 March 2011 was authorized for issue in accordance with a resolution of the Board of Directors on 10 May 2011.

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.

Notes to the Financial Statements contd...

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 2011 and for the year then ended 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 8 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

As the Inland Revenue Act does not apply as stated in current taxes, temporary differences do not exist during the tax exemption period. Therefore deferred tax does not apply.

2.1.8 Borrowing Costs

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

2.2 VALUATION OF ASSETS AND THEIR MEASUREMENT BASES

2.2.1 Inventories

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

The cost incurred in bringing inventories to its present location and conditions are accounted using the following cost formulae:-

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

2.2.2 Trade and Other Receivables

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

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

2.2.3 Cash and Cash Equivalents

Cash and cash equivalents are cash in hand, demand deposits and short-term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

2.2.4 Property, Plant and Equipment

a) Cost and Valuation

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

When an asset is revalued, any increase in the carrying amount is credited directly to a revaluation surplus unless it reverses a previous revaluation decrease relating to the same asset, which was previously recognized as an expense. In these circumstances the increase is recognized 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 recognized 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.

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.

Notes to the Financial Statements contd...

2.2.5 Leases –Company as a Lessee

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

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

2.2.6.1 Joint Venture Investment

The Company's interest in joint ventures is accounted for by proportionate consolidation, which involves recognizing 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 at cost.

2.2.6.2 Short Term Investments

Short term investments comprise of investment in quoted shares, investment in non quoted shares and deposits.

Investments in quoted shares are stated at their respective market values on an aggregate portfolio basis. The difference between cost and the market value is charged to the Income Statement.

Investment in non-quoted shares are stated at cost of acquisition and adjusted for any fall in value which are other than temporary.

The deposits are stated at principle amount plus interest accrued on a time proportionate basis.

2.2.7.2 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 stated under Defined Benefit Liability in the Balance Sheet.

b) Recognition of Actuarial Gains and Losses

Actuarial gains and losses are recognized as income or expenses when the net cumulative unrecognized 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 recognized over the expected average remaining working lives of the employees participating in the plan.

c) Recognition of Past Service Cost

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

2.4 Income Statement

2.4.1 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and sales taxes. The following specific criteria are used for the purpose of recognition of revenue.

a) Sale of Goods

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

b) Others

Other income is recognized on an accrual basis.

Notes to the Financial Statements contd...

Net Gain and losses of a revenue nature on 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 recognized in the income statement on the basis of direct association between the cost incurred and the earning of specific item of income. All expenditure incurred in the running of the business and in maintaining the property, plant & equipment in a state of efficiency has been charged to income in arriving at the profit for the year.
- b) For the purpose of presentation of Income Statement the Directors are of the opinion that function of expenses method presents fairly the elements of the Company's performance, and hence such presentation method is adopted.
- c) Finance expenses are recognized in the income statement on an accrual basis.

2.5 Effect of Accounting Standards Issued but not yet Effective

The following Accounting Standards have been issued by The Institute of Chartered Accountants of Sri Lanka to be effective for the financial periods beginning on or after January 1, 2012.

- Sri Lanka Accounting Standard – SLAS 44 on 'Financial Instruments; Presentation'
- Sri Lanka Accounting Standard – SLAS 45 on 'Financial Instruments; Recognition and Measurement'
- Sri Lanka Accounting Standard – SLAS 46 on 'Financial Instruments; Disclosures'
- Sri Lanka Accounting Standard – SLAS 39 on 'Share-based Payment'

Following the convergence of Sri Lanka Accounting Standards with the International Financial Reporting Standards, all existing Sri Lanka Accounting Standards will be prefixed as SLFRS or LKAS which refer to Sri Lanka Accounting Standards corresponding to IFRS or IAS, respectively. The Council of the Institute of Chartered Accountant of Sri Lanka has mandated all specified business enterprises to adopt these new Accounting Standards effective for financial periods beginning on or after January 1,2012.

The effect of application of these new Accounting Standards will be substantially different to the effect of application of existing Accounting Standards.

3 PROPERTY, PLANT & EQUIPMENT

GROUP

3.1 Gross Carrying Amounts

	Balance As at 01.04.2010 Rs.	Additions/ Transfers/ Acquisitions Rs.	Disposals/ Transfers Rs.	Balance As at 31.03.2011 Rs.
Freehold Land	25,341,675	1,162,500	-	26,504,175
Office Furniture & Fittings	3,508,920	909,681	-	4,418,601
Office Equipment	1,162,551	4,435,794	-	5,598,345
Computers & Computer Equipment	6,296,207	1,840,238	-	8,136,445
Plant & Machinery	610,715,807	67,433,822	(17,009,016)	661,140,613
Motor Vehicles	3,126,006	3,659,209	(2,929,837)	3,855,378
	<u>650,151,166</u>	<u>79,441,244</u>	<u>(19,938,853)</u>	<u>709,653,557</u>
3.2 On Finance Lease				
Plant & Machinery	60,982,446	-	(49,219,291)	11,763,155
Motor Vehicle	22,011,646	14,453,712	(2,929,837)	33,535,521
	<u>82,994,092</u>	<u>14,453,712</u>	<u>(52,149,128)</u>	<u>45,298,676</u>
Total Value of Depreciable Assets	<u>733,145,258</u>	<u>93,894,956</u>	<u>(72,087,981)</u>	<u>754,952,233</u>
3.3 In the Course of Construction				
Capital work in Progress - Other Projects	18,590,015	61,474,243	-	80,064,258
	<u>18,590,015</u>	<u>61,474,243</u>	<u>-</u>	<u>80,064,258</u>
Total Gross Carrying Value	<u>751,735,273</u>	<u>155,369,199</u>	<u>(72,087,981)</u>	<u>835,016,491</u>

3.4 Depreciation

	Balance As At 01.04.2010 Rs.	Charge for the year/ Transfers Rs.	Disposals/ Transfers Rs.	Balance As at 31.03.2011 Rs.
At Cost				
Office Furniture & Fittings	930,117	412,401	-	1,342,518
Office Equipment	379,823	462,444	-	842,267
Computers & Computer Equipment	3,695,435	1,781,723	-	5,477,158
Plant and Machinery	66,540,019	15,401,896	5,274,256	87,216,171
Motor Vehicle	437,455	241,981	(93,292)	586,144
	<u>71,982,849</u>	<u>18,300,445</u>	<u>5,180,964</u>	<u>95,464,257</u>
3.5 On Finance Lease				
Plant & Machinery	9,282,837	2,650,158	(6,372,587)	5,560,408
Motor Vehicle	8,052,177	5,851,772	(2,501,427)	11,402,522
	<u>17,335,014</u>	<u>8,501,930</u>	<u>(8,874,014)</u>	<u>16,962,930</u>
Total Depreciation	<u>89,317,863</u>	<u>26,802,375</u>	<u>(3,693,050)</u>	<u>112,427,187</u>

Notes to the Financial Statements contd...

3.6 Net Book Values

At Cost	2011 Rs	2010 Rs
Freehold Land	26,504,175	25,341,675
Office Furniture and Fittings	3,076,083	2,578,803
Office Equipment	4,756,078	782,728
Computers & Computer Equipment	2,659,287	2,600,772
Plant and Machinery	573,924,442	544,175,788
Motor Vehicles	3,269,234	2,688,551
	<u>614,189,299</u>	<u>578,168,317</u>
On Finance Lease		
Plant and Machinery	6,202,747	51,699,609
Motor Vehicles	22,132,999	13,959,469
	<u>28,335,746</u>	<u>65,659,078</u>
In the Course of Construction		
Capital Work-in-Progress -Other Projects	80,064,258	18,590,015
	<u>80,064,258</u>	<u>18,590,015</u>
Total Carrying Amount of Property, Plant & Equipment	<u>722,589,303</u>	<u>662,417,410</u>

3.7 During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs.155,369,199 (2010 - Rs.103,161,842/-) of which Rs.14,453,712 - /-(2010 -Nil/-) was acquired by means finance lease and Ijara. Cash payments amounting to Rs. 32,611,308/- (2010- Rs. 98,638,292/-) 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 4,113,594. (2010- 3,925,094/-)

COMPANY

3.9 Gross Carrying Amounts

	Balance As at 01.04.2010 Rs.	Additions/ Transfers/ Acquisitions Rs.	Disposals/ Transfers Rs.	Balance As at 31.03.2011 Rs.
At Cost				
Freehold Land	24,579,175	950,000	-	25,529,175
Office Furniture & Fittings	3,334,055	240,750	-	3,574,805
Office Equipment	1,034,865	4,264,405	-	5,299,270
Computers & Computer Equipment	4,649,923	1,514,759	-	6,164,682
Plant & Machinery	532,679,083	55,912,364	(16,853,766)	571,737,681
Motor Vehicles	2,668,751	3,134,266	(2,929,837)	2,873,180
	<u>568,945,852</u>	<u>66,016,544</u>	<u>(19,783,603)</u>	<u>615,178,793</u>
3.10 On Finance Lease				
Plant & Machinery	60,744,940	-	(49,219,291)	11,525,649
Motor Vehicle	17,231,646	14,453,712	(2,929,837)	28,755,521
	<u>77,976,586</u>	<u>14,453,712</u>	<u>(52,149,128)</u>	<u>40,281,170</u>
Total Value of Depreciable Assets	<u>646,922,438</u>	<u>80,470,256</u>	<u>(71,932,731)</u>	<u>655,459,963</u>

3.11 In the Course of Construction

COMPANY	Balance As at 01.04.2010 Rs.	Additions/ Transfers/ Acquisitions Rs.	Disposals/ Transfers Rs.	Balance As at 31.03.2011 Rs.
Capital Work in Progress - Other Projects	18,590,015	61,474,243	-	80,064,258
	<u>18,590,015</u>	<u>61,474,243</u>	<u>-</u>	<u>80,064,258</u>
Total Gross Carrying Value	<u>665,512,453</u>	<u>141,944,499</u>	<u>(71,932,731)</u>	<u>735,524,221</u>

3.12 Depreciation

	Balance As At 01.04.2010 Rs.	Charge for the year/ Transfers Rs.	Disposals/ Transfers Rs.	Balance As at 31.03.2011 Rs.
At Cost				
Office Furniture & Fittings	914,889	343,500	-	1,258,389
Office Equipment	350,729	404,489	-	755,218
Computers & Computer Equipment	3,145,795	1,376,286	-	4,522,081
Plant and Machinery	65,281,729	11,952,230	5,274,256	82,508,215
Motor Vehicle	362,307	110,085	-	472,392
	<u>70,055,449</u>	<u>14,186,590</u>	<u>5,274,256</u>	<u>89,516,295</u>
3.13 On Finance Lease				
Plant & Machinery	9,127,462	2,598,980	(6,372,587)	5,353,855
Motor Vehicle	7,797,009	4,874,564	(2,501,427)	10,170,146
	<u>16,924,471</u>	<u>7,473,544</u>	<u>(8,874,014)</u>	<u>15,524,001</u>
Total Depreciation	<u>86,979,920</u>	<u>21,660,134</u>	<u>(3,599,758)</u>	<u>105,040,296</u>

3.14 Net Book Values

	2011 Rs.	2010 Rs.
At Cost		
Freehold Land	25,529,175	24,579,175
Office Furniture and Fittings	2,316,416	2,419,166
Office Equipment	4,544,052	684,136
Computers & Computer Equipment	1,642,601	1,504,128
Plant and Machinery	489,229,466	467,397,354
Motor Vehicles	2,400,788	2,306,444
	<u>525,662,498</u>	<u>498,890,403</u>
On Finance Lease		
Plant and Machinery	6,171,794	51,617,478
Motor Vehicles	18,585,375	9,434,637
	<u>24,757,169</u>	<u>61,052,115</u>
In the Course of Construction		
Capital Work-in-Progress -Other Projects	80,064,258	18,590,015
	<u>80,064,258</u>	<u>18,590,015</u>
Total Carrying Amount of Property, Plant & Equipment	<u>630,483,925</u>	<u>578,532,533</u>

Notes to the Financial Statements contd...

3.15 During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs.92,725,208 (2010 - Rs.23,081,583) of which Rs.14,453,712 (2010 -Nil) was acquired by means finance lease and Ijara. Cash payments amounting to Rs. 19,186,609 (2010- Rs. 23,081,583) 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 4,113,594 (2010- 3,925,094)

4. INVESTMENTS

Year ended 31 March 2011

4.1 Investment in Subsidiaries & Joint Ventures

Non Quoted	Country of Incorporation	Holding %	2011 Rs.		2010 Rs.	
			Cost	Directors Valuation	Cost	Directors Valuation
Subsidiary						
Vidul Construction Limited	Sri Lanka	100%	25,000,000	25,000,000	25,000,000	25,000,000
Joint Venture						
Gurugoda Hydro (Pvt) Limited	Sri Lanka	50%	55,412,412	55,412,412	25,412,412	25,412,412
Co Energy (Pvt) Limited	Sri Lanka	50%	175,000	175,000	-	-
			<u>80,587,412</u>	<u>80,587,412</u>	<u>50,412,412</u>	<u>50,412,412</u>
Movement of the Investments						
As at 1 April			50,412,412		32,412,412	
Acquired during the year			<u>30,175,000</u>		<u>18,000,000</u>	
As at 31 March			<u>80,587,412</u>		<u>50,412,412</u>	

4.2 Short Term Investments Group / Company

			Cost Rs.	Market Value Rs.
Investment in Equity Securities	- Quoted	4.2.1	18,527,833	16,238,638
	- Non Quoted	4.2.2	33,210,315	33,210,315
Investment in	- Mudarabaha		25,000,000	25,000,000
	- Murabaha		<u>5,675,040</u>	<u>5,675,040</u>
			<u>82,413,188</u>	<u>80,123,993</u>

4.2.1 Investment in Quoted Shares

	Cost Rs.	Market Value Rs.
Vallibel Power Erathna PLC	2,983,405	2,559,478
Bairaha Farms PLC	6,054,459	5,373,400
Touchwood Investment PLC	748,291	587,500
Odel PLC	2,179,147	1,910,000
Kegalle Plantations PLC	843,341	622,500
Kotagala Plantations PLC	901,990	672,000
Malwatte Valley Plantations PLC	3,903,230	3,696,000
Panasian Power PLC	<u>913,970</u>	<u>817,760</u>
	<u>18,527,833</u>	<u>16,238,638</u>

4.2.2 Investment in Non Quoted Shares

	Cost Rs.	Directors Valuation Rs.
ADL Capital Limited	3,000,000	3,000,000
Expolanka Holding (Pvt) Limited	<u>30,210,315</u>	<u>30,210,315</u>
	<u>33,210,315</u>	<u>33,210,315</u>

5 TRADE AND OTHER RECEIVABLES

		Group		Company	
		2011 Rs	2010 Rs	2011 Rs	2010 Rs
Trade Debtors		43,716,354	36,461,706	23,865,967	6,561,760
Advances & Prepayment		81,849,173	23,580,486	66,706,821	5,782,036
Facilities given to Company Officers	5.1	154,500	298,650	154,500	189,000
Other Debtors		1,795,911	14,997,521	1,795,911	1,662,711
Amounts due from related parties	5.2	-	-	<u>52,706,486</u>	<u>81,521,857</u>
		<u>127,515,938</u>	<u>75,338,363</u>	<u>145,229,685</u>	<u>95,717,364</u>
5.1 Loans to Company Officers: Summary					
Balance as at the beginning of the Year		197,650	227,650	197,650	197,650
Loans Granted During the Year		275,000	237,500	275,000	333,000
Less: Repayments		<u>(318,150)</u>	<u>(166,500)</u>	<u>(318,150)</u>	<u>(341,650)</u>
Balance as at the end of the Year		<u>154,500</u>	<u>298,650</u>	<u>154,500</u>	<u>189,000</u>
5.2 Amounts due from related parties:					
Current Account -Gurugoda Hydro (Pvt) Limited		-	-	-	26,669,620
Current Account -Vidul Construction Limited		-	-	51,206,521	54,852,237
Current Account-Co Energy (Pvt) Limited		-	-	<u>1,499,965</u>	-
		-	-	<u>52,706,486</u>	<u>81,521,857</u>

6 STATED CAPITAL

Issued and Fully Paid	At the Beginning of the Year 01.04.2010. Number	Issued for Cash During the Year. Number	Issued for Non Cash Consideration. Number	End of the Year 31.03.2011. Number
Number of Shares - Ordinary Shares	36,073,134	395,000,810	1,803,656	<u>432,877,600</u>
	<u>36,073,134</u>	<u>395,000,810</u>	<u>1,803,656</u>	<u>432,877,600</u>
	Rs.	Rs.		
Value - Ordinary Shares	397,477,570	216,438,800	59,971,562	<u>673,887,932</u>
	<u>397,477,570</u>	<u>216,438,800</u>	<u>59,971,562</u>	<u>673,887,932</u>

Notes to the Financial Statements contd...

7 IJARA (FINANCE LEASES), MURABAHA (TRADE FINANCE) AND MUDARABAHA INVESTMENT FACILITIES

Year ended 31 March 2011	Amount Repayable Within 1 Year	Amount Repayable After 1 Year	2011 Total	Amount Repayable Within 1 Year	Amount Repayable After 1 Year	2010 Total
GROUP	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Ijara Facilities/ Finance Leases (7.1)	5,255,267	13,370,984	18,626,251	16,856,202	5,841,595	22,697,797
Extended Murabaha (7.2)	-	-	-	13,616,016	17,446,103	31,062,119
Diminishing Musharakah (7.3)	4,892,185	165,124,561	170,016,746	13,500,000	62,160,150	75,660,150
Mudarabah Facilities (7.4)	-	-	-	3,000,000	-	3,000,000
Murabaha Facilities (7.5)	-	-	-	2,000,000	-	2,000,000
Bank Overdraft (10)	-	-	-	450,668	-	450,668
	<u>10,147,452</u>	<u>178,495,545</u>	<u>188,642,997</u>	<u>49,422,886</u>	<u>85,447,848</u>	<u>134,870,734</u>

7.1 Ijara Facilities (Finance Leases)

a From Related Parties

	Relationship	As at 01.04.2010 Rs.	Facilities Obtained Rs.	Repayments Rs.	As at 31.03.2011 Rs.
Amana Investments Limited	Affiliate Company	14,889,583	-	14,585,140	304,443
		<u>14,889,583</u>	<u>-</u>	<u>14,585,140</u>	<u>304,443</u>

b From Others

Muslim Commercial Bank		3,695,287	10,446,188	2,163,561	11,977,914
Lanka Orix Leasing Finance Company Limited		4,112,927	3,035,714	804,747	6,343,894
		<u>7,808,214</u>	<u>13,481,902</u>	<u>2,968,308</u>	<u>18,321,808</u>
		<u>22,697,797</u>	<u>13,481,902</u>	<u>17,553,448</u>	<u>18,626,251</u>

	As at 01.04.2010 Rs.	As at 31.03.2011 Rs.
Gross Liability	27,493,679	26,524,551
Finance Charges for future periods	(4,795,882)	(7,898,300)
Net Liability	<u>22,697,797</u>	<u>18,626,251</u>

7.2 Extended Murabah Facilities

a From Related Parties

	Relationship	As at 01.04.2010 Rs.	Facilities Obtained Rs.	Repayments Rs.	As at 31.03.2011 Rs.
Amana Investments Limited	Affiliate Company	30,153,451	-	30,153,451	-
Amana Asset Management Limited	Affiliate Company	509,005	-	509,005	-
		<u>30,662,456</u>	<u>-</u>	<u>30,662,456</u>	<u>-</u>

	As at 01.04.2010 Rs.	As at 31.03.2011 Rs.
Gross Liability	35,517,193	-
Finance Charges for future periods	(4,854,737)	-
Net Liability	<u>30,662,456</u>	<u>-</u>

7.3 Diminishing Musharakah Facilities

		As at 01.04.2010 Rs.	Facilities Obtained Rs.	Repayments Rs.	As at 31.03.2011 Rs.
a From Related Parties	Relationship				
Amana Investments Limited	Affiliate Company	49,000,000	150,000,000	49,000,000	150,000,000
		<u>49,000,000</u>	<u>150,000,000</u>	<u>49,000,000</u>	<u>150,000,000</u>
b From Others					
Pan Asia Banking Corporation PLC		26,660,150	4,296,500	10,939,904	20,016,746
		<u>26,660,150</u>	<u>4,296,500</u>	<u>10,939,904</u>	<u>20,016,746</u>
		<u>75,660,150</u>	<u>154,296,500</u>	<u>59,939,904</u>	<u>170,016,746</u>
		As at 01.04.2010 Rs.			As at 31.03.2011 Rs.
Gross Liability		69,803,158			176,089,825
Finance Charges for future periods		<u>(20,803,158)</u>			<u>(6,073,079)</u>
Net Liability		<u>49,000,000</u>			<u>170,016,746</u>
7.4 Mudarabaha Facilities					
From Related Parties	Relationship				
Amana Asset Management Limited	Affiliate Company	3,000,000	8,000,000	11,000,000	-
		<u>3,000,000</u>	<u>8,000,000</u>	<u>11,000,000</u>	<u>-</u>
7.5 Murabaha Facilities					
a From Non Related Parties					
Other Investor		2,000,000	-	2,000,000	-
		<u>2,000,000</u>	<u>-</u>	<u>2,000,000</u>	<u>-</u>
		As at 01.04.2010 Rs.			As at 31.03.2011 Rs.
Gross Liability		2,000,000			-
Finance Charges for future periods		-			-
Net Liability		<u>2,000,000</u>			<u>-</u>

Notes to the Financial Statements contd...

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

Year ended 31 March 2011	Amount Repayable Within 1 Year	Amount Repayable After 1 Year	2011 Total	Amount Repayable Within 1 Year	Amount Repayable After 1 Year	2010 Total
COMPANY	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Ijara Facilities/ Finance Leases (7.6)	4,283,342	11,034,728	15,318,070	15,336,798	3,248,072	18,584,870
Extended Murabaha (7.7)	-	-	-	13,216,349	17,446,107	30,662,456
Diminishing Musharakah - Working Capital (7.8)	-	150,000,000	150,000,000	11,000,000	33,000,000	44,000,000
Diminishing Musharakah - Motor Vehicle (7.8)	-	-	-	2,500,000	2,499,996	4,999,996
Mudarabah Investment (7.9)	-	-	-	3,000,000	-	3,000,000
	<u>4,283,342</u>	<u>161,034,728</u>	<u>165,318,070</u>	<u>45,053,147</u>	<u>56,194,175</u>	<u>101,247,322</u>

7.6 Ijara Facilities (Finance Leases)

a From Related Parties	Relationship	As at 01.04.2010	Facilities Obtained	Repayments/ Transfer	As at 31.03.2011
		Rs.	Rs.	Rs.	Rs.
Amana Investments Limited	Affiliate Company	14,889,583	-	14,585,141	304,442
		<u>14,889,583</u>	<u>-</u>	<u>14,585,141</u>	<u>304,442</u>
b From Others					
MCB Bank Limited		3,695,287	10,446,188	2,163,561	11,977,914
Lanka Orix Finance Company Limited		-	3,035,714	-	3,035,714
		<u>3,695,287</u>	<u>13,481,902</u>	<u>2,163,561</u>	<u>15,013,628</u>
		<u>18,584,870</u>	<u>13,481,902</u>	<u>16,748,702</u>	<u>15,318,070</u>
Gross Liability		25,461,788			22,219,568
Finance Charges for future periods		(6,876,918)			(6,901,498)
Net Liability		<u>18,584,870</u>			<u>15,318,070</u>

7.7 Extended Murabah Facilities

From Related Parties	Relationship	As at 01.04.2010	Facilities Obtained	Repayments	As at 31.03.2011
		Rs.	Rs.	Rs.	Rs.
Amana Investments Limited	Affiliate Company	30,153,451	-	30,153,451	-
Amana Asset Management Limited	Affiliate Company	509,005	-	509,005	-
		<u>30,662,456</u>	<u>-</u>	<u>30,662,456</u>	<u>-</u>
		<u>As at 01.04.2010</u>			<u>As at 31.03.2011</u>
		<u>Rs.</u>			<u>Rs.</u>
Gross Liability		35,517,193			-
Finance Charges for future periods		(4,854,737)			-
Net Liability		<u>30,662,456</u>			<u>-</u>

7.8 Diminishing Musharakah Facilities

From Related Parties	Relationship	As at 01.04.2010 Rs.	Facilities Obtained Rs.	Repayments Rs.	As at 31.03.2011 Rs.
Amana Investments Limited	Affiliate Company	49,000,000.00	150,000,000	49,000,000	150,000,000
		<u>49,000,000.00</u>	<u>150,000,000</u>	<u>49,000,000</u>	<u>150,000,000</u>
		As at 01.04.2010 Rs.			As at 31.03.2011 Rs.
Gross Liability		69,803,158			150,000,000
Finance Charges for future periods		(20,803,158)			-
Net Liability		<u>49,000,000</u>			<u>150,000,000</u>

7.9 Mudarabaha Facilities

a From Related Parties	Relationship	As at 01.04.2010 Rs.	Facilities Obtained Rs.	Repayments Rs.	As at 31.03.2011 Rs.
Amana Asset Management Limited	Affiliate Company	3,000,000	8,000,000	11,000,000	-
		<u>3,000,000</u>	<u>8,000,000</u>	<u>11,000,000</u>	<u>-</u>
		As at 01.04.2010 Rs.			As at 31.03.2011 Rs.
Gross Liability		3,000,000			-
Finance Charges for future periods		-			-
Net Liability		<u>3,000,000</u>			<u>-</u>

8 DEFINED BENEFIT LIABILITY

Year ended 31 March 2011	Group 2011 Rs.	2010 Rs.	Company 2011 Rs.	2010 Rs.
Balance as at the beginning of the year	3,434,842	1,688,380	2,986,845	1,532,259
Interest Cost	446,529	-	388,290	-
Current Service Cost	1,119,937	1,746,462	884,109	1,454,586
Payments during the year	(132,750)	-	(132,750)	-
Net actuarial loss recognized during the year	775,650	-	541,029	-
Balance as at the end of the year	<u>5,644,208</u>	<u>3,434,842</u>	<u>4,667,523</u>	<u>2,986,845</u>

Notes to the Financial Statements contd...

8.1 Expenses on Defined Benefit Plan

	Group		Company	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
Current service cost	1,119,937	683,179	884,109	551,674
Interest cost on benefit liability	446,530	270,140	388,290	245,162
Net actuarial gain recognized during the year	775,649	793,143	541,029	657,750
	<u>2,342,116</u>	<u>1,746,462</u>	<u>1,813,428</u>	<u>1,454,586</u>

8.2 Assumptions

	2011	2010	2011	2010
Discount Rate	13%	16%	13%	16%
Salary increment	12%	12%	12%	12%
Retirement age	55	55	55	55
Staff Turnover	4%	4%	4%	4%

9 TRADE & OTHER PAYABLE

	Group		Company	
Year ended 31 March 2011	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
Trade & Other Payable	-	4,215,961	-	-
Sundry Creditors Including Accrued Expenses	22,008,860	40,484,328	16,260,896	10,759,691
	<u>22,008,860</u>	<u>44,700,289</u>	<u>16,260,896</u>	<u>10,759,691</u>

10 CASH AND CASH EQUIVALENTS

	Group		Company	
	2011 Rs	2010 Rs	2011 Rs	2010 Rs
Favourable Cash & Cash Equivalents Balance				
Components of Cash and Cash Equivalents				
Favourable Cash & Cash Equivalents Balance				
Cash & Bank Balances	214,572,556	12,283,019	211,743,150	9,295,444
Unfavourable Cash & Cash Equivalents Balance				
Bank Overdraft	-	(450,668)	-	-
Total Cash and Cash Equivalents For the Purpose of Cash Flow Statement	<u>214,572,556</u>	<u>11,832,351</u>	<u>211,743,150</u>	<u>9,295,444</u>

11 REVENUE

	Group		Company	
Year ended 31 March 2011	2011 Rs	2010 Rs	2011 Rs	2010 Rs
Revenue	362,854,086	324,879,065	299,068,304	250,053,042
	<u>362,854,086</u>	<u>324,879,065</u>	<u>299,068,304</u>	<u>250,053,042</u>

12 OTHER INCOME

Year ended 31 March 2011	Group		Company	
	2011 Rs	2010 Rs	2011 Rs	2010 Rs
Profit from Mudarabaha Investment	1,239,964	403,774	1,239,964	403,774
Profit from Murabaha agreement	1,848,043	-	1,848,043	-
Revenue from other Energy Projects/ Other Sales	-	452,537	-	450,000
Dividend Received	39,720	-	2,475,970	-
Profit from First Global Investment Holding Limited	-	2,720	-	-
Profit/(Loss) on Disposal of Property, Plant & Equipment	331,490	(105,423)	243,448	(96,243)
Capital Gain	3,165,531	232,052	3,165,531	232,052
Scrap Sales	98,260	-	98,260	-
Fall in value of shares	(2,289,195)	-	(2,289,195)	-
Management Fee	43,253	(78,625)	43,253	(78,625)
	<u>4,477,066</u>	<u>907,035</u>	<u>6,825,274</u>	<u>910,958</u>

13 PROFIT BEFORE TAX

Year ended 31 March 2011	Group		Company	
	2011 Rs	2010 Rs	2011 Rs	2010 Rs
Stated after Charging/(Crediting)				
Depreciation	26,802,375	21,567,584	21,660,134	20,068,847
Staff Costs (Include the following- Retirement Benefit Costs)	37,292,647	27,940,759	30,730,596	24,897,995
Defined Benefit Plan Costs - Gratuity	2,342,116	1,746,462	1,813,428	1,454,586
Defined Contribution Plan Costs - EPF and ETF	4,485,881	3,326,269	3,592,512	29,130,623
	<u></u>	<u></u>	<u></u>	<u></u>

14 FINANCE COST

Year ended 31 March 2011	Group		Company	
	2011 Rs	2010 Rs	2011 Rs	2010 Rs
Finance Cost: (Lease Markup on Ijarah Murabaha Facilities)	17,802,071	26,775,097	13,666,177	26,158,256
Peoples Leasing Company Limited	714,653	72,370	-	-
First Global Investment Limited	-	206,200	-	-
Finance charges Generator and Welding plant	70,000	-	-	-
Finance cost Survey Equipment	54,373	-	-	-
	<u>18,641,097</u>	<u>27,053,667</u>	<u>13,666,177</u>	<u>26,158,256</u>

Notes to the Financial Statements contd...

15 INCOME TAX

	Group		Company	
Year ended 31 March 2011	2011 Rs	2010 Rs	2011 Rs	2010 Rs
The major components of income tax expense for the year ended March 31, 2011 are as follows:				
Current Income tax				
Current Income Tax Charge	1,374,815	129,347	1,112,380	129,347
Deferred Tax				
Deferred taxation Charge/(Reversed)	-	-	-	-
	<u>1,374,815</u>	<u>129,347</u>	<u>1,112,380</u>	<u>129,347</u>
Income Tax expense reported in the Income statement	1,354,497	128,066	1,095,941	128,066
Social Responsibility Levy 1-5 % (2010-1%)	20,318	1,281	16,439	1,281
	<u>1,374,815</u>	<u>129,347</u>	<u>1,112,380</u>	<u>129,347</u>
15.1 A reconciliation between tax expense and the accounting profits multiplied by Statutory tax rate is as follows				
Accounting profit before income tax	167,737,324	122,586,261	148,824,349	126,883,222
At the statutory income tax rate of 35% (2010 : 35%)	58,708,063	42,905,191	52,088,522	19,032,483
Tax effect of Disallowed expenses	(4,571,495)	-	-	-
Aggregate Allowable Items	2,793,625	-	-	-
Tax effect of Income exempt from tax	(55,575,696)	(42,777,125)	(50,992,581)	(18,904,417)
At the effective income tax rate of 6.5% (2010 : 1%)	<u>1,354,497</u>	<u>128,066</u>	<u>1,095,941</u>	<u>128,066</u>
Social Responsibility Levy 1.5 % (2010-1%)	20,318	1,281	16,439	1,281
	<u>1,374,815</u>	<u>129,347</u>	<u>1,112,380</u>	<u>129,347</u>

16 EARNINGS PER SHARE

Basic Earnings Per Share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

	Group	
16.1 Amounts Used as Numerator	2011	2010
Net Profit Attributable to Ordinary Shareholders for Basic Earnings per Share	<u>166,362,509</u>	<u>122,456,914</u>
Number of Ordinary Shares Used as Denominator		
Weighted Average Number of Ordinary Shares in Issue	<u>401,416,975</u>	<u>377,474,145</u>

Weighted Average Number of Ordinary Shares in Issue

Number of shares held as at 31 March 2010 was 36,073,134. However, it was restated as required by SLAS 34 - Earning per Share, as 360,731,340 in the comparative column as a result of the share subdivision each existing Ordinary share into ten shares and a right issue of 54,109,700 for all the shares at one share for every seven shares existed.

17 DIVIDEND PAID AND PROPOSED

Declared and paid during the year

Equity dividends on ordinary shares :

Final dividend for 2010 : Rs 1 per share (2009 : Rs. 0.6/- per share)

Interim dividend for 2011 : Rs. 0.10 per share (2010 Rs 0.5/- per share)

Declared 2nd Interim Dividend of Rs. 0.10 Per Share
(not recognised as a liability as at 31 March)

Equity dividends on ordinary shares

Interim dividend for 2011 : Rs. 0.10

(Final dividend 2010:Rs.1.00/- per shares)

2011 Rs	2010 Rs
37,876,790	21,643,880
43,287,760	18,036,567
81,164,550	39,680,447
43,287,760	37,876,790

18 COMMITMENTS & CONTINGENCIES

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

19 ASSETS PLEDGED

The following assets have been pledged as security for liabilities.

Nature of assets	Nature of Liability	Carrying Amount Pledged		
		2011 Rs.	2010 Rs.	Included under Assets
GROUP				
Leased Assets (Ijarah Facilities)	Charge over Leased Assets on Finance Lease Liabilities	13,607,674	22,697,797	Property, Plant & Equipment
Assets on Finance Lease and working capital	Ijara facilities & Murabaha Facilities	-	80,062,123	Property, Plant & Equipment
Movable & Immovable assets on Ganthuna Project	Diminishing Musharaka Facility	147,155,593	146,529,748	Property, Plant & Equipment
Total carrying value of Assets Pledged		160,763,267	249,289,668	
COMPANY				
Leased Assets (Ijara Facilities)	Charge over Leased Assets on Finance Lease Liabilities	13,607,674	18,584,870	Property, Plant & Equipment
Assets on Finance Lease and Working Capital	Ijara facilities & Murabaha Facilities	-	80,062,123	Property, Plant & Equipment
Total carrying value of Assets Pledged		13,607,674	98,646,993	

Notes to the Financial Statements contd...

20 RELATED PARTY DISCLOSURES

Details of significant related party disclosures are as follows:

20.1. (a) Transaction with Related Entities

Name of the Company and Relationship

Nature of Transaction	Vidul Construction Limited Subsidiary (VCL)		Lanka Equities (Pvt) Ltd Affiliate Company		Diamond Cutters Ltd Affiliate Company	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
As at 1 April	54,852,237	58,073,163	450,000	450,000	9,961	
Fund transfer to VLL	(4,700,000)	(27,779,414)				
Settlement of Liabilities on behalf of the company						
Fund transfers by VLL	2,400,000	8,352,714				1,700,000
Fund transfer to Udaka Energy Gurugoda Hydro	(2,766,403)	(1,374,850)				
Other Expenses Related to VLL		(1,079,223)				
Other Expenses Related to VCL	878,187	1,899,187				
50% payment of Kaizan		74,750				
Ethamalla Revenue	(16,430,215)	(5,040,000)				
Rathganga related Cost		369,386				
Bonus Payment	571,412					
Salary Payment	7,401,334	12,795,669				
Telephone , Fax & Lease Line Expenses	(1,453,110)	2,167,424		15,770		9,961
Rent	(1,569,633)	(3,754,425)				
Expenses on Site visits		71,155				
Provision For telephone & Electricity	(240,000)	(314,168)				
Maintenance Expenses		(120,283)				
WHT on Specified fees		88,128				
Loans - Office Staff						
Loan repayment	2,000,000	(2,500,000)				
Expense incurred on behalf of the Company						
Settlement Amana Takaful PLC	133,943	(6,982,774)				
Bhoruka Management Expenses		(331,970)				
Bhoruka money Deposited in VLL A/C		(504,000)				
Issue of Shares						
Received Money / (Settlement)						(1,700,000)
Service by External party	2,782,919	20,690,863				
Payment to Subcontractors	8,494,133					
Solar related Cost		607,906				
Co. Secretarial Payment - Managers & Secretaries		3,000				
Project Consultant Payments	622,500					
Extended Mudarabha						
Ijara Facilities (Repayment)						
Mudarabaha settlements						
Diminishing Musharakah Facility						
Murabaha & Mudarabah Facilities						
As at 31 March	52,977,304	54,852,237	450,000	465,770	9,961	9,961
	Trade and Other Receivable	Trade and Other Receivable	Trade and Other Receivable	Trade and Other Payables	Trade and Other Payables	Trade and Other Payables

Diamond Cutter Sales (Pvt) Ltd Affiliate Company		Gurugoda Hydro (Pvt)Ltd Joint Venture		Amana Investments Ltd Affiliate Company		Amana Assets Management Ltd Affiliate Company		Co-Energy (Pvt) Ltd Joint Venture		Total	Total
2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
		26,669,620	118,567	94,685,748	132,381,895	3,000,000	17,001,241			179,667,566 (4,700,000)	208,024,866 (27,779,414)
		7,391,578	42,539,565							7,391,578 2,400,000	52,592,279 (560,000)
										(2,766,403)	(1,374,850)
										878,187	1,899,187
										(16,430,215)	74,750 (5,040,000)
											369,386
										571,412 7,401,334	12,795,669
40,248										(1,412,862)	2,193,155
										(1,569,633)	(3,754,425)
											71,155
										(240,000)	(314,168)
											(120,283)
											88,128
										2,000,000	(2,500,000)
		(4,061,198)	2,011,488					1,674,965		(2,386,233)	2,011,488
										133,943	(6,982,774)
											(331,970)
											(504,000)
		(30,000,000)	(18,000,000)					(175,000)		(30,175,000)	(18,000,000)
											(1,700,000)
										2,782,919	20,690,863
										8,494,133	
											607,906
											3,000
				(30,796,165)	(10,227,743)					622,500	(10,227,743)
				(14,585,141)	(13,968,404)					(30,796,165)	(13,968,404)
						(11,000,000)	(14,001,241)			(14,585,141)	(13,968,404)
				101,000,000	(13,500,000)					(11,000,000)	(14,001,241)
						8,000,000				101,000,000	(13,500,000)
										8,000,000	
40,248			26,669,620	150,304,442	94,685,748		3,000,000	1,499,965		205,281,920	179,683,337

Trade and Other Payable	Trade and Other Payable	Trade and Other Receivable	Trade and Other Receivable	Ijara,Murabaha & Musharakaha Facility	Ijara,Murabaha & Mudarabaha Facility	Mudarabaha Facility	Ijara,Murabaha & Mudarabaha Facility	Trade and Other Receivable	Trade and Other Receivable
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20 RELATED PARTY DISCLOSURES (Contd.)

20.2 Transactions with Key Management Personnel of the Company

20.2(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 which key management personnel or their close family member have control or significant influence.

Key management personnel compensation

	2011 Rs.	2010 Rs.
Short-term Employee Benefits	7,720,948	6,825,840
Dividend Payment	190,129	11,135,953
	<u>7,911,077</u>	<u>17,961,793</u>

20.2(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 personnel have significant influence over financial and operating decision. Transaction had with those companies are detailed in Note 20.1.(a)

Five Year Summary

Group Operating Results

Year ended 31 March 2011	2007	2008	2009	2010	2011
Revenue	130,627,223	194,896,155	230,265,967	324,879,065	362,854,086
Gross Profit	68,879,902	131,970,119	154,316,953	224,277,508	282,890,776
Operating Profit	30,010,901	87,299,825	102,106,739	148,732,893	181,901,355
Profit Before Tax	26,133,272	47,754,110	68,483,168	122,586,261	167,737,324
Profit After Tax	25,982,457	46,702,560	68,393,842	122,456,914	166,362,509
Equity					
Stated Capital	327,937,590	397,477,570	397,477,570	397,477,570	673,887,932
Reserves	66,145,147	43,307,728	93,665,003	176,972,025	262,169,984
Liabilities					
Long Term Debt	92,307,035	134,217,794	99,698,884	85,447,848	178,495,545
Other Non-Current Liabilities	1,117,910	1,704,575	1,688,380	3,434,842	5,644,208
Short Term Debt	98,997,851	61,481,775	59,477,514	44,700,289	22,008,860
Current Liabilities	36,833,233	15,142,119	15,656,686	49,422,886	10,147,452
Assets					
Non Current Assets	555,167,473	576,156,901	590,945,260	669,104,821	729,276,714
Current Assets	68,171,293	77,174,661	76,718,777	88,350,639	423,077,262
Key Indicators					
Total Assets/Equity	1.58	1.48	1.36	1.32	1.23
Net Profit Margin	20%	24%	30%	38%	46%
Turn Over/Assets	0.21	0.30	0.34	0.43	0.31
Return on Equity	6.63%	10.83%	13.94%	21.32%	17.77%
Return on Assets	4.19%	7.31%	10.26%	16.17%	14.44%
Current Ratio	0.50	1.01	1.02	0.94	13.16
Earnings Per Share	0.79	1.17	1.72	0.32	0.41
Debt/Equity	48.54%	44.40%	32.41%	22.66%	21.42%

Notice of Meeting

NOTICE IS HEREBY GIVEN that the 15th Annual General Meeting of shareholders of the Company will be held on 28th July, 2011 at Galadari Hotel, Colombo 01 at 4.30p.m. for the following purposes :

1. To consider and adopt the Audited Financial Statements for the year ended together with the Annual Report of the Directors thereon.
2. To re-elect Mr. S. Ranjan Mather as a Director of the Company, who retires by rotation.
3. To re-elect Dr. A. A. M. Haroon as Director of the Company, who retires by rotation.
4. To re-elect Dr. T. Senthilvel as Director of the Company, who retires by rotation.
5. To re-appoint the retiring auditors M/s Ernst & Young, Chartered Accountants for the ensuing year and authorize directors to determine their remuneration.

By order of the Board

MANAGERS & SECRETARIES (PRIVATE) LIMITED

Secretaries

24th June, 2011

Note:

1. A member is 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, the undersigned of.....

 being member/s of Vidullanka PLC, do hereby appoint.....
of.....
 as my / our Proxy to represent me/us, vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 28th July 2011 and at any adjournment thereof.

	For	Against
Ordinary Resolution		
1. To, consider and adopt the Audited Financial Statements for the year ended together with the Annual Report of the Directors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect Mr. S. Ranjan Mather as a Director of the Company, who retires by rotation.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Dr. A. A. M. Haroon as Director of the Company, who retires by rotation.	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect Dr. T. Senthilverl as Director of the Company, who retires by rotation.	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-appoint the retiring auditors M/s Ernst & Young, Chartered Accountants for the ensuing year and authorize directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this.....day of.....2011.

.....
 Signature of Shareholder/s

Instructions for completion of Proxy

1. Kindly perfect the Form of Proxy by filling in legibly your full name and address, signing in the space provided and filling in the date of signature.
2. In the case of a company/corporation, the proxy must be under its common seal, which should be affixed and attested in the manner prescribed by its Articles of Association.
4. The completed Form of Proxy should be deposited at the Registered Office of the Company at Vidullanka PLC, Level04, Access Towers, No.278, Union Place, Colombo 2.

Corporate Information

COMPANY STATUS & CAPITAL

Legal Status

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

Re - registration Date & Number

27th September 2007

PQ 83

Stated Capital

Rs. 673,887,932/-

Issued Capital

432,877,600 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



*Level 04, Access Towers, # 278 Union Place,
Colombo 2, Sri Lanka.*

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