

VALLIBEL POWER ERATHNA PLC

INTERIM FINANCIAL STATEMENTS



Vallibel Power Erathna PLC



*Second Quarter
For the six months ended 30th September 2011*

VALLIBEL POWER ERATHNA PLC

BALANCE SHEET

| As At | Group | | Company | |
|-------------------------------------|----------------------|----------------------------|----------------------|----------------------------|
| | 30.09.2011 Rs. | 31.03.2011 Rs.(Audited) | 30.09.2011 Rs. | 31.03.2011 Rs.(Audited) |
| ASSETS | | | | |
| Non-Current Assets | | | | |
| Property, Plant & Equipment | 2,465,590,526 | 1,854,757,185 | 1,081,587,886 | 1,097,310,147 |
| Investment in Subsidiary | - | - | 667,320,000 | 667,320,000 |
| Other Investments | 73,568,870 | 73,568,870 | 73,568,870 | 73,568,870 |
| Intangible Assets | 167,350,000 | 168,150,000 | 12,000,000 | 12,800,000 |
| Deposit on leasehold land | 4,500,000 | 4,500,000 | - | - |
| | 2,711,009,396 | 2,100,976,055 | 1,834,476,756 | 1,850,999,017 |
| Current Assets | | | | |
| Trade & Other Receivables | 152,279,849 | 153,193,026 | 115,241,559 | 49,525,017 |
| Amount Due from Related Parties | 7,741,078 | 3,304,283 | 83,740,052 | 45,795,831 |
| Other Investments | 167,859,254 | 52,893,187 | 147,457,699 | 42,893,187 |
| Cash and Bank Balances | 2,408,860 | 7,827,650 | 1,568,440 | 2,316,005 |
| Tax Recoverable | 96,356 | 685,452 | 87,331 | 685,452 |
| | 330,385,397 | 217,903,598 | 348,095,081 | 141,215,492 |
| Total Assets | 3,041,394,793 | 2,318,879,653 | 2,182,571,837 | 1,992,214,509 |
| EQUITY AND LIABILITIES | | | | |
| Capital and Reserves | | | | |
| Stated Capital | 1,174,365,278 | 1,174,365,278 | 1,174,365,278 | 1,174,365,278 |
| Revaluation Reserves | 20,263,408 | 25,352,392 | 20,263,408 | 25,352,392 |
| Accumulated Profit | 771,235,063 | 551,698,793 | 784,194,015 | 555,264,842 |
| | 1,965,863,749 | 1,751,416,463 | 1,978,822,701 | 1,754,982,512 |
| Minority Interest | 61,950,132 | 63,067,358 | - | - |
| Total Equity | 2,027,813,881 | 1,814,483,821 | 1,978,822,701 | 1,754,982,512 |
| Non-Current Liabilities | | | | |
| Interest Bearing Loans & Borrowings | 898,978,802 | 403,114,683 | 117,101,029 | 153,271,894 |
| Retirement Benefit Obligations | 8,963,495 | 7,087,569 | 7,035,073 | 5,610,653 |
| | 907,942,297 | 410,202,252 | 124,136,102 | 158,882,547 |
| Current Liabilities | | | | |
| Trade and Other Payables | 27,826,718 | 21,133,844 | 6,465,087 | 6,536,065 |
| Interest Bearing Loans & Borrowings | 73,338,092 | 72,886,334 | 72,165,612 | 71,813,385 |
| Amount Due to Related Parties | 1,040,236 | 73,075 | 982,335 | - |
| Bank Overdraft | 3,433,569 | - | - | - |
| Tax Payable | - | 100,327 | - | - |
| | 105,638,615 | 94,193,580 | 79,613,034 | 78,349,450 |
| Total Equity and Liabilities | 3,041,394,793 | 2,318,879,653 | 2,182,571,837 | 1,992,214,509 |
| Net Asset Per Share | 2.63 | 2.34 | 2.65 | 2.35 |

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

(Sgd)

Yogesh Suriyapperuma

Head of Finance

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Signed for and on behalf of the Board by.

(Sgd)

S.H.Amarasekera

Director

Colombo. November 02, 2011

(Sgd)

L.D.Dickman

Executive Director

VALLIBEL POWER ERATHNA PLC

INCOME STATEMENT

| For the period ended 30 th September | Group | | | | | | Company | | | | | |
|---|--------------------|--------------------|-------------|--------------------|--------------------|-------------|--------------------|--------------------|-------------|--------------------|--------------------|-------------|
| | Six Months | | | Quarter | | | Six Months | | | Quarter | | |
| | 2011 | 2010 | Change | 2011 | 2010 | Change | 2011 | 2010 | Change | 2011 | 2010 | Change |
| | Rs. | Rs. | % | Rs. | Rs. | % | Rs. | Rs. | % | Rs. | Rs. | % |
| Revenue | 277,089,900 | 317,893,433 | (13) | 146,464,700 | 163,365,049 | (10) | 277,089,900 | 317,893,433 | (13) | 146,464,700 | 163,365,049 | (10) |
| Cost of Sales | (19,197,351) | (18,720,419) | (3) | (10,032,179) | (9,079,121) | (10) | (19,197,351) | (18,720,419) | (3) | (10,032,179) | (9,079,121) | (10) |
| Gross Profit | 257,892,549 | 299,173,014 | (14) | 136,432,521 | 154,285,928 | (12) | 257,892,549 | 299,173,014 | (14) | 136,432,521 | 154,285,928 | (12) |
| Other Operating Income | 938,575 | 93,373 | 905 | 450,000 | 22,500 | 1900 | 928,000 | 1,738,500 | (47) | 450,000 | 880,500 | (49) |
| Administration Expenses | (33,241,768) | (37,792,257) | 12 | (11,976,996) | (16,837,017) | 29 | (22,952,150) | (18,884,440) | (22) | (11,689,548) | (8,509,816) | (37) |
| Other Operating Expenses | (2,418,862) | (2,161,090) | (12) | (749,189) | (1,203,694) | 38 | (2,413,862) | - | - | (1,967,494) | - | - |
| Profit From Operating Activities | 223,170,494 | 259,313,040 | (14) | 124,156,336 | 136,267,717 | (9) | 233,454,537 | 282,027,074 | (17) | 123,225,479 | 146,656,612 | (16) |
| Finance Cost | (12,066,867) | (13,998,439) | 14 | (5,713,523) | (8,366,014) | 32 | (11,650,678) | (10,769,191) | (8) | (5,580,083) | (5,273,329) | (6) |
| Finance Income | 3,395,452 | 2,331,033 | 46 | 2,887,475 | 1,340,685 | 115 | 3,176,796 | 2,139,572 | 48 | 2,674,244 | 1,164,339 | 130 |
| Profit Before Tax | 214,499,079 | 247,645,634 | (13) | 121,330,288 | 129,242,388 | (6) | 224,980,655 | 273,397,455 | (18) | 120,319,641 | 142,547,622 | (16) |
| Income Tax Expenses | (1,169,019) | (1,333,618) | 12 | (901,491) | (711,074) | (27) | (1,140,466) | (1,304,468) | 13 | (873,752) | (684,225) | (28) |
| Net Profit For the Period | 213,330,060 | 246,312,016 | (13) | 120,428,797 | 128,531,314 | (6) | 223,840,189 | 272,092,987 | (18) | 119,445,889 | 141,863,397 | (16) |
| Attributable to: | | | | | | | | | | | | |
| Equity Holders of the Parent | 214,447,286 | 246,312,016 | | 120,324,314 | 128,531,314 | | - | - | | - | - | |
| Minority Interest | (1,117,226) | - | | 104,483 | - | | - | - | | - | - | |
| | <u>213,330,060</u> | <u>246,312,016</u> | | <u>120,428,797</u> | <u>128,531,314</u> | | | | | | | |
| Basic Earnings Per Share | 0.29 | 0.33 | | 0.16 | 0.17 | | 0.30 | 0.36 | | 0.16 | 0.19 | |

VALLIBEL POWER ERATHNA PLC

CASH FLOW STATEMENT

For the six months period ended 30 th September

Cash Flows from/(Used in) Operating Activities

Net Profit Before Income Tax Expense

Adjustments for

Amortization of Intangible Assets

Depreciation

Retirement Benefit Obligations

Profit on disposal of Property, Plant & Equipment

Interest Income

Finance Cost

Operating Profit Before Working Capital Changes

(Increase)/ Decrease in Trade and Other Receivables

(Increase)/ Decrease in Amounts Due from Related Parties

Increase / (Decrease) in Trade and Other Payables

Increase / (Decrease) in Amounts Due to Related Parties

Cash Generated from /(used in) Operating Activities

Finance Cost Paid

Interest Received

Taxes Paid

Net Cash from / (used in) Operating Activities

Cash Flows From / (Used in) Investing Activities

Acquisitions of Property, Plant & Equipments

Proceeds /(Investments) of Fixed Deposits

Proceeds from disposal of Property, Plant & Equipment

Investment in Subsidiary

Net Cash Flow from / (Used In) Investing Activities

Cash Flows from /(Used in) Financing Activities

Proceeds from Interest Bearing Loans & Borrowings

Repayments of Interest Bearing Loans & Borrowings

Dividends Paid

Principle Payments Under Finance Lease Liability

Net Cash Flows From / (Used In) Financing Activities

Net Increase / (Decrease) In Cash & Cash Equivalents

Cash and Cash Equivalents at the Beginning of the Period (Note A)

Cash and Cash Equivalents at the End of the Period (Note B)

Note A

Cash and Cash Equivalents at the Beginning of the Period

Cash in Hand & at Bank

Call Deposits & REPO

Note B

Cash and Cash Equivalents at the End of the Period

Cash in Hand & at Bank

Call Deposits & REPO

| | Group | | Company | |
|---|----------------------|----------------------|---------------------|----------------------|
| | 2011 | 2010 | 2011 | 2010 |
| | Rs. | Rs. | Rs. | Rs. |
| Cash Flows from/(Used in) Operating Activities | | | | |
| Net Profit Before Income Tax Expense | 214,499,079 | 247,645,634 | 224,980,655 | 273,397,455 |
| Adjustments for | | | | |
| Amortization of Intangible Assets | 800,000 | 800,000 | 800,000 | 800,000 |
| Depreciation | 18,162,836 | 16,038,293 | 16,031,639 | 15,299,337 |
| Retirement Benefit Obligations | 840,000 | 530,202 | 480,000 | 360,000 |
| Profit on disposal of Property, Plant & Equipment | (28,000) | - | (28,000) | - |
| Interest Income | (3,395,452) | (2,311,558) | (3,176,796) | (2,139,572) |
| Finance Cost | 12,066,867 | 13,998,439 | 11,650,678 | 10,769,191 |
| Operating Profit Before Working Capital Changes | 242,945,330 | 276,701,010 | 250,738,177 | 298,486,411 |
| (Increase)/ Decrease in Trade and Other Receivables | 2,062,210 | (102,241,381) | (64,567,509) | (108,275,559) |
| (Increase)/ Decrease in Amounts Due from Related Parties | (4,436,794) | 21,108,463 | (38,035,726) | 86,863,641 |
| Increase / (Decrease) in Trade and Other Payables | 6,776,430 | (306,888) | 12,578 | 704,580 |
| Increase / (Decrease) in Amounts Due to Related Parties | 2,003,086 | 71,239,866 | 2,018,260 | 35,891,265 |
| Cash Generated from /(used in) Operating Activities | 249,350,262 | 266,501,070 | 150,165,780 | 313,670,338 |
| Finance Cost Paid | (12,066,867) | (13,998,439) | (11,650,678) | (10,769,191) |
| Interest Received | 2,170,633 | 6,253,168 | 1,951,977 | 6,081,182 |
| Taxes Paid | (604,465) | (1,967,819) | (466,560) | (1,965,248) |
| Net Cash from / (used in) Operating Activities | 238,849,563 | 256,787,980 | 140,000,519 | 307,017,081 |
| Cash Flows From / (Used in) Investing Activities | | | | |
| Acquisitions of Property, Plant & Equipments | (628,996,174) | (278,417,696) | (309,377) | (1,331,357) |
| Proceeds /(Investments) of Fixed Deposits | (84,039,512) | (29,092,541) | (84,039,512) | (537,753) |
| Proceeds from disposal of Property, Plant & Equipment | 28,000 | - | 28,000 | - |
| Investment in Subsidiary | - | - | - | (266,325,000) |
| Net Cash Flow from / (Used In) Investing Activities | (713,007,686) | (307,510,237) | (84,320,889) | (268,194,110) |
| Cash Flows from /(Used in) Financing Activities | | | | |
| Proceeds from Interest Bearing Loans & Borrowings | 532,646,107 | 90,000,000 | - | - |
| Repayments of Interest Bearing Loans & Borrowings | (34,968,522) | (15,254,238) | (34,968,522) | (15,254,238) |
| Dividends Paid | (83,557) | - | (83,557) | - |
| Principle Payments Under Finance Lease Liability | (1,361,708) | (497,891) | (850,116) | (497,891) |
| Net Cash Flows From / (Used In) Financing Activities | 496,232,320 | 74,247,871 | (35,902,195) | (15,752,129) |
| Net Increase / (Decrease) In Cash & Cash Equivalents | 22,074,196 | 23,525,614 | 19,777,435 | 23,070,842 |
| Cash and Cash Equivalents at the Beginning of the Period (Note A) | 30,306,650 | 43,044,699 | 14,795,005 | 42,354,223 |
| Cash and Cash Equivalents at the End of the Period (Note B) | 52,380,846 | 66,570,313 | 34,572,440 | 65,425,065 |
| Note A | | | | |
| Cash and Cash Equivalents at the Beginning of the Period | | | | |
| Cash in Hand & at Bank | 7,827,650 | 6,044,699 | 2,316,005 | 5,354,223 |
| Call Deposits & REPO | 22,479,000 | 37,000,000 | 12,479,000 | 37,000,000 |
| | 30,306,650 | 43,044,699 | 14,795,005 | 42,354,223 |
| Note B | | | | |
| Cash and Cash Equivalents at the End of the Period | | | | |
| Cash in Hand & at Bank | (1,024,709) | (702,687) | 1,568,440 | (1,847,935) |
| Call Deposits & REPO | 53,405,555 | 67,273,000 | 33,004,000 | 67,273,000 |
| | 52,380,846 | 66,570,313 | 34,572,440 | 65,425,065 |

VALLIBEL POWER ERATHNA PLC

STATEMENT OF CHANGES IN EQUITY

GROUP

| | Stated Capital Rs. | Revaluation Reserve Rs. | Accumulated Profit Rs. | Minority Interest Rs. | Total Equity Rs. |
|---|--------------------------|-------------------------------|------------------------------|-----------------------------|----------------------|
| Balance as at 1 st April 2010 | 1,174,365,278 | 35,530,360 | 268,116,271 | - | 1,478,011,909 |
| Net Profit for the Period | - | - | 246,312,016 | - | 246,312,016 |
| Transfer of Realised Surplus on Usage | - | (5,088,984) | 5,088,984 | - | - |
| Balance as at 30 th September 2010 | <u>1,174,365,278</u> | <u>30,441,376</u> | <u>519,517,271</u> | <u>-</u> | <u>1,724,323,925</u> |
| Balance as at 1 st April 2011 | 1,174,365,278 | 25,352,392 | 551,698,793 | 63,067,358 | 1,814,483,821 |
| Net Profit / (Loss) for the Period | - | - | 214,447,286 | (1,117,226) | 213,330,060 |
| Transfer of Realised Surplus on Usage | - | (5,088,984) | 5,088,984 | - | - |
| Balance as at 30 th September 2011 | <u>1,174,365,278</u> | <u>20,263,408</u> | <u>771,235,063</u> | <u>61,950,132</u> | <u>2,027,813,881</u> |

COMPANY

| | Stated Capital Rs. | Revaluation Reserve Rs. | Accumulated Profit Rs. | Total Rs. |
|---|--------------------------|-------------------------------|------------------------------|----------------------|
| Balance as at 1 st April 2010 | 1,174,365,278 | 35,530,360 | 248,114,353 | 1,458,009,991 |
| Net Profit for the Period | - | - | 272,092,987 | 272,092,987 |
| Transfer of Realised Surplus on Usage | - | (5,088,984) | 5,088,984 | - |
| Balance as at 30 th September 2010 | <u>1,174,365,278</u> | <u>30,441,376</u> | <u>525,296,324</u> | <u>1,730,102,978</u> |
| Balance as at 1 st April 2011 | 1,174,365,278 | 25,352,392 | 555,264,842 | 1,754,982,512 |
| Net Profit for the Period | - | - | 223,840,189 | 223,840,189 |
| Transfer of Realised Surplus on Usage | - | (5,088,984) | 5,088,984 | - |
| Balance as at 30 th September 2011 | <u>1,174,365,278</u> | <u>20,263,408</u> | <u>784,194,015</u> | <u>1,978,822,701</u> |

VALLIBEL POWER ERATHNA PLC

NOTES TO THE FINANCIAL STATEMENTS

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

2. Figures in brackets indicate deductions.

| 3. Market price per share for the quarter ended | 30-09-2011 | 30-09-2010 |
|---|------------|------------|
| | Rs. | Rs. |
| Market Price – Highest (For the Period) | 10.30 | 14.50 |
| Market Price – Lowest (For the Period) | 8.70 | 6.30 |
| Market Price – Last Traded (For the Period) | 9.10 | 13.20 |

4. The Interim Financial Statements of the Company have been prepared on the basis of the same accounting policies and methods applied for the audited financial statements prepared for the year ended 31st March 2011 and are in compliance with Sri Lanka Accounting Standard 35 - Interim Financial Reporting.

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

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

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

8. The Public Share Holding Percentage as at 30th September 2011 was 19.10%.

9. Directors' Shareholding

| Director | As at 30-09-2011 |
|----------------------|------------------|
| Mr. K.D.D.Perera | 144,812,225 |
| Mr. P.K.Sumanasekera | 150,000 |
| Mr. W.D.N.H.Perera | 3,000 |
| Mr. S.H.Amarasekera | 30 |
| Mr. S.E. De Silva | 30,000 |
| Mr. Daryl S. Clark | - |
| Mr. H. Somashantha | 15,000 |
| Mr. L.D.Dickman | - |

10. The Twenty Major Shareholders as at 30th September 2011

| Shareholder | No. of Shares | Percentage (%) |
|--|---------------|----------------|
| 1. Vallibel Power Limited | 299,425,830 | 40.08 |
| 2. Asia Energy Management Systems Inc | 160,000,000 | 21.42 |
| 3. Mr. K.D.D.Perera | 144,812,225 | 19.38 |
| 4. Mr. K.D.A.Perera | 18,750,000 | 2.51 |
| 5. Mr. K.D.H.Perera | 18,750,000 | 2.51 |
| 6. Ms. K.D.C. Samanthi | 9,375,000 | 1.25 |
| 7. Dr. T. Senthilverl | 8,621,300 | 1.16 |
| 8. DFCC Bank A/C No.1 | 7,500,000 | 1.00 |
| 9. NDB Aviva Wealth Management Ltd. S/A Hatton National Bank PLC | 6,129,100 | 0.82 |
| 10. Employees Trust Fund Board | 4,041,500 | 0.54 |
| 11. Aviva NDB Insurance PLC A/C No. 07 | 3,769,900 | 0.50 |
| 12. Mr. B.C. Tay | 3,000,000 | 0.40 |
| 13. Seylan Bank PLC - A/C No. 3 | 2,615,400 | 0.35 |
| 14. Mr. F.G.N.Mendis | 1,185,000 | 0.16 |
| 15. Pan Asia Banking Corp. PLC / Mr. A.F.Munas & Mrs. N.M.Muna | 1,000,000 | 0.13 |
| 16. Mr. M.A.Omar | 925,000 | 0.12 |
| 17. Mr. D.D.Gunarathna | 850,000 | 0.11 |
| 18. Bank of Ceylon No. 01 Account | 850,000 | 0.11 |
| 19. Waldock Mackenzie Ltd. / Mr.C.D.Kohombanwickram | 831,300 | 0.11 |
| 20. Waldock Mackenzie Ltd. / Delmege Forsyth & Co. (Shiping) Ltd. | 814,900 | 0.11 |

VALLIBEL POWER ERATHNA PLC

Corporate Information

Name of Company

Vallibel Power Erathna PLC

Legal Form

A Public quoted company with limited liability incorporated under the Provisions of the Companies Act, No. 07 of 2007.

Date of Incorporation

07 th November 2001

Company Registration Number

P.Q. 103

Nature of the Business

Generate and Supply Electric Power to the National Grid.

Board of Directors

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

Head Office and Registered Office

27-2, East Tower, World Trade Center
Echelon Square, Colombo 01.
Telephone: 011 2381111
Fax: 011 2381115
E-mail: energy@vallibel.com
Web Site: www.vallibel-hydro.com

Subsidiary Companies

Country Energy (Pvt) Ltd. (unquoted)

Company Secretaries

P W Corporate Secretarial (Pvt) Limited
No.3/17, Kynsey Road,
Colombo 08.
Telephone:011- 4640360
Fax :011- 4740588
E-mail :pwcs@pwcs.lk

Auditors

Ernst & Young
Chartered Accountants
No.201, De Saram Place
Colombo 10.

Bankers

Commercial Bank of Ceylon PLC
DFCC Vardhana Bank Limited
DFCC Bank
Hatton National Bank PLC
Pan Asia Banking Corporation PLC