

Energize.



Vallibel Power Erathna PLC
Annual Report 2010 | 2011

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Energize.

At Vallibel Power Erathna PLC, we are energizing the nation, providing all that is necessary for the development of infrastructure as well as the lives of all Sri Lankans. With our future plans creating more capacity and our constant dedication in creating non-polluting power, we are moving forward as an exemplary business that cares about the environment as we do the expectations and trust placed on us by our stakeholders. It is our pledge to invigorate and uplift in everything we do, powering lives and changing the face of the energy industry.

A photograph of a modern, multi-story building with white and yellow panels, set against a clear blue sky. The building is partially obscured by a large blue text box. In the foreground, there is a paved area with some potted plants and a small stream of water.

Vision

To be a significant producer of clean energy for the sustainable economic development of Sri Lanka.

Mission

To generate the maximum amount of electricity from the available water resources with minimal environmental pollution by optimising operational efficiencies of our assets.

Objectives

We are focused on a clear strategy to meet the aspirations of our stakeholders:

- The environment
- The employees
- The communities in which we operate
- The investors

by optimising operational efficiencies from existing assets and by acquisition of new, renewable energy opportunities.

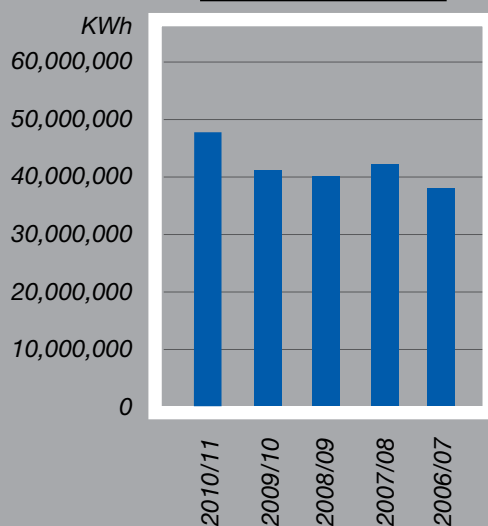
Erathna Project Power House



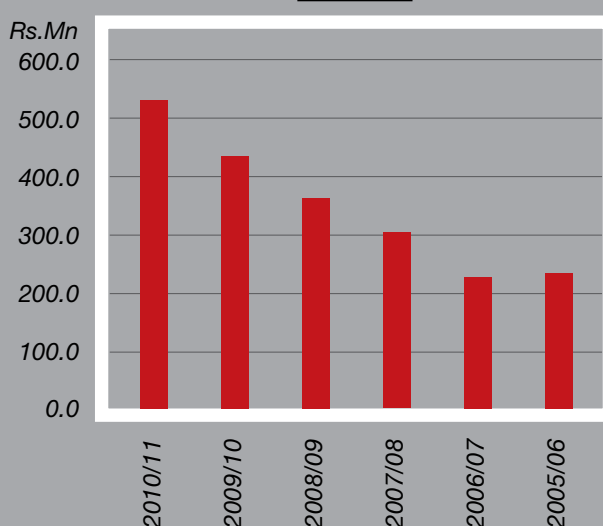
Company Five Year Summary


	2010/11 Rs'000	2009/10 Rs'000	2008/09 Rs'000	2007/08 Rs'000	2006/07 Rs'000
Operating Results					
Revenue	533,588	437,692	365,826	303,837	226,785
Gross Profit	497,120	396,821	330,441	266,900	192,016
Other Income	9,479	13,595	29,743	142,401	9,882
Administration Expenses	36,315	37,484	35,966	28,299	28,449
Finance Cost	20,291	14,393	2,008	1,042	5,363
PBT	449,493	398,663	310,793	348,796	155,391
Net Profit	446,394	394,079	305,848	346,382	152,831
Assets & Liabilities					
Non Current Assets	1,850,999	1,394,475	1,182,753	1,215,645	1,314,107
Current Assets	141,215	220,787	85,637	268,956	65,249
Total Assets	1,992,214	1,615,262	1,268,390	1,484,600	1,379,356
Current Liabilities	78,349	39,930	8,000	6,377	7,788
Non Current Liabilities	158,882	117,322	9,682	2,915	3,567
Retirement Benefit Obligations	5,610	3,951	1,942	1,235	919
Share Capital & Reserves					
Stated Capital	1,174,365	1,174,365	1,174,365	1,174,365	1,174,365
Revaluation Reserve	25,352	35,530	45,708	55,886	66,064
Accumulated Profit	555,264	248,114	30,634	245,056	127,572
	Rs.	Rs.	Rs.	Rs.	Rs.
Key Indicators					
Earnings Per Share	0.60	0.53	0.41	0.47	0.21
Dividend Per Share	0.20	0.25	0.41	0.57	0.27
Market Price of Share (Closing)	8.60	5.25	3.10	2.40	1.80
Net Assets Per Share	2.35	1.95	1.67	1.97	1.83
Power Generation (kWh)	47,661,820	40,945,693	39,934,417	42,129,891	38,039,211

Power Generation



Revenue





21.9% *Growth in Revenue*

13.2% *Growth in Net Profit*

Erathna Project Machines



Erathna Project Power House & Transformers



Chairman's Review

We are delighted to report a Company profit after tax of Rs.446.3Mn based on a revenue of Rs. 533.5Mn. Profit Margins have shown a steady growth. On completion of the Denawaka Ganga and Kiriwaneliya Hydro Power Projects with a combined capacity of 11.85 MW, we envisage a significant increase in revenue, profits and dividends. It is thus with great pleasure that I present the Annual Report and Statement of Account for Vallibel Power Erathna PLC for the financial year ended 31st March 2011.

Sri Lanka's Economic Trends

The global economic recovery is proceeding with Asia leading the recovery. Emerging Asian economies as well as advanced economies in the Asian region that have benefited from the strong recovery of emerging Asian countries, however have taken monetary policy action to counter rising demand pressures alongside robust economic activity.

A growth prospect for Sri Lankan economy has shown a notable improvement following the commendable growth in the first half of the year, which indicates the sustained growth momentum in the economy.

The overall fiscal situation was expected to improve in 2010 as a result of the increase in government revenue with the improvement in domestic economic activity and international trade and prioritized government spending. The year 2010 paved the way for accelerated development.

The Government has plan to transform Sri Lanka in to strategically important economic center by developing five strategic hubs, knowledge hub, commercial hub, naval marine hub, aviation hub, an energy hub taking advantage of Sri Lanka's Strategic location and resources.

Sri Lanka is engaging in large scale reconstruction and development projects following the end of 26 years of conflict resulting in increasing demand for the electricity supply, providing access to rebuilding of North & East roads, new projects in many parts of the island and railway networks. Electricity generation increased by 8.4% to 10,714 GWh in 2010 reflecting the growth in economic activities in the country. The electricity consumption of the household, general purposes and hotel categories increased by 8.8%, 7.1% and 13.7% respectively in the same

year. A significant increase of 14% was recorded in the industrial activities as well.

The share of Hydro power in total power generation increased to 52.6% from 39.3% due to high rainfall. As a result, Thermal power generation decreased by 16.4% to 4,995 GWh. Sri Lanka presently uses Thermal, Hydro and Wind to cater to the electricity demand.

Favourable heavy rainfall has made a significant contribution to revenue generated by Mini Hydro projects.

Environment

The effects of the global warming and climate change are already being felt around the world. Scientists predict that temperature will rise up to 6°C further over the next century. This may cause rises in sea level, extreme weather events such as hurricanes, heat waves, war and disease, both in developing and developed countries.

It is generally agreed that global warming is caused by greenhouse gases emitted by humans into the earth's atmosphere. The biggest contributor is carbon dioxide, which is generated by burning fossil fuels such as coal, oil or gas. Every car or plane journey contributes directly to the Earth's change in climate. Most of the world's electricity is also generated from these fuels, other than alternatives such as Wind and Solar Power. Hence, our commitment to improve the environment has been identified as one of priorities. Green energy sources lower carbon emission, create less pollution, reduces the environmental impact of conventional electricity generation and thereby increases energy independence.

Growth and Development

Vallibel Power Erathna PLC has etched a name in the hydro power generation sector as the largest private owned Hydro Power Company. Over the

past six years, we have been able to overcome challenges and to achieve a remarkable financial performance.

We are delighted to report Company profit after tax of Rs.446.3Mn with a revenue of Rs.533.5Mn. Profit Margins has shown a steady growth. Upon completion of new projects during next financial year, we envisage phenomenal increase in profit, revenue, power generation and dividends to our share holders.

The development and capacity enhancement for Vallibel Power Erathna PLC has been made possible through our project development team as they pursue the development of a combined 11.85MW projects namely Denawaka Ganga and Kiriwaneliya Hydro Power Plants. Vallibel Power Erathna PLC is developing Hydro Electricity Generation to replace generation from the substantial greenhouse gas producing systems as we are committed to the economic, financial, social and environmental sustainability of our business. The two projects have created employment opportunities to people of the local community. The company also made a significant contribution to the local economy by sourcing and purchasing supplies and services from local companies.

Our Prospects for the year ahead

Vallibel Power Erathna PLC has set a clear strategic direction for the next five years. This incorporates structured financial consolidation and discipline growth in , electricity sales explore new avenues for growth, and maintaining our commitment to sustainable business development.

Vallibel Power Erathna PLC plans to increase both revenue and profitability in the coming year. Development in the regional electricity transmission industry is challenging. Nevertheless,

we are confident that we have the right strategy in place to meet the challenges and to support the growing demand for electricity. Our mission for the year ahead is to enhance our relationships with our key stakeholders, to strengthen our capabilities to ensure supply without compromising affordability by implementing initiatives aimed at extending our generation networks while continuing to optimize trading opportunities.

We believe profoundly that our future success is dependent on our employees which are our greatest asset. We are committed to attracting, retaining and developing the most suitable professionals and establishing an environment for them in which they are encouraged to realize their full potential. Our ethos has been developed around the core values of customer focus, teamwork, accountability, integrity and employee empowerment. All employees are expected to nurture these values in their day to day functions within the group.

Appreciations

I would like to take this opportunity to thank our former Managing Director Mr. Leelanada Wickremarachi for his leadership through the challenging years of his tenure and acknowledge the significant role played in the achievements of the goals and objectives of the company.

On behalf of the Board, I would like to congratulate our new two joint CEOs, Mr. Aruna Dheerasinghe and Mr. Russell De Silva, who took up their positions in late January. We look forward to exciting times ahead of us as we work together to achieve our goals for the continued success of Vallibel Power Erathna PLC.

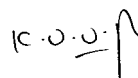
The Government of Sri Lanka has long been supportive of the Company's endeavors. Conducive regulatory

environment created by the officials at the Ceylon Electricity Board (CEB) enhanced the smooth progress of our operations. I express my sincere appreciation to the management and staff of the CEB for their continuous support extended thus far for the successful operation of our Company.

As the Chairman and on behalf of the Board, I wish to express my heartfelt gratitude for the hard work undertaken by everyone at Vallibel Power Erathna PLC in achieving our set targets and results and setting us on an exciting path for future growth. The Erathna project and the two upcoming projects being undertaken by the Company are some examples of the innovative thinking that makes Vallibel Power Erathna PLC an industry leader. Our strong financial results, clear strategic direction and emerging opportunities are a reflection of the dedication and skill of our employees.

I would also like to take this opportunity to commend the management and staff both at the head office and site offices for their hard work and dedication through these challenging times. I am confident that everyone connected with these projects will remain focused as we look to the future, which presents even more challenges in terms of ensuring reliable power supply to all our valued customers and enhancing Vallibel Power's position and profile in the country.

Finally, my sincere appreciation to my colleagues on the Board for the significant contributions made to the deliberation of the Board for the guidance and support during the challenging year.



K.D. Dhammika Perera
Chairman

5 May 2011

Board of Directors

K.D.D. Perera – Chairman

Mr. Dhammika Perera is a well-known prominent entrepreneur and investor whose business interests include Hydropower Generation, Manufacturing, Hospitality, Entertainment, Banking and Finance.

He serves as the Chairman of LB Finance PLC, The Fortress Resorts PLC, Vallibel Finance PLC, Greener Water Ltd, Vallibel One Ltd and holds directorships in his other private sector companies. He is the Deputy Chairman of Amaya Leisure PLC & Royal Ceramics Lanka PLC. Director Sampath Bank PLC, Sri Lanka Insurance Corporation LTD, Hayleys PLC, Haycarb PLC, Hayleys-MGT Knitting Mills PLC, Hotel Services (Ceylon) PLC which owns Ceylon Continental Hotel, Colombo, Hunas Falls Hotels PLC, Dipped Products PLC, Nirmalapura Wind Power Pvt Ltd and Alutec Anodising & Machine Tools (Private) Ltd. He is also a Member of the Board of Directors of Strategic Enterprise Management Agency (SEMA).

Mr. Dhammika Perera who has vast experience in many sectors of the economy has been appointed by the Government to serve the country as the Secretary to the Ministry of Transport of Sri Lanka.

P.K. Sumanasekera

Mr. Prabodha Sumanasekera holds B.Sc. in Physics from the Colombo University and has 16 years experience in the small hydro power sector. He has been involved in formulating and developing 15 small/mini hydropower projects, including the ground breaking Dick-Oya mini hydro power project which is the first grid connected mini hydropower project in Sri Lanka. He is also a Shareholder Director in several companies owning, developing and operating hydropower projects in Sri Lanka and overseas. Mr. Sumanasekera's latest involvement was the Mpanga hydro power plant (16 MW) in Uganda.

W.D.N.H. Perera

Deputy Chairman of Vallibel One Limited and Pan Asia Banking Corporation PLC. Managing Director of Royal Ceramics Lanka PLC. Group Finance Director of Amaya Leisure PLC and also serves on the Boards of Hayleys PLC, The Fortress Resorts PLC, LB Finance PLC, Vallibel Finance PLC and Sathosa Motors PLC. Mr. Perera, a member of the Sri Lanka Institute of Marketing, counts over 28 years of experience in the fields of Finance, Capital Market Operations, Manufacturing, Marketing and Management Services.

H. Amarasekera

Mr. Harsha Amarasekera is an Attorney-at-Law by profession and has a wide practice in the Original Courts as well as in the Appellate Courts. He has specialized in Commercial Law, Business Law, Securities Law, Banking Law and Intellectual Property Law. He serves as an Independent Director in several listed companies in the Colombo Stock Exchange including CIC Holdings PLC, Amaya Leisure PLC, Keells Food Products PLC. He is also a Director of CIC Agri Business Private Limited, Vallibel One Limited and Expo Lanka Holdings Ltd.

Darayl C. Clark

Mr. Clark is Vice President, CFO and member of the Board of South Asia Energy Management Systems, a California corporation involved in the development, ownership and operation of renewable energy projects in international markets. He currently serves on the Board of Canadian Phoenix Resources Corp, a publicly-traded oil and gas exploration and production company in Canada and RAM Power Corp. a US - based renewable energy company focused on the exploration and development of clean, sustainable geothermal power. He was previously Vice President and CFO for Peachtree Settlement Funding, a specialty factoring firm, where he was instrumental in leading it through revenue growth from \$20M to \$180M annually. He also was CFO for META Security Group, a start-up consulting firm in Internet and Network Security. Mr. Clark has held key leadership positions with DirecTV and Sensormatic Electronics. He has an MBA from the University of Miami and a BSChemE from the University of Florida.

Sunil. E. De Silva

Mr. Sunil De Silva is the Executive Director of renewable energy development Asia Energy Management Systems INC – California, Involved in development and operation of relievable energy Projects in Sri Lanka & Uganda. He is a Director of DFCC Consulting Limited and Lanka Ventures PLC. He joined the DFCC Bank in 1987 and functioned in different positions up to retirement in 2004 as a Vice President. He was the Executive Director of DFCC Consulting from 2004 to 2008 Prior to joining the DFCC Bank Mr. Silva has worked in the copper industry in Zambia and steel industry in Sri Lanka. He has wide experience and considerable exposure to the renewable energy sector. Mr. Silva holds an Honours Degree in Mechanical Engineering and is a Graduate Member of the Institute of Engineers, Australia. He is also an Associate in Development Banking of ADFIAP.

Haresh Somashantha

Mr. Haresh Somashantha is a member of the Institute of Chartered Accountants of Sri Lanka & also holds a Bachelor's degree in Mathematics from the University of Kelaniya. He is currently the Head of Finance & Treasury of Royal Ceramics Lanka PLC, Chief Financial Officer of Amaya Leisure PLC & Alternate Director of Amaya Leisure PLC & The Fortress Resorts PLC. Having started the career with Ernst & Young, the International Accounting & Consulting firm, he counts over 10 years of experience in audit, financial management and reporting, including strategic and corporate planning across different industries.

L.D. Dickman

Mr. L.D. Dickman was the Deputy Director General (Infrastructure) of Board of Investment before his retirement in December 2009 and had been working since it's inception in 1979. He held various managerial posts during his long service in the Board of Investment. He was the Deputy General Manager of Lanka Mirigama Special Economic Zone (Private) Limited (LMSEZ). Mr. Dickman has been appointed by the Company as an Executive Director of the Company with effect from 5th April 2001. Mr. Dickman is the President of the Institute of Town Planners of Sri Lanka and also had been a visiting lecturer in Town and Country Planning at the University of Sri Jayawardenepura and the University of Moratuwa. He holds BA in Public Administration from the Vidyodaya University and MSc in Town & Country Planning from the University of Moratuwa Sri Lanka. He had also attended a number of Executive Development Programs and investment Promotion Programme in various countries at international level.

Management Discussion & Analysis

Vallibel Power Erathna PLC has demonstrated its rightful position in the hydro power market in the year under review and with its planned increase in cumulative capacity on completion of its project by November 2011 to double of what it was last year, will further strengthen its position in the Sri Lankan hydro power market.

Vallibel Power Erathna PLC is largest, privately owned, Hydro Power Company in Sri Lanka. Our mission is to generate the maximum amount of electricity from the available water resources with minimum environmental pollution by optimizing operational efficiencies of our assets. Vallibel Power Erathna PLC has completed more than half a decade of successful operations. The Company has distributed a sum of Rs. 1,273.8 Mn, as dividends since the Company went public in 2006. Our principal business is constructing, implementing and the operating of mini hydro power projects.

The total Mw produced by all hydro power developers as at date is 175MW and the Company's contribution is 10MW. As reported in the last Annual Report, the Company acquired Country Energy (Pvt) Ltd., in 1st November 2009 which held the rights to develop two hydro power projects at Ratnapura and Norton Bridge; the Denawaka Ganga Hydro Power Project and the Kiriwaneliya Hydro Power Project. These two projects have obtained all statutory approvals required for implementation and on completion, the two projects will have a cumulative installed capacity of 11.85MW. Civil construction for the above two projects are 75% complete. We are hoping to complete the Kiriwaneliya Hydro Power Project at Norton Bridge and the Denawaka Ganga Hydro Power Project at Ratnapura by November 2011.

Renewable energy has become the investment sector's choice for prudent investment the world over. As more and more people become concerned about the potential global warming effects of hydro power and the other environmental concerns arising from constructing huge dams and flooding vast swathes of land, there is increased interest in run of the river hydro-electricity generation. Installation of such systems is relatively cheap and has very little environmental impact. Sri Lankan model for small hydro

development is acclaimed the world over for its focus, technical innovations, competitive costing and quality of construction. The private sector developers in Sri Lanka has added over 175 MW of cumulative capacity in small hydro power projects commonly known as run of the river hydro power plants. Sri Lanka has significant potential for mini hydro power development, especially in the low and medium head sectors.

The Sustainable Energy Authority (SEA) was set up by the Government, through its Ministry of Power and Energy. SEA has a wide ranging statutory power to assist and aid renewable energy developers. SEA has been supportive to the pressing issues faced by the developers in terms of grid limitations, the length of the approval process and funding constraints.

Developers have also brought to the notice of the SEA and the Ministry of Power and Energy, the hardships faces by them when going through the slow and cumbersome approval process. Unnecessary efforts and time spent by the developers mostly at the hands of bureaucratic public officials, thereby seriously delaying the implementation of these projects resulting in adverse impact on the national economy. While recognizing the importance of such approval processes to protect the interest of various stakeholders and ensure minimal environmental damage, the SEA is now looking at ways and means of minimizing these delays through a consultative process between the developers and the public officials.

The developers have also drawn the attention of the Government to the issue of short term land leases given on state lands and river reservations belonging to the Government- which prevents the developers raising long term debt financing from banks. As such potential hydropower projects remain undeveloped due to funding restraints. SEA needs to step up in resolving

the above constraints with a view to developing renewable energy resources in an environmentally friendly manner.

Public Utilities Commission of Sri Lanka (PUCSL) is the regulating body which has the statutory power to overlook all contractual and tariff issues with the independent power producers (IPP's) and the state utility – CEB. PUCSL has to further develop transparency of the tariff calculating methodologies and also ensure that the IPP's right related to long term operation of these embedded generating plants are safeguarded to maintain the industry's competitive edge.

Being a dynamic Company we are aware of the future success of our Company depends on the growth and therefore, we have been aggressively looking into new investment opportunities, especially in the small hydropower sector, where we can make best use of the knowledge and experience available in-house at Vallibel Power Erathna PLC. We have been looking at future investments in alternative energy in terms of Wind and Solar Energy.

Performance Overview

Our principal business is constructing, implementation and operation of small hydro power projects. Over the six years spanning 2006 to 2011, we have more or less contributed a constant generation of electricity using our hydro resources and transmitting it to the National grid of the CEB. Last year revenue was Rs. 437.6 million and we had targeted for this year Rs. 450 million. At the end of the year we had achieved Rs. 533.5 million which is a 21.9 % increase compared to last year.

CEB tariff is based on avoided cost based tariff. As the price of oil increases, so do the tariff for a unit of kWh. These paradigms are a result of the world oil prices which the CEB is reliant on for generating a fair amount



Erathna Project Sedimentation Tank

of electricity. Two tariffs are imposed by the CEB for the year, one for the wet season and the other for the dry season. The difference between the two is marginal. Tariff for the year 2010 was Rs. 11.09 per unit for the wet season and Rs. 11.94 for the dry season. Hydro electric power projects are reliant on rainfall for the generation of electricity. Unexpected rainfall in the months of October to December 2010 led to an increase in volume of water in the river which led to increase in power generation. Over the three months spanning October to December 2010, 13.5 Mn kWh of power was generated compared to October to December 2009 of 10 Mn kWh which is a 53.4 % increase. These paradigms resulted in an increase in revenue which in turn increased the Company's profits.

Performance of power generation

The performance of power generation is basically determined by internal factors. Spare parts are momentous in the performance of power generation. Spare parts are imported and the quality of the spare parts is paramount. Stocks of spare parts are monitored closely and as stocks deplete orders are placed in advance to minimize the machine breakdown hours. Technically qualified and competent staff working on shift basis is on 24 hour alert and monitor the machine breakdowns for quick recovery and repair of breakdowns.

Vallibel Power Erathna PLC has demonstrated its rightful position in the hydro power market in the year under review and with double cumulative capacity on completion by November 2011, will further strengthen its position in the Sri Lankan hydro power market.

Sustainability Report

Vallibel Power Erathna PLC is committed to protecting today's value and growing long term value for our customer, employees, investors and the communities we serve; whilst safeguarding the environment providing green power to the country.

Economic Sustainability

The Company contributes 10 MW renewable energy to the National grid and upon completion of the two new projects by end of this year; the two projects will have a cumulative installed capacity of 11.85 MW. Hence, the Company's installed capacity will double in near future.

The use of renewable energy sources reduce our dependence on foreign energy and reduce CO2 emission. It also helps with environmental protection and sustainable development. More over, it stimulates local economic development and creates employment opportunities. Vallibel's contribution to employment has been significant to the local communities in their three projects and business opportunities for local suppliers in the on going construction. Vallibel also made a significant contribution to local economy by sourcing and purchasing, where possible, supplies and services from local companies and only Plant and Machinery is imported from reputed foreign suppliers.

Presently ,the company has three Mini Hydro Projects. Namely ,

- Erathna Mini Hydro Power Project 10 MW - In operation
- Denawaka Ganga Mini Hydro Power Project 7.2MW - Under construction
- Kiriwaneliya Mini Hydro Power Project 4.65MW - Under construction

The Company generated Rs.437.6 Mn last year compared to Rs. 533.5 Mn in this year. This was distributed among the employees and shareholders. Rs 3 Mn was paid to Government as taxes on other income and Rs. 149.4Mn was provided to the shareholders by way of dividends. A sum of Rs. 351 Mn was invested in the subsidiary out of retained earnings.

Environmental Sustainability

Our commitment to the environment is integral to our Company strategy. As more and more people become

concerned about the potential global warming effects of hydropower and the other environmental concerns arising from constructing huge dams and flooding vast swathes of land, there is increased interest in run of the river hydro – electricity generation. Installation of such systems has very little environmental impact.

Green power is the term used to describe renewable source of energy that are environmentally friendly and non polluting such as run of the river. Green energy sources are so named because they lower carbon emission, create less pollution, reduce the environmental impact of conventional electricity generation and increase energy independence.

Since the water has no contact with oil or grease, there is no contamination of the river. There is no fuel used in hydro electric power generation and therefore there is no emission such as those emitted by gasoline, diesel or propane generators.

Steps have been taken to comply with all requirements stipulated by the Central Environment Authority (CEA) during construction and we constantly observe activities carried out at our plants. We continue to educate and train our employees in prevention and minimizing on adverse effects on our environment.

Hydro power plants have no emission of carbon dioxide. In protecting our environment, our operations is equivalent to reducing approximately 28000 metric tones of CO2 emission annually and it will double once our other two plants are complete in the year 2011.

In facing the increasing serious global warming issue, CO2 reduction has become every corporation's responsibility. Vallibel Power Erathna PLC has decided to take the lead in balancing power generation and

environmental protection to care more about Earth and the environment in Sri Lanka. Thus, Vallibel Power Erathna PLC is considering tree planting in areas around the river and upstream a momentous measure to reducing CO2 emission.

Undoubtedly, one of the crucial environmental requirements by the authorities that we adhere to is that only a part of the water flow of the river can be captured for hydro power. The flow of the river must not be interrupted in order to maintain a healthy aquatic life and plant life in the river and in the surrounding area. The local community also makes use of the river down stream.

The environmental authority stipulates that a certain level of sound (60dB) to be maintained in the Power House vicinity to reduce noise pollution.

Underground tanks have been built beneath the transformers to collect and prevent any oil leakage from the transformers coming into contact with the river water.

All spheres of our fragile environment will be our business ethos.

Sustaining Our Community “Corporate Social Responsibilities”

Our community is an important part of our Company. We believe that by working closely with our communities we are making a real contribution to the society with the intention of upgrading their social life. Our main concerns during the construction of the plants were the welfare of the community surrounding the project site and minimal disturbance to their livelihood. We continue to nurture the positive relationship developed with the local community in order to identify and empathize with the project.



Hela Viru Gee Miuru – 2011 (SL Army)

Our Company contributed Rs. 500,000/- for the musical event organized by the “Seva Vanitha Unit of Sri Lanka Army Intelligence unit”. The event was called “Hela Viru Gee Miuru – 2011 February”.

Annually we provide the local authority with financial assistance to clean up Sri Pada road which is used by the pilgrims before the start of the season in December.

We are in the process of repairing the Erathna – Adawikanda road which runs through the main access road to Sri Pada from Kuruwita. The total estimated cost would be Rs. 1Mn. and it will be accounted for in the next financial year.

Before commencements of commercial operation of the two mini hydro power projects namely Denawaka Ganga & Kiriwaneliya the Company has helped the community in many ways such as:

- Purchase of Tiles to lay in Rathnapura -Galabada, Sri Yanabivansharamara. (2010 – June),
- Purchase of Timber to the develop the Community hall in Durukkanda, Rathnapura (2010 – September),

- Contribution to Sri Gangaramaya, Rathgaga, Rathnapura in relation to the event organized by the temple for flood relief campaign. (2011 – January),
- Purchase of Books and School stationery equipment to Durekkanda area under develop schools at the request of Pradesiya saba. (2011 - February),
- Contribution to Volleyball Tournament Conducted by Divisional Secretariat – Rathnapura with regards to 40 Year Anniversary of Ministry of Public Administration and Home Affairs. (2010 – July),
- Contribution to the Kirulapana Sri Somananda Daham Pasala for the Scholarships. (2010 – October).

Sustainability Report *contd.*

Connecting with our shareholders

Our shareholders comprise of an important stakeholder segment within our Company. All shareholders have access to information to ensure that they are kept apprised frequently of the Company's operations, strategies and policies. Quarterly Financial Statements are published to enable easy and timely access by any interested party. The Company web site is updated monthly with the power generation figures. Press release and media reports keeps shareholders updated in instances of new investments and dividends declared by the Company. The Annual General Meeting is held mid financial year regularly and all shareholders are encouraged to participate. An Annual Report is being provided for the shareholders benefit.

Social Sustainability

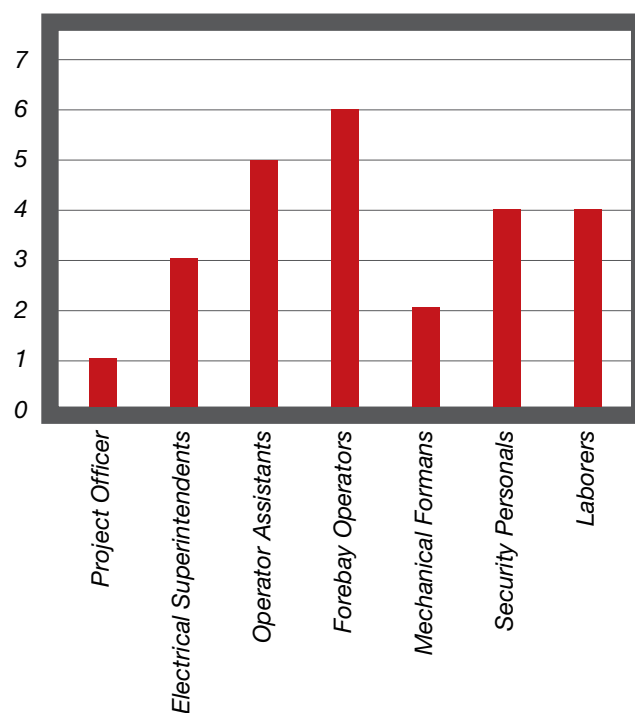
Human capital is an organization's greatest asset. Human and the potential they posses, drive the organization. Human resource development is paramount in our Company, hence enhancing the good balance between our human resources and business objectives by encouraging constant dialogue, instilling trust and demonstrating organizational justice.

The Company places a high emphasis on the development of human capital. We are constantly looking into ways and means of providing opportunities to employees to continually expand their capacities. We endeavour to meet the aspirations and desires of the employees in order to maximize their working environment and uplifting of their lives thereby achieving greater capacity utilization and improved productivity.

All employees are treated with equity and aptly rewarded for their performances by implementing non – discriminatory employment practices on the grounds of gender, ethnicity, religion or place of abode.

We comply with all the related regulations instituted by the Ministry of Labour. Vallibel Power Erathna PLC with the subsidiary company has a total workforce of 83 for the year 2010/11 excluding the construction employees.

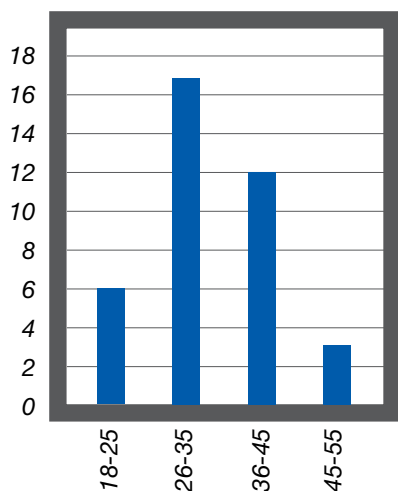
Job Category Analysis (Site)



Currently the Company's workforce is predominately male in all areas of the site considering the nature and scope of jobs. The management is endeavouring to engage female employees but due to nature of operations at the site discourages female counterparts taking up such jobs within our Company due to socio – cultural values and beliefs.

The age group analysis below indicates that there is no discrimination based on the age of the employee, though it is observed that 40% of employees fall into the age group 26 to 35 years and 34% of employees fall into the age group 36 to 45 years. We do not employ any person under the legal age of employment or carry out unfair labour practices.

No. of Employees



Rewards, Remuneration and Benefits

The Company provides attractive remuneration benefits to all its employees. The Company's policy is to satisfy and meet the expectations of its employees at the site in order to maximize organizational effectiveness and individual capabilities, time and talents.

Remuneration is assessed annually and increments are based on reward system. Performance appraisals are conducted twice a year and rewarded annually providing reinforcement for their achievements.

The operating staff at the site works on a shift basis. Shift consists of 12 hours of which 4 hours are accounted for as overtime. The operating staff works on an average 20 days.

The following main benefits are provided to all employees:-

- Staff loans to site staff.
- Snacks and tea free of charge and we also provide facilities for preparing meals.
- Laundry facilities for washing overalls.

- Company provides financial assistance to employees wedding and funerals of immediate family members.
- Assist financially staff families in case of major surgery.
- Gratuity provision for all employees with more than one year of service (compulsory).

Staff Welfare

Our policy is to have a balance of work and quality of life for our employees. We provide accommodation for operating staff living far away and facilities for preparing their meals.

The Company organizes religious and cultural festivals. The Company celebrates Sinhala and Hindu New Year as well as Thaipongal festival. The Company organizes fully sponsored annual trips to all employees.

Medical Facilities

We believe in a healthy workforce and strive to ensure that the working environment is safe for all employees. We have provided all employees with personal accident cover.

Recruitment Policy

Selecting and recruiting the right people is paramount to the continued success of our company. Our recruitment and selection procedure sets out to recruit the most suitable based on merit and the process is free of bias and discrimination. Our policy is to first look internally to fill vacancies and if required source externally where applicable. Priority is given to the local communities to fill vacancies.

Training and Development

The management has given considerable attention towards training and development as it increases the level of job satisfaction and the morale of employees. Hence, it motivates the employees to increase efficiency and productivity. We focus our energy on job related training on the operating staff.

New employees are provided in house training to suit the operational requirements. Employees recruited for the sites from the local community are sent on technical training courses available in technical training school in Ratnapura. Existing staff's individual aspirations to further their training is taken into consideration.

Appraisal carried out twice a year determines senior staff training and development. Senior staff is sent on overseas training where applicable as well as university training is considered to match individual aspirations.

We do not believe in stagnating of staff within the Company. Promotions are given after the performance appraisal and promotions are given annual basis. We have an effective communication system and we believe in a culture of open dialogue.

Employee Safety

Employee safety is momentous and our aim is to eliminate and minimize any factor that may endanger our employees. All employees are equipped with adequate safety and protection attire and gear relevant to their work. Personal protective equipment includes Safety Helmets, Safety Shoes, Headphones, Work Overalls and Gloves. Washing and laundry facilities are provided. Protective attire is provided annually to employees.

Personal Accident Insurance cover is provided to all operating staff. Any accidents while on duty is taken care off by the Company.

Comprehensive Fire Protection Systems are fixed at the site.

Denawaka Ganga Mini Hydro Power Project Progress



Weir



Weir & Intake



Head Race Channel (Under Construction)



Head Race Channel



Head Race Channel



Project Site



Forebay Tank (Under Construction)



Penstock (Under Construction)



Power House (Under Construction)



Power House (Under Construction)



Power House (Under Construction)



Batching Plant

Project Highlights

- Capacity - 7.2 MW
- Net Head - 33 Meters
- Penstock Length - 97 Meters
- Channel Length - 1800 Meters
- EM Plant Supplier - Dongfeng Electric
- Expected Generation - 25 GWh
- Headed by Joint CEO - Mr. Aruna Dheerasinghe

Corporate Governance

Corporate Governance, the system by which companies are managed and controlled, is a topic of increasing importance, both to Directors of the Company and its shareholders.

The Board manages the Company on behalf of the shareholders. It is the policy of the Company to manage its affairs in accordance with appropriate standard for good Corporate Governance. The Company has complied with the provisions of the Code of Best Practices to the fullest extent during the accounting period ended 31st March 2011.

The Board

The Board comprises of an Executive Director and seven Non-Executive Directors. Their details appear on page 10 of the Annual Report. Executive Director generally has responsibility for making and implementing operational decisions and running the Company's business. The Non-Executive Directors support the skills and experience of the Executive Director, contributing to the formulation of policy and decision-making through their knowledge and experience of other business and sectors.

Board Meetings

The Board meets regularly and has a formal schedule of matters reserved to it. The Board and its committees are supplied with full and timely information to enable them to discharge their responsibilities.

Attendance at Meetings

The Directors are expected to prepare themselves for and to attend all board meetings, relevant committee meetings and the Annual General Meeting. To facilitate active and informed discussion at Board and committee meetings, Directors receive background materials in advance of meetings. Over the past year, the Board held six meetings and the attendance is given below.

		Attendance
Mr. K D D Perera (Chairman)	- NED	- 4/6
Mr. L Wickremarachchi (resigned w.e.f. 31/12/2010)	- ED	- 5/5
Mr. P K Sumanasekera	- NED	- 3/6
Mr. W D N H Perera	- I	- 5/6
Mr. S H Amarasekera	- I	- 6/6
Mr. H Somashantha	- NED	- 5/6
Mr. S E De Silva	- NED	- 6/6
Mr. D S Clark	- NED	- 4/6 (via teleconference)
Mr. L D Dickman (appointed w.e.f. 29th April 2010)	- ED	- 5/5

Key

NED	- Non-Executive Director
ED	- Executive Director
I	- Independent Non-Executive Director

Chairman and Executive Director

The roles of Chairman and Executive Director are separate with responsibilities divided between them.

Appraisal of the Executive Director

The Board has delegated the responsibility for the day-to-day management of the Company to the Executive Director, who is responsible for recommending strategy to the Board and implementing operational decisions. The performance of the Executive Director is reviewed every year by the Board.

Time commitment

The Board dedicates adequate time to discharge their duties effectively. In addition to Board meetings, they attend sub-committee meetings and make decisions via circular resolutions.

Appointment to the Board

New appointments to the Board are based on the collective decision of the Board. In making new appointments, the Board considers the recommendations made by the Nomination Committee and the composition of the Board in order to assess whether they have the right mix of skills and experience to add value to the deliberations of the Board.

Re-election of Directors

As per the Articles of Association of the Company at each Annual General Meeting (AGM), one third of the Directors shall retire from office and offer themselves for re-election. The Executive Director and Directors nominated by Vallibel Power Limited under Article 25(2) are not subject to retirement by rotation. Any Directors appointed during the year seek re-election at the next AGM.

Independence of Non-Executive Directors

The CSE Listing Rules sets out circumstances, which the Board may find relevant when determining the independence of a Non-Executive Director. All Non-Executive Directors have submitted a declaration of his independence or non-independence to the Board of Directors. The Board reviewed the independence of Non-Executive Directors and concluded that Messrs S H Amarasekera and W D N H Perera both continue to demonstrate the essential characteristics of independence expected by the Board.

Access to Management and Independent Advisors

Board members have access to management. The Board and the Board Committees have access to the advice of the Company Secretary and

independent legal, accounting and other experts and consultants, as they may deem appropriate at the Company's expense.

Remuneration of the Directors

The remuneration of the Directors is determined by the Board and disclosed on page 53 of the Annual Report.

Company Secretary

Secretaries & Registrars (Private) Limited, secretaries act as the Company Secretary. The role of the secretary is dealing with Directors at board meetings and with shareholders. The Company Secretary attends Board meetings and ensures that minutes are kept of all proceedings at each Board meetings. The Company Secretary advises the Board and ensures that proper procedures and applicable rules and regulations are followed by the Board.

Board Committees

Specific responsibilities have been delegated to the Board Committees. The two principal Board Committees are:-

Audit Committee

Mr. S H Amarasekera (*Chairman*)
Mr. W D N H Perera
Mr. P K Sumanasekera
Mr. H Somashantha

The Audit Committee meets once a quarter with the Executive Director and the internal auditors to review, inter alia, the Company's annual and interim Financial Statements and compliance reports and reviews the effectiveness of the Company's system of internal audit. Periodically, it also approves and reviews the appointment and retirement of external Auditors, as well as their relationship with the Company.

Remuneration Committee

Mr. S H Amarasekera (*Chairman*)
Mr. K D D Perera
Mr. W D N H Perea
Mr. S E De Silva



Erathna Project Penstock Line

The Remuneration Committee usually meets twice a year. Its role is to make recommendations to the Board on the following:

- Remuneration policy for the Executive Director.
- Remuneration policy and specific packages for certain senior executives.
- Employee benefits and long term incentive schemes.

The Company's remuneration policy is based on the following principles:

- To deliver improved shareholder value by ensuring the individual performance and reward reflect and reinforce the business objectives of the Company.
- To support the recruitment, motivation and retention of high quality senior executives.
- To ensure that performance is the key factor in determining individual reward.

The Committee is not responsible for setting the level of remuneration of Non-Executive Directors, which is determined by the Board.

Responsibilities

It is the responsibility of the Board of Directors to ensure good Corporate Governance. Good Corporate Governance requires that the Board

must govern the Company with integrity. This includes the following:-

- Exercise leadership, enterprise, integrity and judgment in directing the Company so as to achieve continuing prosperity in a manner based on transparency, accountability and responsibility.
- Ensure a managed and effective process of Board appointments.
- Determine the Company's purpose and values, strategy and ensure that procedures and practices are in place.
- Monitor and evaluate the implementation of strategies and policies for better management performance.
- Ensure compliance with the relevant law, regulations and codes of best practice.
- Communicate with shareholders effectively and serve the legitimate interest of the shareholders.
- Report to shareholders of the progress and performance of the Company periodically and timely.
- Review processes and procedures regularly and ensure that internal control is effective.

Corporate Governance *contd.*

- Identify key risk areas and ensuring that these risks are addressed and managed effectively.
- Appoint and evaluate the performance of the Executive Director.
- Approve the Annual Budget.
- Ensure the continuation of the Company as a going concern.

Investor relations

The Annual General Meeting, Annual Report of the Company and Interim Financial Statements are the principal means of communication with the shareholders.

Compliance with Corporate Governance Rules of the Colombo Stock Exchange

The following disclosures are made in conformity with Section 7 of the Rules of the Colombo Stock Exchange:-

Rule	Comments
7.10.1 Non-Executive Directors	Seven Directors are Non-Executive except the Executive Director.
7.10.2 Independent Directors	There are 2 independent Directors on the Board. Each Non-Executive Director has submitted a signed and dated declaration annually.
7.10.3 Disclosures relating to Directors	2 of the seven Non-Executive Directors meet all the criteria set out in Rule 7.10.4 for determining the independence of Directors. These independent Directors are and Messrs S H Amarasekera and W D N H Perera.
7.10.5 Remuneration Committee	Comprises of four Non-Executive Directors including two independent Directors.
7.10.6 Audit Committee	Comprises of four Non-Executive Directors including two Independent Directors.

Annual Report of the Board of Directors

The Directors of Vallibel Power Erathna PLC have pleasure in presenting to the members their report together with the audited Financial Statements of the Company and Consolidated Financial Statements of the Group for the year ended 31st March 2011, conforming to the requirements of the Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards.

Legal Status

The Company was incorporated on 7th November 2001 under the name of “Zyrex Power Company Erathna Limited” and later changed its name to “Power Company Erathna Limited” on 14th October 2004. Thereafter, on 2nd June 2005 the name of the Company was changed to “Vallibel Power Erathna Limited”. The shares of the Company were listed on the Colombo Stock Exchange on 17th May 2006.

Principal Activity

The principal activity of the Company is generation of electricity using hydro resources and transmitting such electricity to the national grid of the CEB.

Business Review

A review of the operations of the Group business during the financial year and results of those operations are contained in the Chairman’s Review on page 8 of the Annual Report. This report forms an integral part of the Annual Report of the Directors.

Summarized Financial Position

The summarized financial position of the Company is as follows:

	2010/2011 Rs. '000	2009/2010 Rs. '000
Profit after taxation	446,394	394,079
Profit brought forward	248,114	30,634
Dividends	149,422	186,777
Transfer of realized surplus on usage	10,178	10,178
Balance carried forward	555,264	248,114

The Financial Statements of the Company and the Group are given in pages 32 to 56.

Stated Capital

In accordance with the Section 58 of the Companies Act No. 7 of 2007, Share Capital and Share Premium was reclassified as Stated Capital. The Stated Capital as at 31st March 2011 was Rs. 1,174,365,278/-.

Reserves

The Reserves of the Company stand at Rs. 580,617,234/- comprising Capital Reserves of Rs.25,352,392/- and Revenue Reserves of Rs.555,264,842/-.

Taxation

Pursuant to the Supplementary Agreement dated 8th October 2002 entered into with the Board of Investment of Sri Lanka under section 17 of the Board of Investment Law, the Company is exempt from income tax arising from the business of the generation of hydropower, for a period of 10 years commencing from 15th July 2004. After the expiration of the aforesaid period the provisions of the Inland Revenue Laws for the time being in force shall apply to the Company. However, other income is taxed at the applicable tax rate.

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 up to date.

Dividends

The Company made an interim dividend payment of Rs. 0/20 per share (tax-free) for the financial year 2010/2011 paid on 14th February 2011.

The Directors recommend to the shareholders that the Interim Dividend paid on 14th February 2011 be considered as the Final Dividend for the year ended 31st March 2011.

Corporate Donations

During the year the Company made donations amounting to Rs.500,000/- in terms of the resolution passed at the Annual General Meeting.

Capital Expenditure

The total Capital Expenditure incurred by the Company on the acquisition of Fixed Assets during the year amounted to Rs.21,971,165/-details of which are given in Note 3 on page 42.

Property, Plant & Equipment

The movement in Property, Plant and Equipment of the Company are given in Note 3 to the Financial Statements.

Shareholdings

As at 31st March 2011 there were 3,999 registered shareholders. The distribution of shareholders is indicated on pages 57 and 58.

Share Information

Information on share trading is given on page 59 of the Annual Report.

Directorate

The following Directors held Office during the year under review.

Mr. K D D Perera (*Chairman*)
 Mr. L Wickremarachchi (*Managing Director – resigned w.e.f. 31st December 2010*)
 Mr. P K Sumanasekera
 Mr. W D N H Perera
 Mr. S H Amarasekera
 Mr. H Somashantha
 Mr. S E De Silva
 Mr. D S Clark
 Mr. L D Dickman

Annual Report of the Board of Directors *contd.*

Messrs. W D N H Perera & S.H. Amarasekera retire by rotation in terms of Article 25(10) of the Articles of Association of the Company and being eligible offer himself for re-election with the unanimous support of the Board.

Interest Register

The Interest Register is maintained by the Company as per the Companies Act No. 7 of 2007. All Directors have disclosed their interests pursuant to Section 192(2) of the said Act.

Directors' Interests

Directors' interest in contracts with the Company, both direct and indirect is given below.

On 1st February 2011, with issue of new shares in the subsidiary company [Country Energy (Pvt) Limited] to Mr. K.D.D.Perera for his investment, the holding percentage of the parent (Vallibel Power Erathna PLC) has reduced to 89.37% from 100%.

These interests have been declared at the meeting of the Board of Directors. The Directors have no other direct or indirect interest in any other contract or proposed contract with the Company.

Directors' Interest in shares

The Directors' interest in shares of the Company as at the Balance Sheet date is as follows:

	As at 31st March 2011	As at 31st March 2010
Mr. K D D Perera	144,812,225	144,812,225
Mr. P K Sumanasekera	150,000	150,000
Mr. W D N H Perera	3,000	-
Mr. S H Amarasekera	30	98,230
Mr. H Somashantha	15,000	-
Mr. S E De Silva	30,000	30,000
Mr. D S Clark	-	-
Mr. L D Dickman	-	-

Corporate Governance

The report on Corporate Governance is given on page 20.

Going Concern

The Board of Directors is satisfied that the Company has adequate resources to continue its operations in the foreseeable future. Accordingly, we continue to adopt the Going-Concern Concept in preparing the Financial Statements.

Post Balance Sheet Events

No circumstances have arisen and no material events have occurred since the Balance Sheet date and Directors signing of Accounts, which would require adjustments to, or disclosure in the accounts other than those disclosed in the Financial Statements and this Report.

The Auditors

The Financial Statements for the year ended 31st March 2011 have been audited by Messrs Ernst & Young, Chartered Accountants who offer themselves for re-appointment.

In accordance with the Companies Act No. 07 of 2007, a resolution relating to their re-appointment and authorizing the Directors to determine their remuneration will be proposed

at the forthcoming Annual General Meeting. The audit fee and expenses of Messrs Ernst & Young for the current year was Rs. 514,800/-. (2009/2010 – Rs. 468,000/-). In addition they were paid Rs.140,000/- by the Company for solvency opinions & other opinions. As far as the Directors were aware, the Auditors do not have any relationship other than that of an Auditor with the Company.

Annual General Meeting

The 10th Annual General Meeting of the Company will be held at the Cat's Eye Ballroom, Ceylon Continental Hotel, Colombo 01, on Wednesday the 29th day of June 2011 at 11.30 am. The Notice of the Annual General Meeting is given on page 60 of this report.

For and on behalf of the Board

(sgd.)

S.H.Amarasekera

Director

(sgd.)

L.D.Dickman

Director

(Sgd.)

**Secretaries & Registrars (Private)
Limited**

Secretaries

Colombo

5 May 2011

Statement of Directors Responsibilities

The responsibility of the Directors, in relation to the Financial Statements of the Company differ from the responsibilities of the Auditors, which are set out in the Report of the Auditors on page 31.

The Companies Act No. 07 of 2007 stipulates that the Directors are responsible for preparing the Annual Report and the Financial Statements. Company law requires the Directors to prepare Financial Statements for each financial year, giving a true and fair view of the state of affairs of the Company & of the Group at the end of the financial year, and of the profit or loss of the Company for the financial year, which comply with the requirements of the Companies Act.

The Directors consider that, in preparing Financial Statements set out on pages 32 to 56 of the Annual Report, appropriate accounting policies have been selected and applied in a consistent manner and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed. The Directors confirm that they have justified in adopting the going concern basis in preparing the Financial Statements since adequate resources are available to continue operations in the foreseeable future.

The Directors are responsible for keeping proper accounting records, which disclose reasonable accuracy, at any time, the financial position of the Company and to enable them to ensure the Financial Statements comply with the Companies Act No. 7 of 2007.

They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities. In this regard, the Directors have instituted an effective and comprehensive system of internal control.

The Directors are required to prepare Financial Statements and to provide the external auditors with every opportunity to take whatever steps and undertake whatever inspections they may consider to be appropriate to enable them to give their independent audit opinion.

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 payable by the Company, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and other known statutory dues as were due and payable by the Company as at the Balance Sheet date have been paid or, where relevant provided for, in arriving at the financial results for the year under review.

For and on behalf of the Board

(Sgd.)

**Secretaries & Registrars (Private)
Limited**

Secretaries

Colombo
5 May 2011

Audit Committee Report

Composition of the Audit Committee

The Audit Committee, appointed by the Board of Directors of Vallibel Power Erathna PLC comprises of four Non- Executive Directors. Mr. Harsha Amarasekera (Independent Non-Executive Director), functions as the Chairman of the Audit Committee. Mr. Nimal Perera, Mr. Prabodha Sumanasekera and Mr. Haresh Somashantha serve as members of the Committee. Executive Director, two Joint CEO's and Head of Finance attend the meetings by invitation.

Role of the Committee

The key purpose of the Audit Committee of Vallibel Power Erathna PLC is to assist the Board of Directors in fulfilling its oversight responsibilities for;

1. The integrity of Financial Statements in accordance with Sri Lanka Accounting Standards.
2. The Company's compliance with legal and regulatory requirements.
3. The external auditor's independence.
4. The performance of the Company's internal audit functions to ensure that Company's internal controls and risk management are adequate.

During the year Audit committee appointed KPMG Ford Rhodes, Thornton & Co. as the internal auditors of the Group. The Audit Committee has recommended to the Board of Directors that M/s Ernst & Young, Chartered Accountants, be re-appointed as the auditors of the Company for the financial year ending 31st March 2012, subject to the approval of the Shareholders at the Annual General Meeting. The Audit Committee is of the view that Messes Ernst & Young is an independent entity as per their

declaration made to the Company and the Audit Committee concurs with their declaration.

Conclusion

The Audit Committee is of the view that adequate controls are in place to safeguard the Company's assets and that the financial position and the results disclosed in the Audited Accounts are free from any material misstatements.

(sgd.)

Harsha Amarasekera

Chairman – Audit Committee

05 May 2011

Remuneration Committee Report

The Remuneration Committee, appointed by the Board of Directors, currently consists of four Non-Executive Directors.

The Chairman of the Remuneration Committee is Mr. Harsha Amarasekera who is an Independent Non- Executive Director and the other members are Messrs K.D.D. Perera, W D N H Perera and S E De Silva. The Remuneration Committee usually meets twice a year. Its role is to make recommendations to the Board on the following.

- Remuneration policy for the Executive Director.
 - Remuneration policy and specific packages for certain Senior Executives.
 - Employee benefits and long terms incentive schemes.
- The Company's remuneration policy is based on the following principles.
- To deliver improved shareholder value by ensuring that individual performance and reward reflect and reinforce the business objectives of the Company.
 - To support the recruitment, motivation and retention of high quality Senior Executives.
 - To ensure that performance is the key factor in determining individual reward.

The Committee is not responsible for setting the level of remuneration of Non-Executive Directors, which is determined by the Board.

(sgd.)

Harsha Amarasekera

Chairman - Remuneration Committee

05 May 2010

Kiriwaneliya Mini Hydro Power Project Progress



Weir



Weir & Intake



Head Race Channel



Sedimentation Tank



Head Race Channel (Under Construction)



Penstock (Under Construction)



Penstock (Under Construction)



Forebay Tank (Under Construction)



Penstock (Under Construction)



Tower Line



Power House (Under Construction)

Project Highlights

- Capacity - 4.65 MW
- Net Head - 200 Meters
- Penstock Length - 1690 Meters
- Channel Length - 300 Meters
- EM Plant Supplier - VS Energy
- Expected Generation - 16 GWh
- Headed by Joint CEO - Mr. Russell De Silva

Financial Reports

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Energize.

Financial Calendar

Rs.0.20 per share (tax free) interim dividend for the financial year 2010/11	- 14 February 2011
Interim Report – 1st Quarter 2010/11	- 26 July 2010
Interim Report – 2nd Quarter 2010/11	- 01 November 2010
Interim Report – 3rd Quarter 2010/11	- 21 January 2011
Interim Report – 4th Quarter 2010/11	- 05 May 2011
Annual Report 2010/11	- 05 May 2011
10th Annual General Meeting	- 29 June 2011

Independent Auditor's Report



Chartered Accountants

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

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

ADBT/CSW/PNG

REPORT TO THE SHAREHOLDERS OF VALLIBEL POWER ERATHNA PLC

Report on the Financial Statements

We have audited the accompanying Financial Statements of Vallibel Power Erathna PLC and the consolidated financial statements of the company and its subsidiary which comprise the Balance Sheet as at March 31, 2011 and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year then ended, and a summary of significant Accounting Policies and other explanatory notes.

Management's Responsibility for 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 misstatements.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Financial Statement presentation.

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

Opinion Company

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

of affairs as at March 31, 2011 and its profit and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Group

In our opinion, the Consolidated Financial Statements give a true and fair view of the state of affairs as at March 31, 2011 and the profit and cash flows for the year then ended, in accordance with Sri Lanka Accounting standards of the Company and its subsidiary 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 Section 151(2) and 153 (2) to 153 (7) of the Companies Act No. 07 of 2007.

05 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 31 March	Note	COMPANY			GROUP
		2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
ASSETS					
Non-Current Assets					
Property, Plant & Equipment	3	1,097,310,147	1,105,506,270	1,854,757,185	1,277,253,263
Investments	4	740,888,870	274,568,870	73,568,870	73,568,870
Intangible Assets	5	12,800,000	14,400,000	168,150,000	169,750,000
Deposit on Leasehold Land	6	-	-	4,500,000	4,500,000
		1,850,999,017	1,394,475,140	2,100,976,055	1,525,072,133
Current Assets					
Trade & Other Receivables	7	49,525,017	19,558,906	153,193,026	35,056,013
Amount Due from Related Parties	8	45,795,831	143,121,948	3,304,283	27,655,869
Short Term Investment	4	42,893,187	52,751,482	52,893,187	54,351,482
Cash and Bank Balances		2,316,005	5,354,223	7,827,650	6,044,699
Tax Receivables		685,452	-	685,452	-
		141,215,492	220,786,559	217,903,598	123,108,063
Total Assets		1,992,214,509	1,615,261,699	2,318,879,653	1,648,180,196
EQUITY AND LIABILITIES					
Equity attributable to Equity Holders of the Parent					
Stated Capital	9	1,174,365,278	1,174,365,278	1,174,365,278	1,174,365,278
Reserves	10	25,352,392	35,530,360	25,352,392	35,530,360
Accumulated Profit		555,264,842	248,114,353	551,698,793	268,116,271
		1,754,982,512	1,458,009,991	1,751,416,463	1,478,011,909
Minority Interest		-	-	63,067,358	-
Total Equity		1,754,982,512	1,458,009,991	1,814,483,821	1,478,011,909
Non Current Liabilities					
Interest Bearing Loans and Borrowings	11	153,271,894	113,370,993	403,114,683	113,370,993
Retirement Benefit Obligations	12	5,610,653	3,950,951	7,087,569	4,704,464
		158,882,547	117,321,944	410,202,252	118,075,457
Current Liabilities					
Trade and Other Payables	13	6,536,065	5,295,142	21,133,844	15,418,992
Interest Bearing Loans and Borrowings	11	71,813,385	31,680,371	72,886,334	31,680,371
Amounts Due to Related Parties	14	-	2,176,626	73,074	4,215,722
Tax Payables		-	777,625	100,327	777,745
		78,349,450	39,929,764	94,193,580	52,092,830
Total Equity and Liabilities		1,992,214,509	1,615,261,699	2,318,879,653	1,648,180,196

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



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.



K. D. Dhammika Perera
Chairman



L. D. Dickman
Director

The Accounting Policies and Notes on Pages 36 through 56 form an integral part of the Financial Statements.
05 May 2011
Colombo

Income Statement

Year Ended 31 March	Note	Company		Group	
		2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
Revenue	15	533,588,024	437,692,284	533,588,024	437,692,284
Cost of Sales		(36,467,607)	(40,870,896)	(36,467,607)	(40,870,896)
Gross Profit		497,120,417	396,821,388	497,120,417	396,821,388
Other Income	16	3,344,612	1,654,751	10,876,137	36,881,792
Administration Expenses		(36,315,262)	(37,484,383)	(64,606,617)	(50,377,531)
Other Operating Expenses		(500,000)	(811,000)	(3,831,896)	(3,156,317)
(Provision)/ Reversal for the Falling Value Of Investment		-	40,935,170	-	40,935,170
Finance Income		6,134,502	11,940,702	6,811,535	11,964,823
Finance Cost	17	(20,291,175)	(14,393,146)	(20,989,362)	(14,394,396)
Profit Before Taxation	18	449,493,094	398,663,482	425,380,214	418,674,929
Income Tax Expense	19	(3,098,627)	(4,583,978)	(3,201,705)	(4,593,506)
Net Profit For The Year		446,394,467	394,079,504	422,178,509	414,081,423
Attributable to:					
Equity Holders of the Parent		-	-	422,826,500	414,081,423
Minority Interest		-	-	(647,991)	-
		-	-	422,178,509	414,081,423
Basic Earnings Per Share	20	0.60	0.53	0.57	0.55
Dividend Per Share		0.20	0.25	0.20	0.25

The Accounting Policies and Notes on Pages 36 through 56 form an integral part of the Financial Statements.

Statement of Changes in Equity

Company	Stated Capital Rs.	Revaluation Reserve Rs.	Accumulated Profit Rs.	Total Rs.
Balance as at 31 March 2009	1,174,365,278	45,708,328	30,634,312	1,250,707,918
Net Profit for the year	-	-	394,079,504	394,079,504
Dividends	-	-	(186,777,432)	(186,777,432)
Transfer of realized surplus on usage	-	(10,177,968)	10,177,968	-
Balance as at 31 March 2010	1,174,365,278	35,530,360	248,114,353	1,458,009,991
Net Profit for the year	-	-	446,394,467	446,394,467
Dividends	-	-	(149,421,946)	(149,421,946)
Transfer of realized surplus on usage	-	(10,177,968)	10,177,968	-
Balance as at 31 March 2011	1,174,365,278	25,352,392	555,264,842	1,754,982,512

Group	Stated Capital Rs.	Revaluation Reserve Rs.	Accumulated Profit Rs.	Minority Interest Rs.	Total Rs.
Balance as at 31 March 2009	1,174,365,278	45,708,328	30,634,312	-	1,250,707,918
Net Profit for the year	-	-	414,081,423	-	414,081,423
Dividends	-	-	(186,777,432)	-	(186,777,432)
Transfer of realized surplus on usage	-	(10,177,968)	10,177,968	-	-
Balance as at 31 March 2010	1,174,365,278	35,530,360	268,116,271	-	1,478,011,909
Issue of Shares	-	-	-	74,200,020	74,200,020
Net Profit/ (Loss) for the year	-	-	422,826,500	(647,991)	422,178,509
Impact on change in share structure of the subsidiary	-	-	-	(10,484,671)	(10,484,671)
Dividends	-	-	(149,421,946)	-	(149,421,946)
Transfer of realized surplus on usage	-	(10,177,968)	10,177,968	-	-
Balance as at 31 March 2011	1,174,365,278	25,352,392	551,698,793	63,067,358	1,814,483,821

The Accounting Policies and Notes on Pages 36 through 56 form an integral part of the Financial Statements.

Cash Flow Statement

Year Ended 31 March Cash Flows From / (Used in) Operating Activities	Note	Company		Group	
		2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
Net Profit before Income Tax Expense		449,493,094	398,663,482	425,380,214	418,674,929
Adjustments for					
Amortization of Intangible assets	5	1,600,000	1,600,000	1,600,000	1,600,000
Depreciation	18	30,147,288	30,435,272	32,136,132	30,828,676
Retirement Benefits Provision & Adjustments	12	1,817,396	2,008,987	2,540,799	2,632,815
(Profit) / Loss on Disposal of Property, Plant & Equipment		(60,500)	-	134,672	-
Deemed Disposal Gain		-	-	(10,484,651)	-
Adjustment for Property, Plant & Equipment		-	-	413,609	-
Interest Income		(6,134,502)	(11,940,702)	(6,811,535)	(11,964,823)
Provision/(Reversal) for Impairment of Investment		-	(40,935,170)	-	(40,935,170)
Finance Costs	17	20,291,175	14,393,146	20,989,362	14,394,396
Negative Goodwill		-	-	-	(35,148,386)
Operating Profit/(Loss) before Working Capital Changes		497,153,952	394,225,015	465,898,603	380,082,437
(Increase)/ Decrease in Trade and Other Receivables		(33,673,770)	13,494,935	(121,844,671)	(9,687,702)
(Increase)/Decrease in Amounts Due from Related Parties		(368,993,883)	(121,311,522)	24,351,586	(5,845,443)
Increase/(Decrease) in Trade and Other Payables		632,550	(140,552)	5,106,479	9,983,298
Increase/(Decrease) in Amounts Due to Related Parties		(2,176,626)	1,864,825	(4,142,648)	3,903,921
Cash Generated from/(used in) Operating Activities		92,942,223	288,132,701	369,369,350	378,436,511
Finance Costs Paid		(20,291,175)	(11,428,579)	(20,989,362)	(11,429,832)
Interest Received		9,842,161	8,731,049	10,519,194	8,731,049
Gratuity Paid		(157,693)	-	(157,693)	-
Taxes Paid		(4,561,703)	(6,427,612)	(4,564,574)	(6,437,020)
Net Cash from/(used in) Operating Activities		77,773,813	279,007,559	354,176,915	369,300,708
Cash Flows from / (Used in) Investing Activities					
Acquisition of Property, Plant & Equipment		(21,971,165)	(1,822,310)	(605,100,204)	(91,901,440)
Investment in Fixed Deposits		(14,662,705)	10,883,242	(23,062,705)	9,283,242
Proceeds from Disposal of Property, Plant & Equipment		80,500	-	219,977	-
Investment in Subsidiary		-	(201,000,000)	-	(198,923,543)
Net Cash Flows from/(Used in) Investing Activities		(36,553,370)	(191,939,068)	(627,942,932)	(281,541,741)
Cash Flows from/(Used in) Financing Activities					
Bank Loan Received		115,000,000	150,000,000	360,865,673	150,000,000
Bank Loan Paid		(33,794,190)	(12,711,865)	(33,794,190)	(12,711,865)
Dividend Paid		(148,813,573)	(185,941,446)	(148,813,573)	(185,941,446)
Issue of Shares to Minority		-	-	74,200,000	-
Lease Rental		(1,171,899)	(3,408,546)	(1,429,942)	(3,408,546)
Net Cash Flows from/(Used in) Financing Activities		(68,779,662)	(52,061,857)	251,027,968	(52,061,857)
Net Increase/(Decrease) in Cash and Cash Equivalents		(27,559,218)	35,006,634	(22,738,049)	35,697,110
Cash and Cash Equivalents at the Beginning of the Period (Note A)		42,354,223	7,347,589	43,044,699	7,347,589
Cash and Cash Equivalents at the end of the Period (Note B)		14,795,005	42,354,223	20,306,650	43,044,699
Note A					
Cash and Cash Equivalents at the beginning of the period					
Cash in Hand & at Bank		5,354,223	1,243,421	6,044,699	1,243,421
Call Deposits & Repo		37,000,000	6,104,168	37,000,000	6,104,168
		42,354,223	7,347,589	43,044,699	7,347,589
Note B					
Cash and Cash Equivalents at the end of the period					
Cash in Hand & at Bank		2,316,005	5,354,223	7,827,650	6,044,699
Call Deposits & Repo		12,479,000	37,000,000	12,479,000	37,000,000
		14,795,005	42,354,223	20,306,650	43,044,699

The Accounting Policies and Notes on Pages 36 through 56 form an integral part of the Financial Statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1 General

Vallibel Power Erathna PLC is a limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No 27 – 02, East Tower, World Trade Centre, Echelon Square, Colombo 01 and the Company's power generating plant is situated at Erathna, Rathnapura.

1.2 Principal Activities and Nature of Operations

During the year, the principal activities of the Company were generation and sale of hydro electric energy to the Ceylon Electricity Board.

1.3 Parent Enterprise

The Company's parent undertaking is Vallibel Power Ltd.

1.4 Date of Authorisation for Issue

The Financial Statements of Vallibel Power Erathna PLC for the year ended 31 March 2011 were authorized for issue in accordance with a resolution of the Board of Directors on May 05, 2011.

2.1 BASIS OF PREPARATION

These Financial Statements have been prepared on a historical cost basis except for certain Property, Plant and Equipment which are stated at revalued amounts. The Financial Statements are presented in Sri Lankan Rupees and all values are rounded to the nearest rupee.

2.1.1 Statement of Compliance

The Financial Statements of Vallibel Power Erathna PLC have been prepared in accordance with the Sri Lanka Accounting Standards (SLAS) adopted by the Institute of Chartered Accountants of Sri Lanka (ICASL) and also in compliance with the requirements of the Companies Act No 07 of 2007.

2.1.2 Going Concern

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

2.1.3 Comparative Information

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

2.1.4 Business Combinations and Goodwill

Business Combinations are accounted for using the purchase method. The cost of an acquisition is measured at the fair value of the assets, equity instrument issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at fair values at the date of acquisition, irrespective of the extent of any minority interest.

2.1.5 Consolidation Policy

2.1.5.1 The Consolidated Financial Statements include results, assets & liabilities of Vallibel Power Erathna PLC and its subsidiary Country Energy (Pvt) Ltd.

2.1.5.2 All Companies in the Group have a common financial year ended on 31st March.

2.1.5.3 Subsidiary is fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continues to be consolidated until the date that such control ceases.

2.1.5.4 All Inter-Group balances, income and expenses and unrealized gain and losses resulting from Inter-Group transactions are eliminated in full.

2.1.5.5 Goodwill/Negative goodwill arising on the acquisition of the subsidiary written off or written back to the Income Statement.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.2.1 Taxation

a) Current Taxes

Company

Pursuant to the supplementary agreement dated 08th October 2002 entered into with Board of Investment under section 17 of the Board of Investment Law, the Company is exempt from income tax arising from the business of the generation of hydropower, for a period of 10 years commencing from 15th July 2004. After the expiration of the aforesaid period the provisions of the Inland Revenue Laws for the time being in force shall apply to the Company. However, other income is taxed at the applicable tax rate.

Subsidiary

Pursuant to the agreement entered into with the Board of Investment of Sri Lanka, the Company is exempt from income tax for a period of 06 years reckoned from the year of assessment as may be determined by the Board. For the above purpose the year of assessment shall be reckoned from the year in which the enterprise commences to make profit in relation to its transactions in that year or any year of assessment not later than 02 years from the date of commencement of commercial operations of the enterprise, whichever year is earlier, as may be specified in a certificate issued by the Board. After the expiration of the aforesaid tax exemption period referred to in above, the profits and income of the enterprise shall for any year of assessment be charged at the rate of 15%.

b) Deferred Taxation

Deferred taxation is not provided for since the Company and the subsidiary enjoys a tax holiday period of 10 years and 6 years respectively.

2.2.2 Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred except to the extent where borrowing cost 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 user or sale, are capitalized as part of that asset.

2.2.3 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Research and Development Costs

Research costs are expensed as incurred. An intangible assets arising from development expenditure on an individual project is recognised only when the company can demonstrate the technical feasibility of completing the intangible assets so that it will be available for use or sale, its intention to complete and its ability to use or sell the assets, how the assets will generate future economic benefits, the availability of resources to complete the assets and the ability to measure reliably the expenditure during the development.

Notes to the Financial Statements *contd.*

During the period of development, the assets is tested for impairment annually, following the initial recognition of the development expenditure, the cost model is applied requiring the assets to be carried at cost less any accumulated amortisation and accumulated impairment losses . Amortisation of the assets begins when development is complete and the asset is available for use. It is amortised over the period of expected future sales. During the period of which the asset is not yet in use it is tested for impairments annually

2.2.4 Trade and Other Receivables

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

Other receivables and dues from Related Parties are recognised at cost less provision for bad and doubtful receivables.

2.2.5 Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short-term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of Cash Flow Statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short-term maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

2.2.6 Property, Plant and Equipment

Except Free Hold Land, Civil Constructions and Plant & Machinery, all other assets are stated at cost less accumulated depreciation and accumulated impairment in value.

Free Hold Land, Civil Constructions and Plant & Machinery are measured at fair value less depreciation on Buildings, Plant & Machinery and impairment charged subsequent to the date of the revaluation.

Depreciation is calculated on a straight line basis over the useful life of the assets. The useful lives of the assets are as follows.

Civil Constructions	over 60 years
Plant & Machinery	over 33 1/3 years
Project Equipment	over 05 years
Tools & Accessories – Site	over 03 years
Motor Cycle	over 03 years
Motor Vehicle	over 05 years
Computers	over 04 years
Furniture, Fittings & Other Equipment	over 10 years
Container	over 02 years
Generator	over 10 years
Web Development	over 05 years

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

An amount equal to the excess of the annual depreciation charge on revalued assets over the national historical cost depreciation charge on those assets is transferred annually from the surplus in the revaluation reserve to the Accumulated Profit / (loss).

Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any revaluation surplus is credited to the revaluation reserve included in the equity section of the balance sheet, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except that a deficit directly offsetting a previous surplus on the same asset is directly offset against the surplus in the asset revaluation reserve.

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

When each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

2.2.7 Leases (Finance) – Group as a lessee

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

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term. The depreciation policy for depreciable leased assets is consistent with that for depreciable asset that are owned as described in 2.2.6

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

2.2.8 Investments

a) Initial Recognition:

Cost of investment includes purchase cost and acquisition charges such as brokerages, fees, duties and bank regulatory fees. The company distinguishes and presents current and non current investment in the balance sheet.

b) Measurement

Current Investment:

Current investments are carried at the lower of cost and market value, determined on the basis of aggregate portfolio.

Unrealized losses arising from reduction to market value and reversals of such reduction required to state current investments at lower of cost and market value are included in income statement.

Long Term Investments

Long term investments are stated at cost. Carrying amounts are reduced to recognize a decline other than temporary, determined for each investment individually. These reductions for other than temporary declines in carrying amounts are charged to income statement.

Disposal of Investment

On disposal of an investment, the different between net disposals and proceed and the carrying amounts is recognised as income or expense.

2.2.9 Provisions

Provisions are recognized when the Group 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. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate assets but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Notes to the Financial Statements *contd.*

2.2.10 Retirement Benefit Obligations

a) Defined Benefit Plan – Gratuity

Gratuity is a Defined Benefit Plan. The Group is liable to pay gratuity in terms of the relevant statute. In order to meet this liability, a provision is carried forward in the Balance Sheet, in a manner computed using the prescribed formula in Appendix E of SLAS 16 (Revised). The resulting difference between brought forward provision at the beginning of a year, net of any payments made and the carried forward provision at the end of a year is dealt with in the income statement. The principle assumptions used were as follows:

Discount Rate	7.3%
Expected Salary Increment Rate	15%
Staff Turnover Rate	10%

The gratuity liability is not funded nor actuarially valued. This item is grouped under Non Current Liabilities in the Balance Sheet.

b) Defined Contribution Plans – Employees' Provident Fund & Employees' Trust Fund

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

2.2.11 Impairment of Non Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the 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 revalued 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.

The following criteria are also applied in assessing impairment of specific assets:

Intangible Assets

Intangible assets with indefinite useful lives are tested for impairment annually as of 31st March either individually or at the cash generating unit level, as appropriate.

2.2.12 Revenue Recognition

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

- 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) **Rendering of Services**
Revenue from rendering of services is recognised in the accounting period in which the services are rendered or performed.
- c) **Interest**
Revenue is recognised on a time proportion basis that takes in to accounts the effective interest rate on asset.
- d) **Dividends**
Dividend Income is recognised when the shareholders' right to receive the payment is established.
- e) **Rental income**
Rental income arising on investment properties is accounted for on a straight-line basis over the lease terms.
- f) **Royalties**
Royalties are recognised on an accrual basis in accordance with the substance of the relevant agreement.
- g) **Others**
Other income is recognised on an accrual basis

2.2.13 Expenditure Recognition

- a) Expenses are recognised in the Income Statement on the basis of a direct association between the cost incurred and the earning of specific items 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 / (Loss) 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 Group's performance, and hence such presentation method is adopted.

2.2.14 Future changes in accounting policies

Effect of Sri Lanka Accounting Standard issued but not yet effective

- a) The following standards have been issued by the Institute of Chartered Accountants of Sri Lanka.

- Sri Lanka Accounting Standard 44 Financial Instruments; Presentation (SLAS 44)
- Sri Lanka Accounting Standard 45 Financial Instruments; Recognition and Measurement (SLAS 45)
- Sri Lanka Accounting Standard 39 Share Based Payments (SLAS 39)

The effective date of SLAS 44, 45 and 39 was changed during the year to be effective for financial periods beginning on or after 01 January 2012. These three standards have been amended and forms a part of the new set of financial reporting standards mentioned under note (b) below.

- b) Following the convergence of Sri Lanka Accounting Standards with the International Financial Reporting Standards, the Council of the Institute of Chartered Accountants of Sri Lanka has adopted a new set of financial reporting standards that would apply for financial periods beginning on or after 01 January 2012. The application of these financial reporting standards is substantially different to the prevailing standards.

Notes to the Financial Statements *contd.*

	Balance As at 01.04.2010 Rs.	Company Additions for the Year Rs.	Disposals/ Transfers Rs.	Balance As at 31.03.2011 Rs.
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3. PROPERTY, PLANT & EQUIPMENT

Gross Carrying Amounts

At Cost

Civil Constructions - Since Revaluation	8,542,327	3,238,928	-	11,781,255
Plant & Machinery - Since Revaluation	5,633,915	15,354,485	-	20,988,400
Project Equipment	338,132	548,279	-	886,411
Tools & Accessories	2,383,214	216,900	-	2,600,114
Motor Vehicles	-	-	-	-
Motor Bicycle	466,098	-	(107,111)	358,987
Furniture & Fittings	9,969,214	151,835	-	10,121,049
Computer	1,760,246	1,011,660	(39,500)	2,732,406
Container	75,000	-	-	75,000
Office Equipment	1,106,965	270,205	-	1,377,170
Fire Extinguisher	524,600	-	-	524,600
Generator	1,246,000	-	-	1,246,000
Site Fixtures & Fittings	2,969,481	1,178,873	-	4,148,354
Web Development	634,811	-	-	634,811
	35,650,003	21,971,165	(146,611)	57,474,557

Assets on Finance Lease

Motor Vehicle	8,758,500	-	-	8,758,500
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At Valuation	Balance as at 01.04.2010 Rs.	Additions for the Year Rs.	Disposals/ Transfers Rs.	Balance as at 31.03.2011 Rs.
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Free Hold Land	150,000,000	-	-	150,000,000
Civil Constructions	519,157,179	-	-	519,157,179
Plant & Machinery	556,703,996	-	-	556,703,996
	1,225,861,175	-	-	1,225,861,175

	Balance As at 01.04.2010 Rs.	Company Charge for the Period/ Transfers Rs.	Disposals/ Transfers Rs.	Balance As at 31.03.2011 Rs.
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3. PROPERTY, PLANT & EQUIPMENT (Cont.)

Depreciation

At Cost

Civil Constructions - Since Revaluation	548,714	135,825	-	684,539
Plant & Machinery - Since Revaluation	563,611	357,780	-	921,391
Project Equipment	353,296	64,615	-	417,911
Tools & Accessories	2,313,702	158,389	-	2,472,091
Motor Bicycle	379,950	35,646	(107,111)	308,485
Furniture & Fittings	2,473,894	1,002,941	-	3,476,835
Computer	1,436,728	544,466	(19,500)	1,961,694
Container	75,000	-	-	75,000
Office Equipment	227,043	131,984	-	359,027
Fire Extinguisher	229,304	52,460	-	281,764
Site Fixtures & Fittings	2,662,049	288,875	-	2,950,924
Generator	456,234	124,600	-	580,834
Web Development	275,085	126,962	-	402,047
	11,994,610	3,024,543	(126,611)	14,892,542

Assets on Finance Lease

Motor Vehicle	2,189,624	1,751,700	-	3,941,324
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At Valuation	Balance As at 01.04.2010 Rs.	Charge for the Year Rs.	Disposals/ Transfers Rs.	Balance As at 31.03.2011 Rs.
Civil Constructions	50,997,631	8,669,925	-	59,667,556
Plant & Machinery	99,581,543	16,701,120	-	116,282,663
	150,579,174	25,371,045	-	175,950,219
Written Down Value	1,105,506,270			1,097,310,147

Notes to the Financial Statements *contd.*

	Group			
	Balance As at 01.04.2010	Additions for the Year	Disposals/ Transfers/ Increase in Valuation	Balance As at 31.03.2011
	Rs.	Rs.	Rs.	Rs.
3A. PROPERTY, PLANT & EQUIPMENT				
Gross Carrying Amounts				
At Cost				
Land	488,200	2,307,905	-	2,796,105
Building	431,140	-	(431,140)	-
Civil Constructions - Since Revaluation	8,542,327	3,238,928	-	11,781,255
Plant & Machinery - Since Revaluation	5,633,915	15,354,485	-	20,988,400
Project Equipment	338,132	548,279	-	886,411
Tools & Accessories	3,360,664	693,900	-	4,054,564
Motor Vehicles	4,860,415	-	-	4,860,415
Motor Bicycle	1,054,298	472,280	(107,111)	1,419,467
Furniture & Fittings	10,264,326	481,744	-	10,746,070
Computer	2,036,996	1,224,820	(39,500)	3,222,316
Container	75,000	-	-	75,000
Office Equipment	1,210,851	379,485	-	1,590,336
Fire Extinguisher	524,600	73,194	-	597,794
Generator	1,246,000	143,000	-	1,389,000
Site Fixtures & Fittings	2,969,481	1,178,873	-	4,148,354
Web Development	634,811	-	-	634,811
	43,671,156	26,096,893	(577,751)	69,190,298
Assets on Finance Lease				
Motor Vehicle	8,758,500	5,308,108	-	14,066,608
At Valuation				
	Balance As at 01.04.2010	Additions for the Year	Disposals/ Transfers	Balance As at 31.03.2011
	Rs.	Rs.	Rs.	Rs.
Free Hold Land	170,926,984	-	-	170,926,984
Civil Constructions	519,157,179	-	-	519,157,179
Plant & Machinery	556,703,996	-	-	556,703,996
	1,246,788,159	-	-	1,246,788,159

	Balance As at 01.04.2010 Rs.	Charge for the Period/ Transfers Rs.	Group Disposals/ Transfers Rs.	Balance As at 31.03.2011 Rs.
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3A. PROPERTY, PLANT & EQUIPMENT (Cont.)

Depreciation

At Cost

Building	12,142	5,389	(17,531)	-
Civil Constructions - Since Revaluation	548,714	135,825	-	684,539
Plant & Machinery - Since Revaluation	563,611	357,780	-	921,391
Project Equipment	353,296	64,615	-	417,911
Tools & Accessories	2,382,158	407,336	-	2,789,494
Motor Vehicles	183,086	972,078	-	1,155,164
Motor Bicycle	411,837	280,593	(107,111)	585,319
Furniture & Fittings	2,524,317	1,049,433	-	3,573,750
Computer	1,478,333	640,789	(19,500)	2,099,622
Container	75,000	-	-	75,000
Office Equipment	232,848	147,363	-	380,211
Fire Extinguisher	229,304	53,108	-	282,412
Site Fixtures & Fittings	2,662,049	288,875	-	2,950,924
Generator	456,234	129,368	-	585,602
Web Development	275,085	126,962	-	402,047
	12,388,014	4,659,514	(144,142)	16,903,386

Assets on Finance Lease

Motor Vehicle	2,189,624	2,105,573	-	4,295,197
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At Valuation	Balance As at 01.04.2010 Rs.	Charge for the Year Rs.	Group Disposals/ Transfers Rs.	Balance As at 31.03.2011 Rs.
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Civil Constructions	50,997,631	8,669,925	-	59,667,556
Plant & Machinery	99,581,543	16,701,120	-	116,282,663
	150,579,174	25,371,045	-	175,950,219

Written Down Value	1,134,061,003			1,132,896,263
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	Balance As at 01.04.2010 Rs.	Additions for the Year Rs.	Capitalized During the Year Rs.	Balance As at 31.03.2011 Rs.
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Capital Work-In-Progress

Civil Constructions	142,801,610	520,414,551	(334,649)	662,881,512
Plant & Machinery	390,650	58,588,760	-	58,979,410
	143,192,260	579,003,311	(334,649)	721,860,922

	1,277,253,263			1,854,757,185
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Notes to the Financial Statements *contd.*

3.1 Certain civil constructions of the hydro power project of the Company constructed on a land leased from the Land Reform Commission. The lease period is 30 years commencing from 19th February 2003. Following are the significant conditions contained in the lease agreement among other conditions.

- 1) The tentative lease rental will be Rs. 62,676/= per year.
- 2) The tentative lease rental is subject to revision based on the Government Chief Valuer's valuation on the land. The revised rental has not yet been determined.
- 3) Lessor reserves the right to review the rental contained in the agreement at the lapse of every five years (05) from the date of the commencement of this lease and in such event a fresh agreement should be entered in to in respect of revised rental, the other conditions of this agreement remain unchanged.

3.2 The Freehold Land, Civil Constructions and Plant & Machinery were revalued by M/s Sunil Fernando & Associates (Pvt) Ltd., Chartered Valuation Surveyors, Property Managers and Property Consultants which is an independent firm of professional valuers as of 31.03.2005 and the results of such valuation were incorporated in these financial statements as at that date. Such assets were valued on the basis of Depreciated Replacement Cost (DRC) method. The surplus arising from the revaluation was transferred to a revaluation reserve. Further, free hold land of subsidiary was revalued by the same valuer as of 31st October 2009.

The carrying amounts of revalued assets that would have been included in the Financial Statements had the assets been carried at cost less depreciation, is as follows.

Class of Asset	Cost	Cumulative Depreciation if Assets were Carried at Cost	Net Carrying Amount 31 March 2011	Net Carrying Amount 31 March 2010
	Rs.	Rs.	Rs.	Rs.
Free Hold Land	7,733,307	-	7,733,307	7,733,307
Civil Constructions	273,106,006	31,370,299	241,735,707	246,287,474
Plant & Machinery	354,133,484	73,968,219	280,165,265	290,789,270
	631,861,877	105,338,518	529,634,279	544,810,051

Year Ended 31 March	Company		Group	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.

4. INVESTMENTS

Summary

Non Current

Investment in Equity Securities (Quoted)

The Fortress Resorts PLC (Market Value Rs. 159,608,460/-)	73,568,870	32,633,700	73,568,870	73,568,870
(Provision) / Reversal for falling value of Investment	-	40,935,170	-	-
	73,568,870	73,568,870	73,568,870	73,568,870
Investment in Subsidiary (Holding 89.37%)	667,320,000	201,000,000	-	-
	740,888,870	274,568,870	73,568,870	73,568,870

Current

Investment in Fixed Deposits	30,414,187	15,751,482	40,414,187	17,351,482
Call Deposit	2,000,000	1,000,000	2,000,000	1,000,000
Repo	10,479,000	36,000,000	10,479,000	36,000,000
	42,893,187	52,751,482	52,893,187	54,351,482

Year Ended 31 March	Company		Group	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
5. INTANGIBLE ASSET - Right to Generate Hydro Power				
Cost				
Gross carrying amount B/F	24,000,000	24,000,000	179,350,000	24,000,000
Increase due to Acquisition	-	-	-	155,350,000
Gross carrying amount C/F	24,000,000	24,000,000	179,350,000	179,350,000
Amortisation				
Accumulated amortisation B/F	9,600,000	8,000,000	9,600,000	8,000,000
Amortization for the period	1,600,000	1,600,000	1,600,000	1,600,000
Accumulated amortisation C/F	11,200,000	9,600,000	11,200,000	9,600,000
Net carrying amount at the end of the period	12,800,000	14,400,000	168,150,000	169,750,000

The above balance represents amount paid to purchase an exclusive right to generate hydro electric power. Company expects to amortise this right over 15 years on a straight line basis beginning from the year of commercial operations.

6. DEPOSIT ON LEASEHOLD LAND

	Group	
	2011 Rs.	2010 Rs.
At the Beginning of the year	4,500,000	-
Paid during the year	-	4,500,000
At the End of the year	4,500,000	4,500,000

The above balance represents refundable security deposit paid to the Janatha Estate Development Board in respect of Land obtained on a operating lease basis for a period of 30 years subject to review the rental amendment at the laps of every 05 years.

	Company		Group	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
7. TRADE AND OTHER RECEIVABLES				
Advances & Pre Payments	6,192,902	3,135,250	109,112,614	8,359,589
Trade Receivable	41,422,427	11,175,208	41,422,427	11,815,820
Staff Debtors	1,533,376	1,164,477	2,243,592	1,391,521
Other Receivable	376,312	4,083,971	414,393	13,489,083
	49,525,017	19,558,906	153,193,026	35,056,013

Notes to the Financial Statements *contd.*

Year Ended 31 March	Relationship	Company		Group	
		2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
8. AMOUNT DUE FROM RELATED PARTIES					
Alternate Power Systems (Pvt) Ltd.					
- Current Account Balance	Related Company	90,125	6,881,937	90,125	6,881,937
- Loan		-	20,000,000	-	20,000,000
Vallibel Plantation (Pvt) Ltd.	Related Company	-	-	3,214,158	-
Vallibel Power Ltd.	Parent Company	-	773,932	-	773,932
Country Energy (Pvt) Ltd.					
- Kiriwaneiya Project	Subsidiary Company	2,236,054	34,244,633	-	-
- Denewakaganga Project		43,469,652	81,221,446	-	-
		45,795,831	143,121,948	3,304,283	27,655,869

	Company		Group	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
9. STATED CAPITAL				
Issued and Fully Paid Number of Shares				
Ordinary Shares	747,109,731	747,109,731	747,109,731	747,109,731
Value of Issued and Fully Paid Shares				
Ordinary Shares	1,174,365,278	1,174,365,278	1,174,365,278	1,174,365,278

10. RESERVES

Summary

Capital Reserves

Revaluation Reserve (10.1)	25,352,392	35,530,360	25,352,392	35,530,360
	25,352,392	35,530,360	25,352,392	35,530,360

10.1 Revaluation Reserve

Balance as at the beginning of the year	35,530,360	45,708,328	35,530,360	45,708,328
Realised Surplus on usage Transferred to				
Accumulated Profit	(10,177,968)	(10,177,968)	(10,177,968)	(10,177,968)
Balance as at the end of the year	25,352,392	35,530,360	25,352,392	35,530,360

The above revaluation surplus consists of net surplus resulting from the revaluation of Free Hold Land, Civil Constructions and Plant & Machinery as described in Note 3.2. The unrealised amount cannot be distributed to shareholders.

	Company					
	As At	Repayable	Repayable	As At	Repayable	Repayable
	31.03.2011	within	within	31.03.2010	within	within
Rs.	1 year	2-5 years	Rs.	1 year	2-5 years	Rs.
11. INTEREST BEARING LOANS AND BORROWINGS						
Finance Leases (11.1)	6,591,334	1,876,340	4,714,994	7,763,229	1,171,897	6,591,332
Long Term Loan-DFCC (11.2)	218,493,945	69,937,045	148,556,900	137,288,135	30,508,474	106,779,661
	225,085,279	71,813,385	153,271,894	145,051,364	31,680,371	113,370,993

	Company					
	As At	Repayable	Repayable	As At	Repayable	Repayable
	31.03.2011	within	within	31.03.2010	within	within
Rs.	1 year	2-5 years	Rs.	1 year	2-5 years	Rs.
11.1 Finance Leases (LB Finance PLC)						
Gross Liability	9,174,314	3,432,000	5,742,314	12,606,314	3,432,000	9,174,314
Finance Charges allocated to future periods	(2,582,980)	(1,555,660)	(1,027,320)	(4,843,085)	(2,260,103)	(2,582,982)
Net liability	6,591,334	1,876,340	4,714,994	7,763,229	1,171,897	6,591,332

	Company					
	As At	Repayable	Repayable	As At	Repayable	Repayable
	31.03.2011	within	within	31.03.2010	within	within
Rs.	1 year	2-5 years	Rs.	1 year	2-5 years	Rs.
11.2 Long Term Loan - DFCC						
Loan 1	106,779,659	30,508,474	76,271,185	137,288,135	30,508,474	106,779,661
Loan 2	111,714,286	39,428,571	72,285,715	-	-	-
Total	218,493,945	69,937,045	148,556,900	137,288,135	30,508,474	106,779,661

	Group					
	As At	Repayable	Repayable	As At	Repayable	Repayable
	31.03.2011	within	within	31.03.2010	within	within
Rs.	1 year	2-5 years	Rs.	1 year	2-5 years	Rs.
11.3 INTEREST BEARING LOANS AND BORROWINGS						
Finance Leases (11.4)	11,641,399	2,949,289	8,692,110	7,763,229	1,171,897	6,591,332
Long Term Loans (11.5)	464,359,618	69,937,045	394,422,573	137,288,135	30,508,474	106,779,661
	476,001,017	72,886,334	403,114,683	145,051,364	31,680,371	113,370,993

Notes to the Financial Statements *contd.*

	As At 31.03.2011 Rs.	Repayable within 1 year Rs.	Repayable within 2-5 years Rs.	As At 31.03.2010 Rs.	Repayable within 1 year Rs.	Repayable within 2-5 years Rs.
11.4 Finance Leases (LB Finance PLC)						
Gross Liability	15,592,934	5,143,608	10,449,326	12,606,314	3,432,000	9,174,314
Finance Charges allocated to						
Future periods	(3,951,535)	(2,194,319)	(1,757,216)	(4,843,085)	(2,260,103)	(2,582,982)
Net liability	11,641,399	2,949,289	8,692,110	7,763,229	1,171,897	6,591,332

	As At 31.03.2011 Rs.	Repayable within 1 year Rs.	Repayable within 2-5 years Rs.	As At 31.03.2010 Rs.	Repayable within 1 year Rs.	Repayable within 2-5 years Rs.
11.5 Long Term Loans						
DFCC Bank	316,426,782	69,937,045	246,489,737	137,288,135	30,508,474	106,779,661
Hatton National Bank PLC	97,932,836	-	97,932,836	-	-	-
Commercial Bank of Ceylon PLC	50,000,000	-	50,000,000	-	-	-
Total	464,359,618	69,937,045	394,422,573	137,288,135	30,508,474	106,779,661

Lender	Approved Facility	Purpose	Repayment Terms	Security
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11.6 Details of Long Term Loans (Group)

Company

DFCC Bank

Loan 1	Rs. 150,000,000	To Invest in Subsidiary	59 equal monthly installment after a grace period of 1 month	An Assignment over 100,000,000 ordinary shares of Vallibel Power Erathna PLC held by Vallibel Power Ltd in favour of DFCC Bank
Loan 2	Rs. 115,000,000	To Invest in Subsidiary	35 equal monthly installment after a grace period of 1 month	A further assignment over 100,000,000 ordinary shares of Vallibel Power Erathna PLC held by Vallibel Power Ltd in favour of DFCC Bank

Subsidiary

DFCC Bank	Rs. 200,000,000/-	To part finance Kiriwaneliya Mini Hydro Project	72 equal monthly installment after a grace period of 24 months	<ol style="list-style-type: none"> Rs. 33.5 Mn by a primary concurrent mortgage over 69,820,000 ordinary shares of the Company. Rs. 166.5 Mn by a primary concurrent mortgage over freehold land, building civil structures, plant, machinery and equipment Lodgement of Project documents
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Lender	Approved Facility	Purpose	Repayment Terms	Security
DFCC Bank	Rs. 253,000,000/-	To part finance Denawakaganga Mini Hydro Project	78 Varied monthly installment after a grace period of 18 months	<ol style="list-style-type: none"> 1. Rs. 210,622,500/- <ol style="list-style-type: none"> a) by a primary concurrent mortgage over freehold land, building civil structures, plant, machinery and equipment b). primary concurrent mortgage over freehold land as additional security 2. Rs. 42,377,500/- by a primary concurrent mortgage over 69,820,000 ordinary shares of the Company. 3 Lodgement of Project Documents
Hatton National Bank PLC	Rs. 200,000,000/-	To part finance Kiriwaneliya Mini Hydro Project	72 equal monthly installment after a grace period of 24 months	<ol style="list-style-type: none"> 1. Rs. 166.5 Mn by a primary concurrent mortgage over freehold land, building civil structures, plant, machinery and equipment 2. Rs. 33.5 Mn by a primary concurrent mortgage over 69,820,000 ordinary shares of the Company. 3 Irrevocable Power of Attorney in favour of the bank with the right to transfer the shares of the Company
Hatton National Bank PLC	Rs. 253,000,000/-	To part finance Denawakaganga Mini Hydro Project	78 Varied monthly installment after a grace period of 18 months	<ol style="list-style-type: none"> 1. Rs. 210,622,500/- <ol style="list-style-type: none"> a) by a primary concurrent mortgage over freehold land, building civil structures, plant, machinery and equipment b). primary concurrent mortgage over freehold land as additional security 2. Rs. 42,377,500/- by a primary concurrent mortgage over 69,820,000 ordinary shares of the Company. 3 Irrevocable Power of Attorney in favour of the bank with the right to transfer the shares of the Company
Commercial Bank of Ceylon PLC	Rs. 253,000,000/-	To part finance Denawakaganga Mini Hydro Project	After 18 months grace period on a Varied Installement	<ol style="list-style-type: none"> 1. Rs. 210,622,500/- <ol style="list-style-type: none"> a) by a primary concurrent mortgage over freehold land, building civil structures, plant, machinery and equipment b). primary concurrent mortgage over freehold land as additional security 2. Rs. 42,377,500/- by a primary concurrent mortgage over 69,820,000 ordinary shares of the Company. 3 Lodgement of Project Documents

Notes to the Financial Statements *contd.*

Year Ended 31 March	Company		Group	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
12. RETIREMENT BENEFIT OBLIGATION				
At the beginning of the year	3,950,951	1,941,964	4,704,464	2,071,349
Provision made for the year	1,677,224	1,941,961	2,272,425	2,184,539
Payment made During the year	(157,694)	-	(157,694)	-
Transfers	140,172	67,026	268,374	448,576
At the end of the year	5,610,653	3,950,951	7,087,569	4,704,464

	Company		Group	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
13. TRADE AND OTHER PAYABLES				
Trade Payables	-	-	1,182,600	309,072
Accrued Expenditure	1,968,480	1,376,630	4,373,172	7,299,817
Retention Money	40,700	-	11,051,187	1,891,591
Other Payable	4,526,885	3,918,512	4,526,885	5,918,512
	6,536,065	5,295,142	21,133,844	15,418,992

Relationship	Company		Group	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
14. AMOUNTS DUE TO RELATED PARTIES				
Vallibel Lanka (Pvt) Ltd. Related Company	-	2,176,626	-	2,571,890
Bonamici Corporation (Pvt) Ltd. Related Company	-	-	73,074	1,207,641
Vallibel Power Ltd. Parent Company	-	-	-	106,394
Alternate Power System (Pvt) Ltd. Related Company	-	-	-	243,075
Vallibel Plantation (Pvt) Ltd. Related Company	-	-	-	86,722
	-	2,176,626	73,074	4,215,722

	Company		Group	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
15. REVENUE				
Sales from Electricity Generation	533,588,024	437,692,284	533,588,024	437,692,284
	533,588,024	437,692,284	533,588,024	437,692,284

Company has entered into an agreement (Standardized Power Purchase Agreement) with the Ceylon Electricity Board to sell energy output generated from the power project. This agreement shall continue for a period of 15 years beginning on the commercial operations date. The commercial operations of the project was started on 15th July 2004. Further extension of this agreement will have to be agreed with the Ceylon Electricity Board after the expiry of the aforesaid 15 years. As per the Article 11 of the Standardized Power Purchase Agreement, Ceylon Electricity Board shall have the right of first refusal on terms identical to those offered by a third party to the Company, to purchase any electrical energy to be sold from the project.

Year Ended 31 March	Company		Group	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
16. OTHER INCOME				
Sundry Income	3,344,612	1,654,751	320,612	1,654,751
Net Income from Durekkanda Estate	-	-	70,874	78,655
Negative Goodwill on acquisition of subsidiary	-	-	-	35,148,386
Deemed Disposal Gains	-	-	10,484,651	-
	<u>3,344,612</u>	<u>1,654,751</u>	<u>10,876,137</u>	<u>36,881,792</u>
17 FINANCE COST				
Debit Tax	695,214	601,901	1,127,169	601,901
Bank Charges	159,627	130,046	235,090	131,296
Lease Interest	2,260,105	2,964,564	2,450,874	2,964,564
Loan Processing Fee	-	818,472	-	818,472
Loan Interest	17,176,229	9,878,163	29,082,637	9,878,163
	<u>20,291,175</u>	<u>14,393,146</u>	<u>32,895,770</u>	<u>14,394,396</u>
Interest Capitalized	-	-	(11,906,408)	-
	<u>20,291,175</u>	<u>14,393,146</u>	<u>20,989,362</u>	<u>14,394,396</u>
18. PROFIT / (LOSS) BEFORE TAXATION				
Stated after Charging / (Crediting):				
Directors' Fees	1,188,889	701,112	1,188,889	701,112
Auditors' Remuneration	418,000	380,000	608,000	545,000
Depreciation	30,147,286	30,435,272	32,136,132	30,828,676
Retirement Benefits	1,677,224	1,941,961	2,272,425	2,184,239
- Defined Contribution Plan Costs - EPF & ETF	1,798,722	1,698,428	3,019,996	2,770,821
- Staff Salaries	11,991,481	11,322,859	20,133,306	18,472,145
- Other Staff Costs	2,489,113	2,603,156	4,601,544	4,330,198

19. INCOME TAX EXPENSES

Pursuant to the supplementary agreement dated 08th October 2002 entered into with Board of Investment under section 17 of the Board of Investment Law, the company is exempt from income tax arising from the business of the generation of hydropower, for a period of 10 years commencing from 15th July 2004. After the expiration of the aforesaid period the provisions of the Inland Revenue Laws for the time being in force shall apply to the Company. However, other income is taxable at the applicable tax rate.

Notes to the Financial Statements *contd.*

Year Ended 31 March	Company		Group	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
Liabe Income	9,158,502	13,548,702	9,835,535	13,572,823
Statutory Tax Rate	33 1/3 %	33 1/3 %	33 1/3% & 15%	331/3%&15%
Income Tax	3,052,834	4,516,234	3,154,389	4,525,621
SRL (1.5 %)	45,793	67,744	47,316	67,885
Current Income Tax Expense on Liabe Income	3,098,627	4,583,978	3,201,705	4,593,506

20. EARNINGS/(LOSS) PER SHARE

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

The following reflects the income and share data used in the basic Earnings Per Share computations.

	Company		Group	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
Amounts Used as the Numerators:				
Profit Attributable to Ordinary Shareholders for basic Earnings Per Share	446,394,467	394,079,504	422,178,509	414,081,423
Number of Ordinary Shares Used as Denominators:				
	2011 Number	2010 Number	2011 Number	2010 Number
Weighted Average number of Ordinary Shares in issue	747,109,731	747,109,731	747,109,731	747,109,731

	Company		Group	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
21. DIVIDENDS PAID DURING THE YEAR				
2010/2011 - Rs. 0.20 per share				
(Final 2009/ 2010 - Rs. 0.25 per share)	149,421,946	186,777,432	149,421,946	186,777,432
	149,421,946	186,777,432	149,421,946	186,777,432

22. POST BALANCE SHEET EVENTS

There have been no material events occurred subsequent to the balance sheet date that require adjustments or disclosure in the financial statements.

23 COMMITMENTS AND CONTINGENCIES

Capital Expenditure Commitments

There are no capital commitments as at the balance sheet date.

Contingencies

There are no contingent liabilities exist as at the Balance Sheet date other than the matter disclosed in Note 3.1 (2) and (3) and Note 6 to the financial statements.

24. RELATED PARTY DISCLOSURES

The details of the significant related party disclosures are as follows.

24.1 Transactions with the Parent and Related entities.

Company	Relationship	Nature of Transaction	Amount	
			2011 Rs.	2010 Rs.
Vallibel Lanka (Pvt) Ltd.	Related Company	Transactions with Vallibel Power Erathna PLC		
		Operating Expenses	195,049	2,715,520
		Reimbursement to Vallibel Lanka (Pvt) Ltd.	1,981,577	-
		Transactions with Country Energy (Pvt) Ltd		
Alternate Power Systems (Pvt) Ltd.	Related Company	Reimbursement to Vallibel Lanka (Pvt) Ltd.	395,264	-
		Transactions with Vallibel Power Erathna PLC		
		Operating Expenses	9,980,675	5,157,436
		Other Transactions		
		Inter Company Loan Interest	280,822	3,501,370
		Funds Received for Reimbursement & Inter Company Loan Interest Settlement	16,772,486	-
		Funds Received for Inter Company Loan Settlement	20,000,000	-
		Transactions with Country Energy (Pvt) Ltd.		
		Reimbursement to Alternate Power Systems (Pvt) Ltd.	243,075	-
		Country Energy (Pvt) Ltd.	Subsidiary Company	Transactions with Vallibel Power Erathna PLC
Operating Expenses	27,928,097			9,263,192
Other Payments	221,611,528			-
Other Transactions				
Funds Transferred to Country Energy (Pvt) Ltd.	145,500,000			106,202,888
Shares issued against the amount due from Country Energy (Pvt) Ltd.	464,000,000			-
Funds Received from Country Energy (Pvt) Ltd.	800,000			-

Notes to the Financial Statements *contd.*

Company	Relationship	Nature of Transaction	Amount	
			2011 Rs.	2010 Rs.
LB Finance PLC	Related Company	Transactions with Vallibel Power Erathna PLC		
		Investment in Fixed Deposits	146,404,041	183,893,559
		Fixed Deposits Withdrawals	115,989,854	210,528,282
		Interest Received	2,666,362	2,721,954
Vallibel Power Limited	Parent Company	Transactions with Vallibel Power Erathna PLC		
		Lease Installment Paid	3,432,000	3,408,546
		Operating Expenses	-	2,715,520
		Reimbursement from Vallibel Power Limited	773,932	-
		Transactions with Country Energy (Pvt) Ltd.		
		Reimbursement to Vallibel Lanka (Pvt) Ltd.	106,394	-
Bonamici Corporation (Pvt) Ltd.	Related Company	Transactions with Country Energy (Pvt) Ltd.		
		Reimbursement to Bonamici Corporation (Pvt) Ltd.	1,134,567	-
Vallibel Plantation (Pvt) Ltd.	Related Company	Transactions with Country Energy (Pvt) Ltd.		
		Operating Expenses	-	86,722
		Funds Transferred to Vallibel Plantation (Pvt) Ltd.	3,127,436	-

24.2 Transactions with the Key Management Personnel of the Company or parent and Key Management Personnel Compensation

There were no transactions with the key management personnel of the company other than management compensation of Rs. 5,700,000/= (2010-Rs. 5,530,000/=) paid during the year.

24.3 On 1st February 2011, with issue of new shares in the subsidiary Company [Country Energy (Pvt) Limited] to Mr. K.D.D.Perera for his investment, the holding percentage of the parent (Vallibel Power Erathna PLC) has reduced to 89.37% from 100%. The resulted Deemed Disposal Gain of Rs. 10,484,651/- is included in "The Other Operating Income" of 2011 Group Income Statements.

24.4 Related Party Transactions

There are no related party transactions other than those disclosed in Notes 4, 8, 11.1, 11.4, 14 & 24 to the Financial Statements.

Share Holder Information

1 General

Stated Capital

Rs. 1,174,365,278

The Number of shares representing the stated capital is

747,109,731

2 Stock Exchange Listing

Vallibel Power Erathna PLC, is a quoted public company and the issued ordinary shares of which are listed in the Colombo Stock Exchange of Sri Lanka.

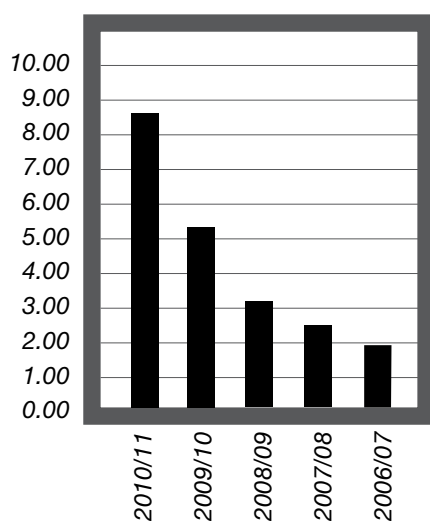
3 Shares held by the public was 19.09 % as at 31st March 2011

4 Distribution of Shareholding as at 31st March 2011

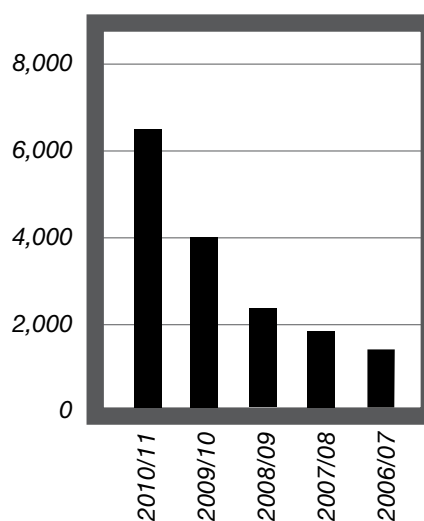
There were 3,999 Registered shareholders as at 31st March 2011.

No. of Shares held	No. of Shareholders	% of Shareholders	Total Shareholders	% of Total Holding
1 - 1,000	1,425	35.63	735,903	0.09
1,001 - 10,000	1,838	45.96	8,120,010	1.09
10,001 - 100,000	612	15.30	19,393,903	2.60
100,001 - 1,000,000	111	2.78	27,388,860	3.67
Over 1,000,000	13	0.33	691,471,055	92.55
Total	3,999	100.00	747,109,731	100.00

Market Price (Rs.)



Market Capitalisation (Rs.Mn)



Notes to the Financial Statements *contd.*

5 Analysis Report of Shareholders as at 31st March 2011

Category	No. of Shareholders	% of Shareholders	Total Holding	% of Total Holding
Individual	3,808	95.22	245,389,778	32.85
Institutional	191	4.78	501,719,953	67.15
Total	3,999	100.00	747,109,731	100.00
Resident	3,962	99.07	581,613,845	77.85
Non-resident	37	0.93	165,495,786	22.15
Total	3,999	100.00	747,109,731	100.00

6 Twenty Major Shareholders

Shareholder	No. of Shares as at 31/03/2011	%	No. of Shares as at 31/03/2010	%
1 Vallibel Power Limited	299,425,830	40.08	299,425,830	40.08
2 Asia Energy Management Systems Inc.	160,000,000	21.42	159,845,891	21.40
3 Mr. K D D Perera	144,812,225	19.38	144,812,225	19.38
4 Dr. T Senthiverl	20,967,800	2.81	38,183,999	5.11
5 Mr. K D A Perera	18,750,000	2.51	18,750,000	2.51
6 Mr. K D H Perera	18,750,000	2.51	18,750,000	2.51
7 Ms. K D C Samanthi	9,375,000	1.25	9,375,000	1.25
8 DFCC Bank A/C1	7,500,000	1.00	7,500,000	1.00
9 Employees Trust Fund Board	4,841,500	0.65	-	-
10 Mr. B C Tay	3,000,000	0.40	3,000,000	0.40
11 Pan Asia Banking Corporation PLC/Emagewise (Pvt) Ltd.	2,881,000	0.39	-	-
12 HSBC International Nominee Ltd-SSBT-Deutsche Bank AG Singapore A/C 01	1,167,700	0.16	-	-
13 Seylan Bank PLC- A/C No. 3	1,000,000	0.13	-	-
14 Mr. D D Gunaratne	850,000	0.11	700,000	0.09
15 Waldock Mackenzie Ltd/Delmege Forsyth And Co. (Shipping) Ltd.	814,900	0.11	-	-
16 Mr. M F Hashim	767,081	0.10	767,081	0.10
17 Mr. W R H Perera	600,000	0.08	600,000	0.08
18 Pan Asia Banking Corporation PLC/Invest Copia Capital (Pvt) Ltd.	600,000	0.08	-	-
19 HSBC International Nominee Ltd-UBS AG Hongkong	558,000	0.07	-	-
20 Mr. A.K. Dheerasinghe	542,900	0.07	-	-

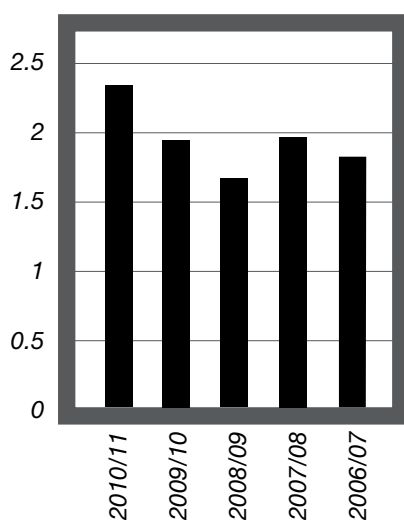
7 Share Trading Information

	2010/11	2009/10
Highest (Rs.)	14/50	5/75
Lowest (Rs.)	5/25	3/00
Closing (Rs.)	8/60	5/25
Turnover (Rs.)	1,672,532,930	780,709,795
No. of shares Traded	180,378,000	182,653,758
No. of Trades	20,050	11,954

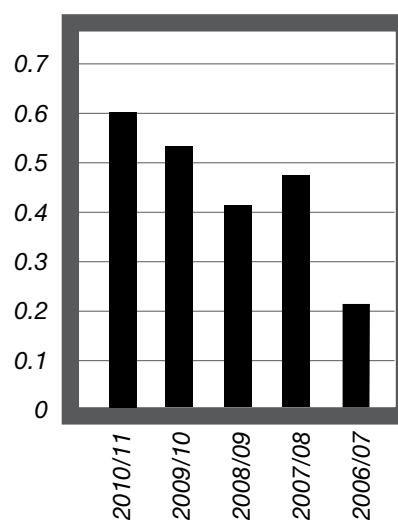
8 Equity Information

	2010/11	2009/10
Earnings per share (Rs.)	0.60	0.53
Dividend per share (Rs.)	0.20	0.25
Net Assets Value per share (Rs.)	2.35	1.95
Dividend pay out ratio	33%	47%

Net Assets Per Share (Rs.)



Earnings Per Share (Rs.)



Notice of Meeting

NOTICE IS HEREBY GIVEN that the Tenth Annual General Meeting of Vallibel Power Erathna PLC will be held at the **Cat's Eye Ballroom, Ceylon Continental Hotel**, Colombo 01, on Wednesday the 29th day of June 2011 at 11.30 a.m. for the following purposes:

- 1) To receive and consider the Annual Report of the Board of Directors, Statements of Accounts and the Balance Sheet of the Company, for the year ended 31st March 2011 together with the Report of the Auditors thereon.
- 2) To re-elect Mr. W D N H Perera who retires by rotation in terms of Article 25 (10) of the Articles of Association, as a Director of the Company.
- 3) To re-elect Mr. S H Amarasekara who retires by rotation in terms of Article 25 (10) of the Articles of Association, as a Director of the Company.
- 4) To re-appoint Messrs Ernst & Young, as Auditors of the Company for the ensuing year and to authorize the Directors to determine their remuneration.
- 5) Special Business
 - I. To authorize the Directors to determine and make donations for the year ending 31st March 2012 and up to the date of the next Annual General Meeting.

By Order of the Board
SECRETARIES & REGISTRARS (PRIVATE) LIMITED

(sgd.)
SECRETARIES

Colombo
5 May 2011

Note:

A member entitled to attend and vote at the Meeting is entitled to appoint a Proxy who need not be a member, to attend instead of him/her.

A form of Proxy is enclosed in this Report.

The completed form of Proxy should be deposited at the Registered Office of the Company, No. 27-2, East Tower, World Trade Centre, Echelon Square, Colombo 01, not less than 48 hours before the time for holding the Meeting.

For security reasons shareholders / proxy holders are requested to bring their National Identity Card or Passport when attending the meeting.

Form of Proxy

*I/We of
 being* a member/ members of VALLIBEL POWER ERATHNA PLC,
 do hereby appoint ofor failing *him/her

Mr. K D D Perera	of Colombo or failing him
Mr. P K Sumanasekera	of Colombo or failing him
Mr. W D N H Perera	of Colombo or failing him
Mr. S H Amarasekera	of Colombo or failing him
Mr. H Somashantha	of Colombo or failing him
Mr. S E De Silva	of Colombo or failing him
Mr. L D Dickman	of Colombo or failing him
Mr. D S Clark	of USA

as *my/our Proxy to represent *me/us and to speak and vote for *me/us on *my/our behalf at the 10TH ANNUAL GENERAL MEETING OF THE COMPANY to be held at the Cat's Eye Ballroom, Ceylon Continental Hotel, Colombo 01, on Wednesday the 29th day of June 2011 at 11.30 a.m. and at any adjournment thereof, and at every poll which may be taken in consequence thereof.

	FOR	AGAINST
1) To receive and consider the Annual Report of the Board of Directors, Statements of Accounts and the Balance sheet of the Company for the year ended 31st March 2011 together with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2) To re-elect Mr. W D N H Perera who retires by rotation in terms of Article 25(10) of the Articles of Association of the Company, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
3) To re-elect Mr. S H Amarasekara who retires by rotation in terms of Article 25(10) of the Articles of Association of the Company, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
4) To re-appoint Messrs Ernst & Young, as Auditors and to authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
5) Special Business		
I. To authorize the Directors to determine and make Donations for the financial year 2011/2012 and up to the date of the next Annual General Meeting.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this day of Two Thousand and Eleven.

.....
 *Signature/s

Note:

- 1) *Please delete the inappropriate words.
- 2) Instructions as to completion are noted on the reverse thereof.

Form of Proxy *contd.*

INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the Form of Proxy after filling in legibly your full name and address and sign in the space provided. Please fill in the date of signature.
2. A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy who need not be a member, to attend and vote instead of him. Please indicate with an "X" in the boxes provided how your Proxy is to vote on each resolution. If no indication is given, the Proxy in his discretion will vote as he thinks fit.
3. In the case of a Corporate Member, the Form of Proxy must be completed under its Common Seal, which should be affixed in the manner prescribed by the Articles of Association.
4. If the Form of proxy is signed by an Attorney, the relevant Power of Attorney should also accompany the completed Form of Proxy, in the manner prescribed by the Articles of Association.
5. The completed Form of Proxy should be deposited at the Registered Office of the Company, No. 27-2, East Tower, World Trade Centre, Echelon Square, Colombo 01, not less than forty eight (48) hours before the appointed time for the Meeting.

Please provide the following details :

Shareholder's NIC/ Passport/ Company Registration No.	Shareholder's Folio No.	Number of shares held	Proxy Holder's NIC No. (if not a Director)

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

07th 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

S.E. De Silva

Daryl S. Clark

H. Somashantha

L.D.Dickman

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

Secretaries & Registrars (Private) Limited

No.32 A, First Floor, KPMG Building

Sir Mohamed Macan Markar Mawatha

Colombo 03.

Telephone: 011 2325761

Fax: 011 2342047

E-mail: s&r@eureka.lk

External Auditors

Ernst & Young

Chartered Accountants

No.201, De Saram Place

Colombo 10.

Internal Auditors

KPMG Ford Rhodes, Thornton & Co.

No.32 A, Sir Mohamed Macan Markar Mawatha

Colombo 03.

Bankers

Commercial Bank of Ceylon PLC

DFCC Vardhana Bank Limited

DFCC Bank



Vallibel Power Erathna PLC
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