



TURNING IT AROUND

MTD WALKERS PLC
ANNUAL REPORT 2011/12



“We aspire to be a group that our clients are proud to work with and our employees are proud to work for, a group committed to delivering quality work and products, safety and on schedule and a group with an open mind ready to embrace new opportunities and driven to deliver exceptional value”

SUBSIDIARY COMPANIES:

Northern Power Company (Private) Limited

CML - MTD Construction Limited

Walkers Piling (Private) Limited

Walker Sons & Company Limited

Walker Sons & Company Engineers (Private) Limited

Walker Sons & Company (Distributors) Limited

MTD Walkers Projects Limited

The Walkers Group of Companies has a long history of operations in Sri Lanka, originating in 1854. Through its subsidiaries MTD Walkers engages in general/mechanical, civil engineering, and piling activities. The company constructs bored cast reinforced concrete pile foundations and related earthworks for civil engineering structures, expressways/toll roads, and buildings; mechanical engineering projects, including power generation, petroleum, cement, water management, and irrigation structures; and roads and highways, as well as offering engineering services.

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**MTD WALKERS HAS MARKED A TOTAL
TURNAROUND IN OPERATIONS AND
PROFITABILITY THIS YEAR.**

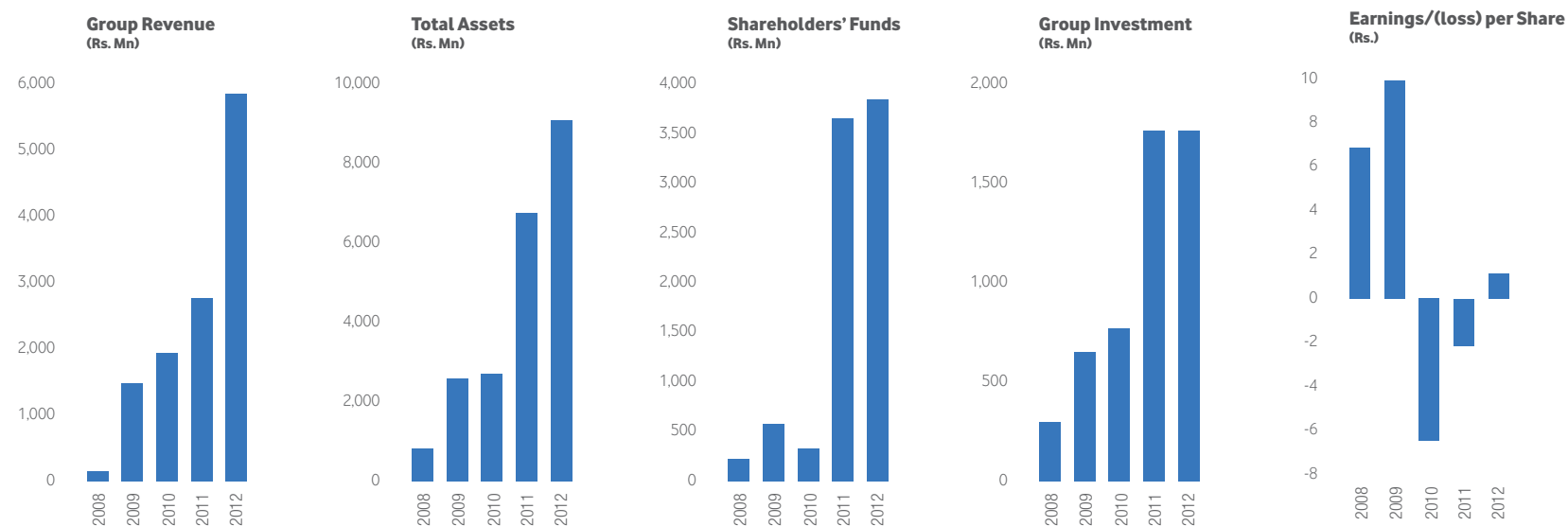
**2011/12 HAS PROVED THAT WE ARE ON THE
RIGHT TRACK, AS WE NOW HOLD A STRONG
FINANCIAL POSITION THAT WILL ENABLE US
TO EXPLORE A HOST OF NEW OPPORTUNITIES
AND PLAN OUR STRATEGIES FOR THE
PROMISING FUTURE WE SEE AHEAD.**

**MTD WALKERS.
WE'RE TURNING IT AROUND.**

Group Financial Highlights

	2012	2011	2010	2009	2008
Earning Highlights and Ratios					
Group Revenue	5,853,313,323	2,769,684,603	1,933,584,390	1,476,055,927	154,475,345
Group Results before Interest and Tax	497,064,190	(23,796,212)	144,141,869	206,973,003	55,787,502
Group Results before Tax	214,547,696	(197,785,178)	(20,672,421)	109,551,601	43,915,917
Group Results after Tax	191,909,999	(237,379,771)	(64,507,247)	54,989,188	39,427,622
Group Results Attributable to the Parent	129,139,676	(244,688,841)	(92,362,188)	56,784,365	39,182,281
Earning/(Loss) per Share	1.13	(2.14)	(6.46)	9.93	6.85
Interest Cover (No. of Times)	1.76	(0.14)	0.87	2.12	4.70
Return on Equity (ROE %)	4.98	(6.49)	(19.76)	9.59	17.93
Pre-Tax Returned on Capital Employed (ROCE %)	8.09	(0.50)	8.48	14.41	12.96
Balance Sheet Highlights and Ratios					
Total Assets	9,096,982,463	6,752,308,973	2,702,394,420	2,596,634,669	827,873,217
Total Debt	4,799,298,224	2,700,979,598	2,224,749,090	1,907,442,518	577,979,880
Total Shareholders' Fund	3,850,354,544	3,658,444,545	326,522,947	573,460,096	219,930,949
No. of Shares Issued	114,357,140	114,357,140	5,717,857	5,717,857	5,717,857
Net Assets per Share	33.67	31.99	57.11	100.29	38.46
Debt/Equity (%)	128.59	76.29	1,067.42	459.81	1,816.01
Debt/Total Assets (%)	52.76	40.00	82.33	73.46	69.82
Market Information					
Market Price of Share as at 31 March	23.00	65.00	422.00	75.00	79.50

Graphical Review



MTD Headquarters

MTD Walkers PLC whose majority shares are held by MTD Capital Bhd - a Malaysian investment holding company with core business in civil engineering and construction, infrastructure development, property development and the manufacturing of construction related materials.

The Group is actively involved in overseas projects in Thailand, the Philippines, China, Australia, Sri Lanka, the United Arab Emirates, Saudi Arabia and Vietnam.



Vision & Mission Statement

When the Walkers Company began its operations in 1854, it did so as a relatively small venture, focusing on plantation and the manufacture of plantation machinery.

158 years down the road, MTD Walkers PLC has reached the status of a thriving mini conglomerate with amazing potential for growth in the future.

Specializing in the provision and delivery of high quality engineering consultancy and engineering work, the group has grown from strength to strength, aided by its firm principles and adherence to the highest possible standards in its competitive industry.

In the context of the escalating development taking place in the country, the aim of MTD Walkers PLC is to be an important part of Sri Lanka's growth as a developing nation; in its journey from being a perceived Third World backwater to a thriving First World oasis.

Set firmly against the notion of constraining ourselves to nationwide boundaries, our plan for the years ahead is to partner with strong international groups in order to emerge even stronger as a total solutions provider; delivering cost effective and timely solutions to a diverse array of engineering challenges.

Our vision is to be the name associated with the best quality, best price and speedy delivery of solutions.

We understand the challenges that await us- in the form of uniting the best resources and the best skills in order to deliver the promises we make to our stakeholders.

Yet we are confident that given the stability of our Parent Company in Malaysia and our own commitment to excellence in every field we operate in, our vision to deliver absolute excellence in all our endeavours, is not only realistic; but wholly achievable.

A story of diverse and sustained growth

Chairman's Review

For a company that specializes in engineering and contributes to infrastructure development, the opportunities which present themselves in post-war Sri Lanka are endless. During the year under review the Group's companies took on and successfully completed an increased number of large scale projects compared to the previous year, while expanding capital expenditure to include top of the range machinery as well as a more sound and skilled workforce.

The year 2011/12 saw the continued growth of the Sri Lankan economy, bringing dramatic changes for companies and industries.

Once closed regions are being opened again, and old infrastructure needs to be rehabilitated and developed. Within this context of escalating development, MTD Walkers PLC remains in an interesting position - at the very centre of the development.

For a company that specializes in engineering and contributes to infrastructure development, the opportunities which present themselves in post-war Sri Lanka are endless. During the year under review the Group's companies took on and successfully completed an increased number of large scale projects compared to the previous year, while expanding capital expenditure to include top of the range machinery as well as a more sound and skilled workforce.

The future success of the company will depend on a proactive approach to change, in which the company constantly observes, analyzes and predicts trends, identifying all emerging opportunities. Our focus as a group is to make sure we capitalize on these opportunities at the right moment, in order to develop and maintain an edge over our competition while fulfilling our customers' requirements and the aspirations of all our stakeholders.

While it is evident that Sri Lanka's current growth rates can be sustained in the near future, the company also understands the importance of learning by the example of other nations which have encountered similar trends in the past.

The year 2011-2012 saw some significant areas of expansion for MTD Walkers, with the anticipated acquisition of Colombo Engineering Services (Private) Limited and the resulting potential for work in the field of marine engineering. The group also anticipates the future acquisition of Western Airducts - a development which will add great value to the group's portfolio.

While profits for the year under review were comparatively low, it must be noted that this was due to large scale expansion carried throughout the year. During the course of the coming year, the Group is confident that the investments made by the company will bear fruit, and the expansion will result in increased performance during the course of the coming years.

In conclusion, MTD Walkers PLC is grateful for the level of support and confidence displayed by shareholders. It must be noted that this confidence has not eroded despite some challenging times which the company.

I wish to make this an opportunity to reiterate the company's commitment towards our valued shareholders, which is unshaken and firm in its resolve. We will continue to ensure that the legacy of MTD Walkers PLC continues to prosper and progress towards greater heights, with the unstinted commitment and support of the Management Team and work force.



Dato' Azmil Khalil Bin Khalid
Chairman

Deputy Chairman's Message

MTD Walkers PLC

Over the coming year, the group prepares to capitalize effectively on its resurgence from loss making to profitability with innovation; the development of human capital in training and empowerment; new investments; structures for increasingly efficient utilization of resources as key areas of focus.

It gives me great pleasure to pen this message in a time of peace; as Sri Lanka takes its first steps toward economic growth and prosperity, after several years of debilitating military conflict.

Despite struggles over the two previous years as the nation recovered from the blows dealt by war, MTD Walkers PLC has, with the aid of its dedicated workforce, shareholders and other stakeholders, achieved two fold growth, whilst maintaining its position as a well respected conglomerate known for its ethics and high standards of quality.

Within the dynamic infrastructure development drive taking place in the country, the organization holds not only a secure but also an important place as one of the participating partners of progress.

In this, my first message as the Group's Deputy Chairman, I wish to emphasize on behalf of the entire team, our appreciation of all our stakeholders without whom our success would not have been possible.

Over the coming year, the group prepares to capitalize effectively on its resurgence to profitability from making losses with the key areas of focus being; innovation; the development of human capital in training and empowerment; new investments; and structures for increasingly efficient utilization of resources.

Keeping in line with the Government's vision for the country, our aim is to participate in many facets of the continuing development, making our mark as an environmentally and socially responsible, transparent and dynamic business entity which continues to raise the bar- doing so with integrity.

As Sri Lanka's premier infrastructure developer, MTD Walkers PLC has encountered many changes over the years, its vision and mission- though undergoing a few incremental changes - remains in essence, the same - to reach the pinnacle in infrastructure development; growing from strength to strength, fulfilling stakeholder requirements and effectively contributing to the positive changes witnessed by our nation in the aftermath of the war.

With this in mind I conclude, thanking our shareholders and well wishers once again for all the valuable support extended, and we look forward to working together in reaching new heights over the course of the year ahead.



Jehan Amaratunga
Deputy Chairman

Subsidiary Structure

MTD Walkers PLC

Northern Power
Company (Private)
Limited

MTD Walkers
Projects Limited

CML - MTD
Construction Limited

Walkers Piling
(Private) Limited

Walker Sons & Company
Engineers (Private) Limited

Walker Sons &
Company Limited

Walker Sons & Company
(Distributor) Limited

The background features a large, abstract graphic on the right side. It consists of several thick, curved lines in shades of blue and yellow, sweeping from the top right towards the bottom right. The left side of the page is a solid, muted green color.

Messages from
Subsidiary Company Directors

CEO's Message

CML - MTD Construction Limited

We had a satisfying financial year and the turnover increased to over Rs. 3 billion; an increase of approximately 89% from last year.

Profitability too was satisfactory with a net operating margin of 13%.

We had a satisfying financial year and the turnover increased to over Rs. 3 billion; an increase of approximately 89% from last year.

Profitability too was satisfactory with a net operating margin of 13%.

These results are the fruition of the Company's expansion in 2008/09 to quarrying, aggregate production and asphalt production. A bulk of the profits can be attributable to these plant based operations.

Construction contracting remains a difficult business due to the complex logistics and control issues, tough specifications and compliance with a host of regulatory agencies to contend with.

In pursuance of the profitable areas of the business, the Company has made substantial investments in acquiring two Mobile Crushers (for rapid installation and operation within a day or two) which gives us the critical flexibility to shift operations to areas of demand. The full results of these investments will be a feature in ensuing years. The value of quarry products for the year exceeded Rs. 488 Million.

We have also expanded our asphalt production which amounted to 88,177.75 Metric Tonnes during the last financial year. We are expecting a rapid growth in production with the addition of the new Daewoo Mobile Asphalt Plant with a capacity of 100 Metric Tonnes per hour. We are also planning to begin installing our first Niigata Asphalt Plant which was dismantled in March and reconditioned to be installed in the Badulla District.

Despite external macro economic factors including the 20% devaluation of the Rupee and the sharp rise in the cost of construction inputs we still remain positive about achieving a turnover in excess of this year's performance of Rs. 3.4 billion with reasonable margins and look forward to solid support from our stakeholders.



Dian Jayasuriya

Chief Executive Officer
CML - MTD Construction Limited

CEO's Message

Walker Sons and Company Engineers (Private) Limited / Northern Power Company (Private) Limited

Current uncertainty in prices means that in order to remain competitive these two companies will need to remain constantly vigilant to change and the new opportunities which open up therein, keeping a close watch on margins without compromising on quality or product price.

I look on the past year with a sense of immense pride and satisfaction at the journey travelled by Walker Sons and Company Engineers (Private) Limited and the Northern Power Company (Private) Limited.

Its long and prestigious history in Sri Lanka has contributed to the measure of respect given to this company as an entity which successfully meets the needs of a multi-faceted industry while placing importance on the values which make an enterprise something more than just a business entity.

While we at Walkers Engineering focus a great deal on advancing our many strengths, our greatest strength and source of pride is our Workshop Facility in Biyagama where it is safe to say that there is no project too large or complicated which cannot be handled by the shop.

To qualify this statement is not easy. It has taken a great deal of drive, hard work, knowledge, commitment and passion from every member of the team at Walkers Engineering to achieve this status- along with the important contributions made by our shareholders to whom we are extremely grateful.

It is based on these values that our work in the North- as the lead power supplier to the Northern Region- has taken place since 2009. Although our work is challenging at times, we are driven by the knowledge that our company provides a very important requirement to the people of the North who suffer several challenges in achieving some semblance of normalcy after the war.

Current uncertainty in prices means that in order to remain competitive these two companies will need to remain constantly vigilant to change and the new opportunities which open up therein, keeping a close watch on margins without compromising on quality or product price.

However, though we anticipate challenges ahead, the potential for growth in the post-war scenario is endless, and as a group we eagerly anticipate good times ahead while taking the opportunity to thank all our stakeholders for the support extended.



O D N L Perera

Chief Executive Officer
Walker Sons and Company Engineers (Private) Limited
Northern Power Company (Private) Limited

Managing Director's Message

Walkers Piling (Private) Limited

It is this commitment and the sound reputation we have gained therein which has enabled us as a company to ride the challenges of the two previous years- 2009-2010 and 2010-2011 where the ethnic conflict posed a severe threat to development.

The year 2011/12 has been immensely successful for Walkers Piling; and I write this message in anticipation of exciting growth and advancement in the near future.

Since its inception, Walkers Piling has always been passionate about achieving the highest possible standards of quality and safety in all its projects. The company operates in an extremely specialized field where thorough knowledge, a wealth of expertise and belief in technology are attributes of paramount importance.

Foundation piling could be considered the unseen strength of the building we see around us. For a structure to stand the test of time, its foundation has to be solid, laid using the best possible techniques to suit the terrain and the structural design of the building.

At Walkers Piling, this is what we specialize in; and the valuable experience the company holds in carrying out prestigious projects serves as tribute to this.

It is this commitment and the sound reputation we have gained therein which has enabled us as a company to ride the challenges of the two previous years- 2009/10 and 2010/11 where the ethnic conflict posed a severe threat to development.

2011/12 has seen the company successfully rising above this situation, with a turnover of approximately Rs. 550 mn and an expected turnover growth rate of over 100% in the coming year. This growth means that further investment in modern technology and manpower will take place; and on behalf of the company I take this opportunity to extend sincere thanks and appreciation to shareholders and other stakeholders for the important role played in this development.



D D Wijemanna
Managing Director
Walkers Piling (Private) Limited

Subsidiary Review of Operations



CML-MTD CONSTRUCTION LIMITED

During the operational year under review, CML-MTD's main activities were in the Civil Construction sector's fields of highways, bridges and earthworks.

The company is ranked amongst the top ten construction companies in Sri Lanka and classed as a C1 constructor by ICTAD in three construction fields namely Highways, Bridges and Land Reclamation.

The company continued to undertake works on its own capacity mainly in the highways and bridge sector under the Ministry of Highway and Road Development and the Provincial Road Development Authority.

The Company has also secured work in the housing sector and will expand its activities in the field of building construction in the coming year.

There was no change in MTD's equity holding in the Company. MTD continues to hold approximately 74.8% equity of the Company through MTD Capital and MTD Walkers PLC. The company is managed by a CEO and 2 Executive Directors each handling Engineering and Equipment respectively.

NORTHERN POWER COMPANY (PRIVATE) LIMITED

In 2006, the Northern Power Company set out on what would be a highly challenging, yet rewarding venture to supply power to a peninsula starved of power for over 20 years.

This- the first IPP (Independent Power Producer) venture entered into by MTD Walkers PLC, is the group's newest success story- a story unlike any other in the history of the company.

At the height of the war, the government had a requirement to generate power to the long isolated Jaffna peninsula, and it was the Northern Power Company that took up the challenge. By 2007, the project was in full swing and by 2009, the plant was ready to generate power. Located in Chunakam, Jaffna, this, Heavy Fuel Oil power plant has an installed plant capacity of 36 Mega Watts and is required to deliver 30 Mega Watts.



Despite the many obvious challenges which arose as a result of the military conflict, the company stood strong, continuing its work at a steady pace, transporting the necessary raw material, equipment and man power by air and sea due to the absence of road transport. During government humanitarian operations directly after the war the first requirement was a power supply and the company was there to fulfill this.

Today, the Northern Power Company is the largest power provider to Jaffna, playing the lead role in supplying power to the Ceylon Electricity Board and in turn the residents of Jaffna.

The Northern Power Company prides itself in its capacity to fulfill a need in supplying reliable power to people who had forgotten what life could be like with electricity. Equally, it gains satisfaction from the fact that the power plant has supplied the youth of Jaffna with several employment and empowerment opportunities which have made a dramatic change in their lives.

Over the year 2011-2012 the plant has achieved a turnover of over Rs. 1.6 billion and demand for its services continue to grow as resettlement takes place and infrastructure development takes place at a rapid pace.

While adhering to all the standards put forward by the Ministry of Environment, the company hopes to incorporate further sustainable practices in the future, and plans to complete the process of ISO Certification within the next two years.

WALKERS PILING (PRIVATE) LIMITED

Established in January 1981, Walkers Piling is the pioneering piling company in Sri Lanka, with a workforce of approximately 100 people including engineers, technical officers, technicians and other skilled staff such as heavy machine operators and welders.

To date, Walkers Piling has carried out over 150 large piling projects, mostly for high rise buildings, bridges and other civil engineering structures.

Following a period of turbulence during and in the aftermath of the ethnic conflict, the current development drive witnessed in Sri Lanka has brought about a series of new opportunities for the company, and the year 2011-2012 has been characterized by strong performance with the implementation of eight large projects at a total of nearly Rs. 570 million.

The largest project handled in the past year was foundation piling and ground engineering work of the New Secretariat for the Commissioner General of Labour- a Rs. 340 mn.

project. When completed, the building will be 30 storeys high. The company is also in the process of completing work for a low cost housing project for the Urban Development Authority. This was also begun last year and will continue this year.

Aside from several smaller projects, the year under review saw Walkers Piling (Private) Limited taking on prestigious large scale projects such as the foundation work for Havelock City's Clubhouse and Swimming Pool, the Commercial Bank building in Balangoda, the Fisheries Harbour at Dikovita and the Head Office Building for the Bribery Commissioner.

Another large continuing project is a City Hotel for the Softlogic Group. This is too a Rs. 400 mn project which will reach completion in June- July.

The Northern Power Company prides itself in its capacity to fulfill a need in supplying reliable power to people who had forgotten what life could be like with electricity.



Subsidiary Review of Operations



The process of foundation piling is one which has evolved a great deal with advancements in technology. While ensuring that its equipment is state-of-the-art, Walkers Piling has in its 31 year history, always maintained an absolute commitment to high quality and safety standards.

There are variations in pile types; yet 95% of the market demand is for bored cast-in-situ concrete piles for their extreme stability and endurance. As cast-in-situ piles enable drilling deep at rock level and lodging the foundation in rock, this technique is preferred. It is this technique which Walkers Piling specializes in; and the company is known for its mastery thereof.

In terms of competition, there are six piling companies in the local industry. Where resources are concerned the company is number 2 in the market; but recent estimates on performance suggest that the company has secured the top position in turnover during 2011-2012.

Although the company's workforce comprises around 100 people, this particular operation is mostly machine oriented rather than labour oriented, with roughly 25% of the work being labour intensive. Accordingly, the company has made several additions to its fleet of machines which are mostly of German origin and are the most state of the art machines in the business. Each machine costs well over Rs. 100 mn.

Considering the escalating growth taking place in Sri Lanka, the company foresees further investment in machinery and an increase in manpower to facilitate what is expected to be a growth rate of over 100% in turnover.



Despite the possible challenges involved in a vastly increased number of projects, the company will in all its operations continue to adhere to the most stringent safety and quality standards in the industry.

WALKER SONS AND COMPANY ENGINEERS (PRIVATE) LIMITED

A history of well over a 100 years in Sri Lanka; coupled with a strong drive to innovate and effectively capture the diverse needs of the market, places Walker Sons and Company Engineers (Private) Limited at the forefront of the engineering industry in the country.



The company specializes in several areas of general engineering work, operating in three major Specific Business Units- Plantation Engineering, Projects Engineering and Air Conditioning.

Securing a turnover of Rs. 217 million over the year 2011-2012, the company currently focuses mostly on mechanical engineering, undertaking several projects involving heavy steel fabrication work, where the project from initial design to construction is carried out in its entirety by the company.





During the year under review, Walker Engineering has been involved in the construction and rehabilitation of bridges, fuel tanks, water tanks and radial gates to name a few.

In addition to this type of work the company has recently ventured into the area of marine engineering work which also had been a very large segment of work undertaken by the company in the years gone by. This had dwindled to some extent when the company moved out of the port where it was originally located.

However, the recent acquisition of Colombo Engineering Services which is a Marine Engineering concern located within the port will enable the company to revive its quality marine engineering work- an interesting and exciting prospect for its future growth and performance in light of the development taking place in post-war Sri Lanka.

Today, Ceylon Petroleum Corporation and Ceylon Petroleum Storage Terminal employ the service of Walker Engineering as a premium contractor for most of their tank building work.

Over the last three years Walkers Engineering has completed the construction of a large tank for the Sri Lanka Port Authority, a large Fly Ash Silo for Holcim Lanka and continuing projects such as the restoration of the Kalatuwawa Reservoir, Maduru Oya and Chandrika Wewa.

Another area of work undertaken is General Engineering work at the company's well equipped machine shop located in Biyagama. This workshop has a diverse array of machinery and the capacity to handle any type of large machining work, milling work or fabrication work.

In addition to this, Walker Engineering is the premier manufacturer of tea manufacturing machinery in Sri Lanka. It must further be noted that the company has not limited its scope only to Sri Lanka; but export machinery overseas- to Vietnam, Rwanda and in more recent times, to Japan.

Demand for better quality tea in the world market has brought back into vogue conventional tea rolling machines which have brought forward the potential for expanding exports to other countries; as Walker Sons and Company Engineers (Private) Limited specialize in the manufacture of the machinery currently in demand by the market.

Walker Engineering is currently involved in the Dam Safety Project funded by the World Bank, and hopes to take on more water and railway bridge projects in the near future, with the aid of its strong team of young, yet highly qualified and experienced team of engineers.

Competition in this industry is stiff, with many strong players. However, the good quality and cost effectiveness of

the products of Walkers Engineering enable the company to compete effectively.

The coming year and the years ahead are expected to hold rapid development for the company which will continue to adhere to its principles of quality and competitive prices, in addition to sustainability and innovation to meet the diverse needs of its market.

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Board of Directors



From Left to Right
Dato' Azmil Khalil Bin Khalid (Chairman), Jehan Prasanna Amaratunga (Deputy Chairman), Leong Yow Lee,
Keith George Cowling, Albert Rasakantha Rasiah, Prashanie Attygalle (Company Secretary), Niranjana Deva-Aditya,
Ravindranath Wijeratna (Not Pictured)

DATO'AZMIL KHALILI BIN KHALID

Chairman

Non - Independent/Non- Executive Director

Dato'Azmil Khalili Bin Khalid was appointed as Chairman of MTD Walkers PLC since 23 May 2007. He graduated with a Bachelors degree in Civil Engineering and subsequently with a Master in Business Administration. He began his career with a United Kingdom company, Tarmac National Construction and upon his return to Malaysia worked for Trust International Insurance and Citibank NA.

Dato'Azmil is the President & Chief Executive Officer of MTD Capital Bhd and concurrently holds the same position in MTD ACPI Engineering Berhad. Dato'Azmil holds directorships in other public companies namely, MTD InfraPerdana Bhd and Metacorp Berhad, both are subsidiaries of MTD Capital Bhd. Apart from AlloyMtd, he is the Chairman and Independent Non-Executive Director of Daya Material Berhad and a Director of ANIH Berhad. ANH Berhad. Dato'Azmil is a Director of Environment idaman Sdn Bhd, a solid waste concession company; and a Trustee of the Perdana Leadership Foundation. He also sits on the board of several private limited companies.

JEHAN PRASANNA AMARATUNGA

Group Executive Deputy Chairman

Non Independent / Executive

Jehan Amaratunga is the Group Executive Deputy Chairman of a leading Sri Lankan Engineering and Infrastructure Services Corporation, MTD Walkers PLC. He comes from a background in corporate finance and investment advisory, serving both public and private companies in Sri Lanka and the broader Asian region. He combines over 25 years of deep industry experience with a keen interest in corporate finance restructuring, capital raising, divestitures and corporate carve-outs.

Mr. Amaratunga began his career at Ernst & Young, Sri Lanka in 1984 to become a Chartered Accountant. He spent four years at the professional services firm, where he also served as Senior Manager in the company's Management

Consulting division engaged in large scale restructuring projects for corporate clients both in Sri Lanka and Singapore.

He went on to consult in various corporate and venture capital financing capacities at the Asian Development Bank, and through the firm CVA Management Consultants between 1988 and 1992, where he was a partner. Throughout the years he has been an independent consultant to several leading corporate, specializing in the corporate finance restructuring and strategic investment advisory.

Mr. Amaratunga has been the Country Head of MTD Walkers Sri Lanka since 2006 and oversees all operations of the firm and its six subsidiaries. The publicly listed company is engaged in infrastructure development and engineering services for Sri Lankan and international clients, and has annual revenues of over \$17.2 million.

Mr. Amaratunga has held board positions at the Milk Industries of Lanka Limited (MILCO) in 1992–1993 and Eastmate Group of Companies based in Colombo and Hong Kong between the years 1994 and 1999. He also currently serves as a Director on the Board of People's Bank and People's Merchant Bank.

Mr. Amaratunga is a member of the Institute of Chartered Accountants of Sri Lanka (ICASL), where he also served on the Governing Council in 1989. He is a Fellow of the UK chapter of the Institute of Chartered Accountants, and presented a paper on "Value for Money Accounting" at the National Conference of Chartered Accountants in Sri Lanka in 1987. He is also a Fellow Member of the Chartered Institute of Management Accountants; United Kingdom.

He was awarded First in Order of Merit by the Institute of Chartered Accountants in 1982 upon completion of his professional education, and has completed professional courses in Computing and System Design & Management both in Sri Lanka and Hong Kong.

LEONG YOW LEE

Director

Non Independent/ Non-Executive

Mr. Leong Yow Lee was appointed as Director of MTD Walkers PLC on 23 May 2007. He holds a Master in Business Administration (Finance) from University of Leicester, United Kingdom and is a member of the Association of International Accountants, United Kingdom.

Mr. Lee joined AlloyMtd as Finance Manager of MTD Prime Sdn Bhd in August 1994 and was promoted to Group Financial Controller in August 1997. He was appointed as general Manager, Head of Operations in October 2001 and Executive Vice President, Head - Finance & Treasury Division in April 2009. He was appointed as a Non-Independent Executive Director of MTD Capital Bhd on 12 August 2011 and concurrently holds the position of Director of Special Projects. Prior to joining AlloyMtd, Mr. Lee was with Citibank N.A., as financial Controller, Bank Cards business and with Exxon Group of Companies in Malaysia heading various accounting sections in Controllers Department.

Mr. Lee is the Executive Director of MTD ACPI Engineering Berhad and holds Directorship in other public companies namely, Metacorp Berhad ANIH Berhad. Mr. Lee is also a Director of Touch'n Go Sdn Bhd, the electronic toll collection operator, and several other private limited companies.

KEITH GEORGE COWLING

Director

Non Independent/ Non-Executive

Mr. Keith George Cowling was appointed as Director of MTD Walkers PLC on 23 May 2007. He is a Chartered Engineer and holds a Bachelors Degree in Civil Engineering from Dundee University, Scotland and is a Member of the Institution of Civil Engineers, United Kingdom and a fellow of the Institution of Engineers, Malaysia, where he served on committees including being the Chairman of the Tunneling and Underground Space Technical Division.

His experience includes service with the City of Dundee District Council, Dundee, Scotland (1972-1976) Mason Pittendigh & Partners, Edinburgh, Scotland (1976 - 1977) Auscon Consultants, Sultanate of Oman (1979), Petroleum

Board of Directors

Development Oman, Sultanate of Oman (1980-1981) and Maunsell Consultants Asia, Hong Kong (1980-1984).

Mr. Cowling joined AlloyMtd since 1984 serving in various capacities; from Engineer to Chief Engineer, General Manager, Head of Business Development, Executive Vice President, Head – Business Development & Manufacturing Division. He is the Executive Director of MTD ACPI engineering Berhad since 15 August 2006 and also sits on the board of several private limited companies.

ALBERT RASAKANTHA RASIAH

Director

Independent / Non Executive

Mr Rasiah is a science graduate of the University of Ceylon and a fellow member of the Institute of Chartered Accountants of Sri Lanka. He counts over 35 years of experience in the financial sector both locally and abroad. He held the position of Director – Finance of Nestlé Lanka PLC over a decade, before retiring. He was also a visiting lecturer in finance and accounting for Nestlé SA (International) for Africa – Asia region. He was called to the Board of MTD Walkers PLC in May 2007 and is currently a director of Ceylon Cold Stores PLC, Nations Trust Bank PLC and E B Creasy & Company PLC. He extends his services as a Commercial Consultant to Ceylon Pencil Company Limited. He is also a visiting lecturer on Finance at the Post Graduate Institute of Marketing (PIM).

NIRANJAN JOSEPH DE SILVA DEVA-ADITYA

DL FRSA MEP

Director

Independent / Non-Executive

Mr Niranjan Deva-Aditya is a politician from the United Kingdom. In 1992, Mr Deva-Aditya was elected to the House of Commons as MP for the London constituency of Brentford and Isleworth. During his time in Parliament, Mr Deva-Aditya served as a Parliamentary Private Secretary (PPS) at the Scottish Office. A member of the Conservative Party, became the first Asian-born person to be elected as a Conservative Member of the European Parliament where he represents South East England since 1999. In 1999 he serves as co-ordinator on the Committee on Overseas Development and Corporation, and is a bureau member

of the ACP-EU Joint Parliamentary Assembly. He is also a member of the Committee on Foreign Affairs of the European Parliament. In April 2005 he was the Chairman of the European Parliament delegation to the UN Commission on Sustainable Development in New York, and delivered a paper on the future of the United Nations at the US Council on Foreign Relations. A few months later, he headed the European Parliament delegation to the UN High-Level Conference on global financing of aid. Also in 2005 he was Co-Chairman (with former Prime Minister of France Michel Rocard) of the European Parliament Delegation to the World Summit at the United Nations 60th General Assembly.

Mr Deva-Aditya was educated at Loughborough University, where he completed a degree in Aeronautical Engineering and was subsequently a Postgraduate Research Fellow in Economics. He is a Graduate of Royal Aeronautical Society and Graduate of Institute of Mechanical Engineers.

Mr. Deva-Aditya also serves as Director of Distilleries Company of Sri Lanka PLC. since 2004 and also of Aitken Spence PLC. He has been a Director of Hotel Services Ceylon since February 16, 2008. He serves as Member of European Parliament for the South East of England and Co-ordinator of the Parliament Committee on International Development. Mr. Deva-Aditya also serves as Member of the Committee for Foreign Affairs.

HEWAWASAMGE RAVINDRANATH SRILAL WIJERATNE

Director

Independent / Non-Executive

Mr Ravindranath Wijeratne is currently the Chairman of Rank Group of Companies dealing with property, logistics, solid waste management, hydropower and wind energy and also entertainment. He is also the owner of the largest dry port in Sri Lanka namely Rank Container Terminals Limited. He also holds licenses to operate two gaming operations and has successfully operated Sri Lanka's largest Casino for the past 18 years.

Mr Wijeratne gained his higher education from the London School of Accountancy and Management, United Kingdom and qualified as an Accountant. Returning to Sri Lanka in late 1980's he co-founded the Grayline Group in 1987. He then entered the business of property development.

Related Party Interest

As at 31st March 2012

	MTD Walkers PLC	Walker Sons & Company Limited	Walker Sons & Company Engineering (Private) Limited	Walker Sons & Company (Distributors) Limited	MTD Walkers Projects Limited	Walker Piling Limited	Northern Power Company (Private) Limited	CML – MTD Construction Limited
Azmil Khalil Bin Khalid	X	-	-	-	-	-	X	X
Jehan Prasanna Amaratunga	X	-	-	-	-	-	X	-
Leong Yow Lee	X	-	-	-	-	-	X	X
Keith George Cowling	X	-	-	-	-	X	X	X
Albert Rasakantha Rasiah	X	X	X	X	X	-	-	-
Niranjan Deva-Aditya	X	-	-	-	-	-	-	-
Ravindranath Wijeratna	X	-	-	-	-	-	-	-

X : Board Director but no Related Party Interests

- : Neither Board Director nor Related Party Interests

Corporate Management

1. Mr. Shiran Cabraal
Director / General Manager
CML- MTD Construction Limited
2. Mr. Viraj De Silva
Group Chief Financial Officer
3. Mrs. Prashanie Attygalle
Group Company Secretary &
Head of Corporate Communication
4. Mr. Sunil Lakshmanasinghe
Director - Group Business Development
5. Mr. Thulsi Walloppillai
Director - Infrastructure
MTD Walkers Projects Limited
6. Mr. M. F. M. Najab
Group Head of Marketing and Compliance
7. Mr. Susil Kumara Silva
Manager - Group Human Resources
8. Mr. Mahesh Yogarajan
Manager - Group Corporate Finance
9. Mr. Krishan Jayawardena
Head of Plantation Engineering
Walker Sons & Company Engineers (Private) Limited
10. Mr. K. P. I. U. Dharmapala
General Manager - Project Planning & Technical
CML- MTD Construction Limited
11. Mr. P. De S. G. Punchihewa
General Manager - Finance
CML- MTD Construction Limited
12. Mr. Prabhath Gunathunga
General Manager- Operations
Walkers Piling (Private) Limited



13. Mr. Prashantha Perera
General Manager - Engineering (Central Workshop)
Walker Sons & Company Engineers (Private) Limited

14. Mr. Kumar Fernando
Acting General Manager - Projects
Walker Sons & Company Engineers (Private) Limited

15. Mr. A. M. D. B. Atapattu
Plant Manager
Northern Power Company (Private) Limited

16. Mr. Nimal Perera
Deputy General Manager- Special Projects
CML- MTD Construction Limited

17. Mr. Shanthasiri Piyadasa
Deputy General Manager - Project Operations
CML- MTD Construction Limited

18. Mr. Alexander Duckworth
Deputy General Manager - Project Development
CML- MTD Construction Limited

19. Mr. Shanaka Cabraal
Deputy General Manager - Plant & Equipment
CML- MTD Construction Limited

20. Mr. Lalinda Kalubowila
Deputy General Manager - Quarry Operations
CML- MTD Construction Limited

21. Mr. Upula P. Dharmawardena
Deputy General Manager - Projects Division
Walker Sons & Company Engineers (Private) Limited

22. Mr. Alex Douglas
Manager - IT

23. Mr. Rozan Jameel
Manager - Finance

Not pictured

Mr. Zainal Bin Powzie
Executive Director
CML- MTD Construction Limited

Mr. Hari Mahadevan
Corporate Affairs -
Northern Power Company (Private) Limited



Report of the Directors

The Directors of MTD Walkers PLC have pleasure in presenting their Annual Report together with the Audited Financial Statements of the Company for the year ended 31st March 2012.

Principal Activities

The Companies within the Group are actively engaged in General / Mechanical, Civil Engineering and Piling Projects as well as the manufacture and sale of Tea Rollers and other tea machinery. In addition to servicing the Plantation Industry in Sri Lanka, the Company exports Tea Machinery to Rwanda and Vietnam. It has also gone into manufacturing rubber rollers which are needed for the Rubber Manufacturing industry. Expanding its wings further, the company recently focused on marine engineering.

Review of Performance

The review of Company's performance during the year is given in the Chairman's Review in this Annual Report.

Stated Capital

The Stated Capital of the Company as at 31st March 2011 was Rs.3,659,428,479/- which comprised 114,357,140 Ordinary Shares.

Financial Statements

The Financial Statements of the Company are given in pages 30 to 34 of this Annual Report.

Auditors Report

The Report of the Auditors on the financial statements of the company is included in page 30 of the Annual Report.

Accounting Policies and Notes to the Financial Statements

The Accounting Policies adapted in the preparation of the Financial Statements are given in pages 35 to 66 of the Annual Report.

Financial Results

	Year Ended 31st March 2012 Rs.	Year Ended 31st March 2011 Rs.
The net profit/ (Loss) incurred by the company and its subsidiaries after all expenditure and known liabilities amount to.	191,909,999	(237,379,771)
To which must be added the balance of the Profit and Loss Account brought forward from previous years after making prior year adjustments.		

Remuneration and other Benefits of the Directors

The Directors remunerations and / or other benefits during the accounting period under review are given under Related Party Disclosure in page 66.

Donation

The Company did not make any donations during the year except which are disclosed under note 23 of the Financial Statements.

Reserves

The movements during the year in the reserves are given under statement of Changes in Equity in page 32 of the Financial Statements.

Directors

The Directors of the Company as at date were:

- Dato' Azmil Khalili Bin Khalid
- Mr Jehan Prasanna Amaratunga
(Appointed on 29th February 2012)
- Mr Leong Yow Lee
- Mr Keith George Cowling
- Mr Albert Rasakantha Rasiah
- Mr Niranjana Deva-Aditya
(Appointed on 29th February 2012)
- Mr Ravindranath Wijeratne
(Appointed on 29th February 2012)

In terms of Article 84 of the Articles of Association of the Company, Dato' Azmil Khalili Bin Khalid and Mr Albert Rasakantha Rasiah retire by rotation and are eligible for re-election.

In terms of Article 91 of the Articles of Association of the Company, Mr Jehan Prasanna Amaratunga, Mr Niranjana Deva-Aditya and Mr Ravindranath Wijeratne retire and are eligible for re-election.

Directors' interest in shares

None of the Directors of the Company, their spouses or dependents held any shares in the Company during the year ended 31st March 2012, except which are disclosed in page 65 of the Annual Report.

Directors' Interest in Contracts with the Company

Directors' Interest in contracts with the Company are disclosed in Note 29 to the Accounts and have been declared at a Meeting of the Directors. The Directors have no direct or indirect interest in any other contract or proposed contract of the Company.

Director's Responsibilities

In terms of the Companies Act No.07 of 2007, Directors have prepared the financial statements for the financial

year ended 31st March 2012, giving a true and fair view of the state of affairs of the Company as at end of 31st March 2012 and of the profit or loss for the financial year. In preparing the financial statements, appropriate accounting policies have been selected and applied consistently, reasonable and prudent judgment and estimates have been made and applicable accounting standards have been followed.

Since the Directors are satisfied that the Company has the resources to continue its business for the foreseeable future, the financial statements continue to be prepared on a going concern basis. Directors have maintained sufficient accounting records, to disclose with reasonable accuracy the financial position of the Company, and which enable them to ensure that the financial statements comply with the Companies Act No.07 of 2007.

Directors have also taken responsibility to take reasonable measures to safe guard the assets of the Company and in that context to have proper regard of internal controls with a view to the prevention and detection of frauds and other irregularities.

Financial Ratios

Earning per share and other financial ratios are given in page 2 of the Annual Report.

Events occurring after the Balance Sheet date

There have been no events subsequent to the Balance Sheet date which require adjustments or disclosures to the Financial Statements other than information disclosed in page 64 of the Annual Report.

Auditors

The accounts of the year under review have been audited by Messrs Ernst & Young; Chartered Accountants, who offer themselves for re-appointment.

Fees paid to the Auditors are disclosed on page 58 in the Financial Statements.

As far as the Directors are aware, the Auditors do not have any relationship (other than as Auditors) with the Company other than those disclosed above.

(Sgd.)

Dato' Azmil Khalili Bin Khalid

Chairman

(Sgd.)

Mr Jehan Prasanna Amaratunga

Deputy Chairman

(Sgd.)

Mrs Prashanie Saroja Attygalle

Company Secretary

Colombo

30th August 2012

Corporate Governance

Much has changed in business and business practices during the course of MTD Walkers' long history.

Over the years, the role and impact of business in society has evolved; with society's standards of sound business practices continuing to increase. With changes such as this, the importance of adhering to a code of Best Practice in Corporate Governance cannot be understated. Within this context, the role and responsibilities of a company's Board of Directors has also undergone a continuous process of review with the objective of ensuring that MTD Walkers PLC is not only accountable in all its business operations; but achieves all its short term and long term goals in a sustainable and responsible manner.

Thus at MTD Walkers PLC, sound Corporate Governance enables an improved focus on areas such as risk management while assisting in the socio- economic development of the country.

The organization and the companies in its portfolio endorse and commit themselves fully towards absolute compliance with the Code of Best Practice on Corporate Governance. A code jointly formulated by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka, the code comprehensively details the relevant principles a company must adhere to.

The following section of this report contains a detailed view of the code, and a complete disclosure of MTD Walkers' adherence to the Code of Best Practice.

CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE

SECTION 1- THE COMPANY

A.1 THE BOARD

Principle A.1

All public companies are required to be headed by an effective board empowered to lead and control the company.

Company Adherence

The Board consists of seven Directors who play an active role in planning, strategies, implementation and reporting of the Group's operations.

A.2 THE CHAIRMAN'S ROLE

Principle A.2

A clear division of responsibilities is vital in a company to ensure an effective balance of power and authority and a de-centralized decision making process.

Company Adherence

The Chairman who is an engineer by profession, attends all Board Meetings and is an active member of the Management Committee.

A.3 BALANCE OF SKILLS

Principle A.3

The Board must consist of a group of Directors with sufficient knowledge of finance and other skills pertaining to the nature of the company, in order to facilitate effective guidance in all management related issues.

Company Adherence

The Board consists of three senior accountants with international experience in the construction sector, and three senior engineers of different engineering backgrounds.

A.4 BOARD BALANCE

The Board of Directors at MTD Walkers comprises of Independent, Non Independent, Executive and Non Executive Directors, blending perfectly to meet Corporate Governance rules. Directors across the Board are of diverse backgrounds and areas of expertise including Engineering, Management and Finance. All Board Members receive comprehensive information on the financial and non financial operations and performance of the company on a monthly basis and prior to convening of Board Meetings. The performance of the Board and its committees are evaluated by the Board periodically to ensure effective and efficient functioning.

Board Composition and Directors' Independence

Name of Director	Designation
Dato' Azmil Khalili Bin Dato' Khalid	Non-Independent/ Non- Executive Director
Jehan Prasanna Amaratunga	Non-Independent/ Executive Director
Leong Yow Lee	Non-Independent/ Non-Executive Director
Keith George Cowling	Non-Independent/ Non-Executive Director
Albert Rasakantha Rasiah	Independent/ Non- Executive Director
Niranjan Deva-Aditya	Independent/ Non- Executive Director
Ravindranath Srilal Wijeratne	Independent/ Non- Executive Director

A.5 DISSEMINATION OF INFORMATION

Principle A.5

All necessary and relevant information should be provided to the Board in a timely and effective manner, enabling the Board to discharge its duties effectively.

Company Adherence

Whenever required the Board is provided with timely, accurate information. It is made aware of all important developments within the group and further enquiries are made when necessary.

Minutes of all meetings are passed by way of Circular Resolutions and are communicated to members of the Board in a timely fashion.

A.6 APPOINTMENTS TO THE BOARD

Principle A.6

A public company is required to have in place a formal procedure for the appointment of new Directors to the Board.

Company Adherence

All appointments to the Board are perused by the Nomination Committee of MTD Capital Bhd, Malaysia, where approval of Nominations takes place thereafter.

A.7 RE-ELECTION

Principle A.7

All Directors are required to offer themselves for re-election at regular intervals and at least once in every three years.

Company Adherence

Re-election at MTD Walkers PLC takes place strictly as per the Articles of the Association, where 1/3 of Directors retire annually.

B.1 DIRECTORS' REMUNERATION

Principle B.1

All companies are required to establish a formal and transparent procedure for developing a policy framework on Executive Remuneration and formulating remuneration packages of individual Directors. No Director is allowed to be involved in the process of deciding his or her own remuneration package.

Company Adherence

The Remuneration Committee comprises four senior Directors- Mr. Jehan Amaratunga, Mr. A.R Rasiah, Mr. Niranjana Deva-Aditya and Mr. Ravindranath Wijeratne.

C.1 RELATIONS WITH SHAREHOLDERS

Principle C.1

The Annual General Meeting must be used as a means of communicating with shareholders and encouraging their future participation.

Company Adherence

C.1.1

Each separate issue is placed under scrutiny at the AGM, by way of separate resolutions passed on these issues.

C.1.2

The Chairman of the Audit, Remuneration and Nominations Committees are available to answer questions at the AGM.

C.1.3

Notice of the AGM and related papers are sent to shareholders within 15 working days of the AGM, as per the Companies Act No. 07 of 2007.

C.1.4

A summary of all procedures and protocol circulated to shareholders along with notice of the AGM.

C.2 MAJOR TRANSACTIONS

Principle C.2

Directors are required to disclose to all shareholders, details of proposed transaction which could potentially alter or vary the Company's Net Asset Base- or in the case of a company with subsidiaries, the consolidated group net asset base.

Company Adherence

In the event of major transactions, shareholders are provided with the necessary information to appraise the transaction.

D. ACCOUNTABILITY AND AUDIT

D.1 FINANCIAL REPORTING

Principle D.1

The Board is compelled to present to stakeholders a balanced and understandable assessment of the Company's current position and prospects for the future.

Company Adherence

In this annual report, MTD Walkers PLC follows all statutory regulations on sharing information pertaining to the company's performance, assets and potential for growth in the future.

D.2 INTERNAL CONTROL

Principle D.2

In order to safeguard the investments made by shareholders and the assets belonging to the company, the Board is required to maintain a sound system of internal controls.

Company Adherence

Internal controls at MTD Walkers PLC are regularly monitored and reviewed by the Board of Directors. Audit meetings take place every six months and when necessary, every three months.

D.3 AUDIT COMMITTEE

Principle D.3

The Board is required to establish formal and transparent arrangements for considering how they should apply financial reporting and internal control principles and for maintaining an appropriate relationship with the Company Auditors.

Company Adherence

The Audit Committee is as follows

Name of Director	Designation
A.R. Rasiah	Independent/ Non-Executive Director
Leong Yow Lee	Non- Independent/ Non-Executive Director
Keith Cowling	Non-Independent/ Non-Executive Director
Niranjana Deva-Aditya	Independent/ Non-Executive Director
Ravindranath Wijeratne	Independent/ Non-Executive Director

The Audit Committee has written terms of reference dealing clearly with its authority and duties.

Corporate Social Responsibility

Social responsibility has always been more than a perfunctory practice at MTD Walkers PLC. We have throughout the years believed that the growth of the company mirrors the development of society, and to this end we have ensured that our responsibility towards our Island nation and its citizens is stringently adhered to.

Since inception, the company has given a great deal of focus towards the uplifting, support and empowerment of the society it operates in, with a series of ongoing initiatives which target the industry as well as marginalized communities.

Being an engineering services provider, consideration is given not only to the development of human capital within the company and industry. The group constantly devises new ways to develop the knowledge and skill, in order that the field of engineering is given the required stimulus to grow during a period in which the need for infrastructure development is at an all time high.

The company believes, with reason that its first and most important social obligation is to the industry itself. This we believe would have a positive cyclical impact to society creating and adding to the lives of those the Company believes would be the most vital individuals within the industry. We believe that people are the most important capital that this country possesses, thus our responsibility is driven towards this most valued asset that would be a part of our industry in the years to come.

At every level- from qualified engineers to skilled craftsmen- the initiative to enhance skills and expertise, seeks to instill the right attitudes and the ability to apply knowledge to practical scenarios.

Towards this end, MTD Walkers offers in-plant training to graduates from Universities such as the Universities of Peradeniya and Moratuwa. The training period lasts for approximately six months, where structured courses are conducted with the aim of providing future engineers with valuable insights into the industry. Trainees are provided with a small allowance during the time of their training,

For craftsmen, the company has signed agreements with vocational training institutes across the country where training is offered for welders, machinists, and in other trades to gain hands on experience at the company's well equipped workshop, and they too are provided with a small allowance.

In addition to this, MTD Walkers maintains relationships with the country's technical colleges. The company conducts a series of lectures at the colleges before students pass out. These workshops are targeted at giving students an idea of the attitude needed to adapt to the industry they hope to work in. Aside from this, opportunities for practical training at the establishment are also provided; and depending on skills and available vacancies, job opportunities are also offered.

Part of the initiative involves a plan to adopt a Technical College. In order to support the government in its drive to provide the best possible facilities to students, MTD Walkers PLC has put plans forward for adopting the Technical Training College at Weerawila, where new students would have all needed resources to achieve their goals.

The second area of focus lies in the company's belief that its success must be shared with the less privileged. Accordingly, 'Diviya Aruna'- a drive to uplift communities living in surrounding areas of the company's production sites, quarries and crushers sites- was implemented.

For the year 2011/2012, the main beneficiary of the project was the Delwala Srimath Olcott Maha Vidyalaya. CML-MTD rehabilitated the Delwala Temple Road by laying asphalt concrete surfacing to enable villagers and devotees access to the temple via a paved road. The company sponsored under privileged students and donated two desktop computers to assist in the setting up of a training centre for Upper School students.

During the past year, MTD Walkers also provided assistance to the Karandagolla Maha Vidyalaya in Ella, by helping in the development of the access road to the school and the

improvement of the playground to include a 100m running track.

In addition to these ventures, the company has been instrumental in the sponsorship of several scholarship students, providing monetary assistance to the rural hospital in Tudugala, and the conducting of several eye clinics in collaboration with HelpAge Sri Lanka.

Human Resources

Over the years, the role of the Human Resources Division in the Group has evolved considerably.

The HR Division at MTD Walkers PLC looks upon the contemporary period as a period of transformation, in which the group recognised the importance of an effectively functioning HR Department, where the employees embrace the new initiatives taken by the HR Department.

When the company was taken over in 2007, the average age of its employees were between 50 and 60 years. This has now been reduced to 40 years, with young blood being injected to the system in order to energize the business.

At present, the group maintains an employee base of approximately 80 qualified engineers, and other professionals in several fields such as Chartered Accountants.

Since MTD Walkers PLC's core business is engineering, it requires a highly skilled work force; and its HR policy is focused on providing employees with all the knowledge required to maintain the highest standards of quality and safety in their respective fields of work. The group maintains a close relationship with the country's Universities and Technical Colleges, where Final Year Students are provided with inplant training at the workshop and other facilities. The Company's effort is to improve the knowledge base with required skills and the right attitude to face the challenges in the working environment.

The HR policies of MTD Walkers PLC focuses primarily on a system of performance based evaluation which serves as a motivation factor to achieve high quality performance from all our staff. This system provides a system in which performance can be monitored on a regular basis.

The Company strives to build close relationships with our employees, in order to facilitate effective and improved

communications. Regular meetings (once in every three months) are held, at which employees are invited to discuss their issues and grievances. In addition to this the company maintains an open door policy where an individual is able to- at any time- speak with a Director on any issue, be it an official or personal matter.

The company also implements a Career Planning Program for its employees where they are trained for the positions they wish to secure in the future.

It must also be mentioned that all employees are provided with competitive salaries and benefits on par with industry standards, with the final goal being that the company can carry on its operations with a committed, satisfied and productive workforce.

This year the company has placed great emphasis on implementing a Human Resource Information System which will bring much improvement. This integrated, centralized system streamlines HR activities within the group and allows for better monitoring of policies and their implementation.

In the past Human Resources simply involved salary schemes; whereas at present, the functions of an HR Department are far more diverse- lying in training and development, employee engagement programs, and the incorporation of employee inputs into management decisions.

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Independent Auditor's Report



Chartered Accountants

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P.O. Box 101
Colombo 10
Sri Lanka

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eysl@lk.ey.com

TO THE SHAREHOLDERS OF MTD WALKERS PLC

Report on the Financial Statements

We have audited the accompanying financial statements of MTD Walkers PLC ("Company"), the consolidated financial statements of the Company and its subsidiaries which comprise the balance sheets as at March 31 2012, and the income statements, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these Financial Statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Scope of Audit and Basis of Opinion

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material 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

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended March 31, 2012 and the financial statements give a true and fair view of the Company's state of affairs as at March 31 2012 and its loss and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

In our opinion, so far as appears from our examination, the consolidated financial statements give a true and fair view of the state of affairs as at 31 March 2012 and the profit and cash flows for the year then ended, in accordance with Sri Lanka Accounting Standards, of the Company and its subsidiaries dealt with thereby, so far as concerns the shareholders of the Company.

Without qualifying our opinion we draw attention to the note 4.1 & 8 in the financial statements.

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.

29 August, 2012
Colombo

Statement of Income

Year ended 31st March	Note	Group		Company	
		2012 Rs.	2011 Rs. (Restated)	2012 Rs.	2011 Rs.
Revenue	20	5,853,313,323	2,769,684,603	-	562,500
Cost of sales		(4,888,894,323)	(2,383,653,666)	-	-
Gross profit		964,419,000	386,030,938	-	562,500
Other income	21	116,840,331	76,267,520	3,339,250	6,484,346
Administrative expenses		(561,586,872)	(463,160,878)	(35,804,452)	(50,795,088)
Selling & distribution cost		(22,608,269)	(22,933,792)	(1,665,400)	(3,280,003)
Finance costs	22	(282,516,494)	(173,988,966)	(20,738,845)	(5,995,307)
Profit/(loss) before tax	23	214,547,696	(197,785,178)	(54,869,447)	(53,023,552)
Income tax expense	24	(22,637,697)	(39,594,593)	-	-
Profit/(loss) for the year		191,909,999	(237,379,771)	(54,869,447)	(53,023,552)
Attributable to					
Equity holders of the parent		129,139,676	(244,688,841)	-	-
Minority interest	14	62,770,323	7,309,070	-	-
Profit/(loss) for the year		191,909,999	(237,379,771)	-	-
			(Restated)		
Basic earning/(loss) per share	25	1.13	(2.14)	(0.48)	(0.46)

The accounting policies and notes on pages 35 through 66 form an integral part of these financial statements.

Balance Sheet

As at 31st March		Group		Company	
	Note	2012 Rs.	2011 Rs. (Restated)	2012 Rs.	2011 Rs.
ASSETS					
Non-current assets					
Property, plant & equipment	3	4,791,964,972	4,076,912,839	7,742,765	573,584
Intangible asset	4	289,069,326	289,069,326	-	-
Investment in subsidiaries	5	-	-	1,769,308,541	1,769,308,541
Other investments	6	1,896,550	378,430	5,200	5,200
		5,082,930,848	4,366,360,595	1,777,056,506	1,769,887,325
Current assets					
Inventories	7	307,211,791	369,763,472	-	-
Trade and other receivables	8	3,209,109,462	1,603,608,672	170,553,856	33,214,502
Amounts due from related parties	9	5,876,661	6,205,547	1,809,936,887	1,838,238,723
Other investments	6	422,797,652	351,427,575	67,970,000	40,000,000
Cash and cash equivalents	10	69,056,049	54,943,112	66,571	12,033,635
		4,014,051,615	2,385,948,378	2,048,527,314	1,923,486,860
Total assets		9,096,982,463	6,752,308,973	3,825,583,820	3,693,374,185
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	11	3,659,428,479	3,659,428,479	3,659,428,479	3,659,428,479
Capital reserves	12	118,997,286	118,997,286	-	-
Other reserves	13	4,648,661	4,648,661	1,804,100	1,804,100
Retained earnings		(187,777,279)	(316,916,955)	(164,475,955)	(109,606,507)
		3,595,297,147	3,466,157,471	3,496,756,624	3,551,626,072
Minority interest	14	255,057,397	192,287,074	-	-
Total equity		3,850,354,544	3,850,354,544	3,496,756,624	3,551,626,072
Non-current liabilities					
Interest bearing loans & borrowings	15	738,261,137	238,511,021	5,050,179	-
Non interest bearing loans & borrowings	16	137,317,806	139,046,569	135,017,806	136,746,569
Deferred tax liabilities		48,821,742	49,085,050	-	-
Trade and other payables	18	120,000,000	-	-	-
Retirement benefit obligations	17	54,014,018	44,394,767	-	-
		1,098,414,704	471,037,407	140,067,985	136,746,569
Current liabilities					
Trade and other payables	18	1,808,835,488	1,344,923,124	24,272,592	4,048,897
Amounts due to related parties	19	207,390,130	282,608,085	-	-
Interest bearing loans & borrowings	15	1,538,074,404	798,916,177	150,907,329	-
Income tax liabilities		17,103,804	16,796,928	952,647	952,647
Bank overdrafts	10	576,809,389	179,582,707	12,626,643	-
		4,148,213,216	2,622,827,021	188,759,210	5,001,543
Total equity and liabilities		9,096,982,463	6,752,308,973	3,825,583,820	3,693,374,185

These financial statements are in compliance with the requirements of the Companies Act, No. 7 of 2007.



Viraj De Silva
Chief financial officer

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



Leong Yow Lee
Director



Jehan Prasanna Amaratunga
Director

The accounting policies and notes on pages 35 through 66 form an integral part of these financial statements.

Statement of Changes in Equity

Group

	Note	Stated capital Rs.	Revaluation reserve Rs.	Capital reserves Rs.	Other reserves Rs.	Retained earnings Rs.	Total Rs.	Minority interest Rs.	Total equity Rs.
Balance as at 01 April 2010		74,332,140	118,100,129	897,157	4,648,661	(60,318,931)	137,659,156	188,863,791	326,522,947
Issues of shares for cash		330,692,967	-	-	-	-	330,692,967	-	330,692,967
Issue of shares for non cash consideration		3,254,403,372	-	-	-	-	3,254,403,372	-	3,254,403,372
Subsidiary dividend to minority shareholders		-	-	-	-	-	-	(3,885,787)	(3,885,787)
Net loss for the year		-	-	-	-	(244,688,841)	(244,688,841)	7,309,070	(237,379,772)
Balance as at 31 March 2011		3,659,428,479	118,100,129	897,157	4,648,661	(305,007,772)	3,478,066,654	192,287,074	3,670,353,728
Effects of correction of prior period adjustment	30	-	-	-	-	(11,909,183)	(11,909,183)	-	(11,909,183)
Balance as at 31 March 2011 (Restated)		3,659,428,479	118,100,129	897,157	4,648,661	(316,916,955)	3,466,157,471	192,287,074	3,658,444,545
Net profit for the year		-	-	-	-	129,139,676	129,139,676	62,770,323	191,909,999
Balance as at 31 March 2012		3,659,428,479	118,100,129	897,157	4,648,661	(187,777,279)	3,595,297,147	255,057,397	3,850,354,544

Company

	Stated capital Rs.	General reserves Rs.	Retained earnings Rs.	Total Rs.
Balance as at 01 April 2010	74,332,140	1,804,100	(56,582,955)	19,553,285
Issues of shares for cash	330,692,967	-	-	330,692,967
Issue of shares for non cash consideration	3,254,403,372	-	-	3,254,403,372
Net loss for the year	-	-	(53,023,552)	(53,023,552)
Balance as at 31 March 2011	3,659,428,479	1,804,100	(109,606,507)	3,551,626,072
Net loss for the year	-	-	(54,869,447)	(54,869,447)
Balance as at 31 March 2012	3,659,428,479	1,804,100	(164,475,955)	3,496,756,624

The accounting policies and notes on pages 35 through 66 form an integral part of these financial statements.

Cash Flow Statement

Year ended 31st March	Note	Group		Company	
		2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Cash flows from/(used in) operating activities					
Adjustments for:					
Profit before working capital changes	A	979,570,428	302,210,003	(33,554,025)	(47,071,597)
Operating profit/(loss) before working capital changes					
(Increase)/decrease in inventories		62,551,681	(196,157,716)	-	-
(Increase)/decrease in trade and other receivables		(1,602,895,517)	(224,583,294)	(137,339,354)	(31,740,387)
(Increase)/decrease in amounts due from related companies		328,886	16,523,560	28,301,837	(202,509,185)
Increase/(decrease) in trade and other payables		580,797,329	350,141,132	20,223,695	279,404
Increase/(decrease) in amounts due to related companies		(75,217,955)	102,499,138	-	(99,159)
Cash generated from operations		(54,865,146)	350,632,823	(122,367,847)	(281,140,925)
Finance cost paid		(279,401,459)	(154,709,120)	(20,738,845)	(362,526)
Income tax paid		(21,351)	(3,895,969)	-	-
Retirement benefit obligations paid	17	(4,867,639)	(6,837,519)	-	-
Net cash flows from/(used in) operating activities		(339,155,595)	185,190,215	(143,106,692)	(281,503,451)
Cash flows from / (used in) investing activities					
Acquisition of subsidiary		-	(98,851,434)	-	-
Acquisition of property, plant & equipment		(714,769,902)	(560,427,197)	(7,745,760)	(458,046)
Proceeds from sale of property, plant & equipment		108,984,083	24,132,492	-	-
Acquisition of investments		(36,925,027)	(148,277,533)	(27,970,000)	(40,000,000)
Dividend received		62,309	568,415	-	-
Interest received		29,538,345	23,291,159	-	-
Net cash flows from/(used in) investing activities		(613,110,192)	(759,564,099)	(35,715,760)	(40,458,046)
Cash flows from/(used in) financing activities					
Proceeds from issuance of share capital		-	330,692,967	-	330,692,967
Repayment of interest bearing borrowings	15	(2,135,524,002)	(1,635,507,313)	(238,921)	-
Repayment of non interest bearing borrowings	16	(9,500,000)	(9,500,000)	-	-
Long term loan obtained during the year	15	2,818,418,789	1,903,561,655	156,196,429	-
Principal payment under finance lease liabilities	15	(90,412,797)	(39,199,580)	-	-
Non interest bearing loans obtained during the year	16	7,771,237	-	7,771,237	3,672,889
Dividends paid		-	(3,885,787)	-	-
Net cash flows from/(used in) financing activities		590,753,227	555,661,943	154,228,745	334,365,856
Net (decrease)/ increase in cash and cash equivalents		(361,512,560)	(18,711,941)	(24,593,707)	12,404,359
Cash and cash equivalents at the beginning of the year	10	(109,899,129)	(91,187,188)	12,033,635	(370,724)
Cash and cash equivalents at the end of the year	10	(471,411,689)	(109,899,129)	(12,560,072)	12,033,635

The accounting policies and notes on pages 35 through 66 form an integral part of these financial statements.

Cash Flow Statement

Year ended 31st March	Note	Group		Company	
		2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Note-A					
Profit before working capital changes					
Profit/(loss) from operating activities before tax		214,547,696	(197,785,178)	(54,869,448)	(53,023,552)
Adjustments for :					
Depreciation	3	552,694,811	309,857,885	576,579	33,773
Finance charges allocated during the year	15/22	50,761,171	11,249,406	-	-
Interest income	21	(29,509,837)	(23,680,402)	-	(397,808)
Dividend income	21	(62,309)	(568,415)	-	-
Profit on sale of property, plant & equipment	21	(15,534,767)	(2,831,820)	-	-
Long outstanding payables written back		(1,819,793)	-	-	-
Finance costs		231,755,323	169,943,010	20,738,845	362,526
Provision for retirement benefit plans - gratuity		14,486,889	16,839,821	-	-
Bad debts written off	23	6,584,306	6,393,913	-	20,020
Provision for bad debts	23	7,826,154	2,795,390	-	-
Other payable written back-MTD Construction Ceylon Limited	21	(45,499,409)	-	-	-
Exchange Gain		(7,038,286)	-	-	-
Exchange loss	22	-	9,996,394	-	5,933,444
Provision/(reversal) for change in market value of investments		378,480	-	-	-
		979,570,428	302,210,003	(33,554,025)	(47,071,597)

The accounting policies and notes on pages 35 through 66 form an integral part of these financial statements.

Notes to the Financial Statements

1 CORPORATE INFORMATION

1.1 General

MTD Walkers PLC ("the Company") is a public limited liability Company, listed on the Colombo Stock Exchange, incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No. 18, St. Michaels Road, Colombo 03, Sri Lanka.

The Consolidated Financial Statements of the MTD Walkers PLC for the year ended 31 March 2012 comprise of the company and its subsidiaries, Walker Sons & Company Ltd, Walker Sons & Company Engineers (Pvt) Ltd, Walker Sons & Company (Distributors) Ltd, Walkers Piling (Pvt) Ltd, MTD Walkers Projects Limited, CML- MTD Construction Limited, Special Projects Company (Pvt) Ltd and Northern Power Company (Pvt) Ltd.

1.2 Principal Activities and Nature of Operations

During the year, the principal activities of the group were as follows:

MTD Walkers PLC

Investment Holding.

Walker Sons & Company Limited

The Board of Directors of the company decided to temporarily cease all activities, and transferred operations to its subsidiary company Walker Sons & Company Engineers Limited.

Walker Sons & Company Engineers (Pvt) Ltd

Engineering & Construction.

Walker Sons & Company (Distributors) Limited

The Board of Directors of the company decided to temporarily cease all activities, and transferred operations to its fellow subsidiary company Walker Sons & Company Engineers Limited.

MTD Walkers Projects Limited

Non operational entity with a limited investment portfolio.

Walkers Piling (Pvt) Ltd

Piling of foundations and other related earthwork.

CML - MTD Construction Limited

Construction of roads and highways and providing other engineering services.

Special Projects Company (Pvt) Ltd

Selling of metal items, drilling quarry and metal crushing.

Northern Power Company (Pvt) Ltd

Owner and Operator of a 30 MW HFO power plant in the Jaffna Peninsula supplying power to the Ceylon Electricity Board.

1.3 Parent Enterprise and Ultimate Parent Enterprise

The company's parent undertaking is MTD Capital BHD. In the Directors' opinion, the Company's ultimate parent undertaking and controlling party is MTD Capital BHD, which is incorporated in Malaysia.

1.4 Date of Authorization for Issue

The Financial Statements of MTD Walkers PLC, for the year ended 31 March 2012 were authorized for issue in accordance with a resolution of the Board of Directors on 29 August 2012.

1.5 Segment Reporting

A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related product or services that is subject to risk and return that is different from those of other business segments.

In accordance with SLAS 28 on Segment Reporting, segment information is presented in respect of the Group.

Segment results, assets and liabilities include items directly attributable to segment as well as those that can be allocated on a reasonable basis.

The accounting policies adopted for segment reporting are the same accounting policies adopted for preparing and presenting the financial statements of the Group.

1.6 Subsidiaries

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities.

The Consolidated Financial Statements of the Company for the year ended 31 March 2012 comprise of the Company and its Subsidiaries. The details of Subsidiaries are as follows:

Company Name	Year of Incorporation	Ownership Percentage
Walker Sons & Company Limited	1975	99.80%
Walker Sons & Company Engineers (Pvt) Ltd	1992	99.60%
Walker Sons & Company (Distributors) Limited	1991	92.55%
MTD Walkers Projects Limited	1936	86.38%
Walker Piling (Pvt) Ltd	1981	99.99%
CML MTD Construction Limited	1980	78.59%
Northern Power Company (Pvt) Ltd	2007	100.00%

Notes to the Financial Statements

2.1 Basis of preparation

The financial statements have been prepared on a historical cost basis and are presented in Sri Lankan Rupees, and all values are rounded to the nearest rupee.

2.1.1 Statement of Compliance

The Balance Sheets, and the related Statements of Income, Changes in Equity and Cash Flow statements together with the Accounting Policies and Notes (Financial Statements) of MTD Walkers PLC and its Subsidiaries as at 31 March 2012 and for the year then ended, comply with the Sri Lanka Accounting Standards and are also in compliance with requirements of the Companies Act No. 07 of 2007.

2.1.2 Going Concern

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

Walkers Sons & Company Engineers (Pvt) Ltd

The company incurred a net loss of Rs. 23,455,211/- during the year ended 31, March 2012 and as of that date, the company's current liabilities exceeded the current assets by Rs. 92,391,190/- and its total liabilities exceeded its total assets by Rs. 125,600,337/- these factors rise doubt that the company will be able to continue as a going concern without the continued support of its parent.

Walkers Sons & Company Limited.

Walker Sons and Company Limited booked an impairment provision amounting to Rs. 209,467,736/- in respect of the investments in subsidiaries Walkers Sons & Company Engineers (Pvt) Ltd (which reported a net loss during the period) and Walker Sons & Company Distributors (Pvt) Ltd which had temporarily ceased operations and transferred all operations to a fellow subsidiary company on account of losses made during the current and previous financial periods.

However, this provision did not have any impact on the Consolidated Financial Statements of the Group as the losses were consolidated to the Group in the respective financial periods or accounted for at the point of acquisition of the company as applicable.

The directors are of the opinion that the continuous financial support received from the parent company MTD Walkers PLC that will mitigate this position and these subsidiaries will be able to continue as a going concern, in the future, on which assumption these financial statements have been prepared.

2.1.3 Consolidation Policy

2.1.3.1 The Consolidated Financial Statements include the results, assets and liabilities of MTD Walkers PLC and its subsidiaries Walker Sons & Company Ltd, Walker Sons & Company Engineers (Pvt) Ltd, Walker Sons & Company (Distributors) Ltd, Walker Piling (Pvt) Ltd, MTD Walkers Projects Limited, CML - MTD Construction Limited, Special Projects Company (Pvt) Ltd and Northern Power Company (Pvt) Ltd.

2.1.3.2 All Companies included in the Group have a common financial year end 31 March 2012.

2.1.4 Comparative Information

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

Certain prior year figures and phrases are rearranged whenever necessary to confirm to the current year presentation.

2.1.5 Post Balance Sheet Events

All material events occurring after the Balance Sheet date are considered and where necessary, adjustments have been made in these financial statements.

2.2 Changes in Accounting Policies

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

2.2.1 Significant Accounting Judgments, Estimates and Assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Judgments

In the process of applying the company's accounting policies, management has made the following judgment, apart from those involving estimations, which has the most significant effect on the amounts recognized in the financial statements.

Deferred Tax Assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustments to the carrying amount of assets and liabilities within the next financial year are discussed below. The respective carrying amounts of assets and liabilities are given in related notes to the financial statements.

Fair value of Unquoted Equity Investment

The unquoted equity instruments have been valued based on the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics. These valuations require the company to make estimates about expected future cash flows and discount rates, and hence they are subject to uncertainty.

Defined Benefit Plans

The cost of defined benefit plans- gratuity is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

2.3 Summary of Significant Accounting Policies

2.3.1 Taxation

Current Taxes

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act No. 10 of 2006 and amendments thereto. Relevant details are disclosed in Note 07 to the Financial Statements.

Deferred Taxation

Deferred taxation is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are recognized for all temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the year when the asset is realized or liability is settled, based on the

tax rates and tax laws that have been enacted or substantively enacted as at the balance sheet date.

Income tax relating to items recognized directly in equity is recognized in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority

Parent Company

Provision has been made in these Financial Statements for income tax in accordance with the provisions of the Inland Revenue Act.

Subsidiaries

Provision has been made in these Financial Statements for income tax in accordance with the provisions of the Inland Revenue Act other than the subsidiary of Northern Power Company (Pvt) Ltd due to the company entered in to an agreement dated 31 August 2007 with the Board of Investment of Sri Lanka. Under section 17 of the said Board of investment of Sri Lanka law no.04 of 1978, the company is exempted from income taxation in Sri Lanka for a period of 08 years commencing from 31 August 2007.

2.3.2 Borrowing Costs

Borrowing costs are recognized as an expense in the period in which they are incurred, unless they are incurred in respect of qualifying assets in which case it is capitalized.

2.3.3 Inventories

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

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

- a) Raw material – at actual cost on first-in-first-out (FIFO) basis.
- b) Finished goods & Work in progress – at the cost of direct material, direct labour and appropriated proportion of fixed production overheads.

2.3.4 Trade and Other Receivables

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

Other receivables are recognized at cost less allowances for bad and doubtful receivables.

Notes to the Financial Statements

2.3.5 Cash and Cash Equivalents

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

For the purpose of cash flow statement, cash and cash equivalents consists of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

Interest paid and received is classified as operating cash flows.

The cash flow statement is reported based on indirect method.

2.3.6 Property, Plant and Equipment

(a) Cost and Valuation

All items of property, plant and equipment are initially recorded at cost.

The cost of property, plant & equipment is the cost of acquisition or construction together with any expenses incurred in bringing the assets to its working condition for its intended use. Subsequent to the initial recognition as an asset at cost, revalued assets are carried at re-valued amounts less any subsequent depreciation thereon. All other property plant, plant and equipment are stated at cost less accumulated depreciation. Accumulated depreciation is provided for, on the bases specified in (b) below.

Where an item of Property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

(b) Depreciation/Amortization

The provision for depreciation is calculated by using the straight line method basis on the cost or valuation of all property, plant and equipment other than freehold land, in order to write off such amounts over the estimated economic useful lives of such assets.

The estimated useful lives of assets are as follows:

Assets	Years
Buildings	50
Plant & Machinery	05-15
Furniture and Fittings	10
Motor Vehicles	04
Power Generating Plant	11
Component Assets	03

2.3.7 Finance Leases

Property, plant and equipment on finance leases, which effectively transfer to the Company substantially all the risk and benefits incidental to ownership of the leased items, are capitalized and disclosed as finance leases at their cash price and depreciated over the period the Company is expected to benefit from the use of the leased assets.

Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition the asset is accounted for in accordance with the accounting policy applicable to that asset.

The corresponding principal amount payable to the lesser is shown as a liability. 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 outstanding balance of the liability. The interest payable over the period of the lease is transferred to an interest-in-suspense account. The interest element of the rental obligations pertaining to each financial year is charged to the income statement over the period of lease. The cost of improvements to leasehold property is capitalized, disclosed as leasehold improvements, and depreciated over the unexpired period of the lease or the estimated useful life of the improvements, whichever is shorter.

Operating Leases

Leases, where the lessor effectively retains substantially all of the risks and benefits of ownership over the term of the lease, are classified as operating leases.

Lease payments are recognized as an expense in the income statement on a straight-line basis over the term of the lease.

2.3.8 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) Short Term Investments

Short-term investments are stated at lower of cost and market value on an aggregate portfolio basis, with any resultant gain or loss recognized in the income statement.

The cost of the investment is the cost of acquisition inclusive of brokering fee, duties and bank fees.

c) Long Term Investments

Quoted and unquoted investments in shares held on long-term basis are stated at cost. The cost of the investments is the cost of acquisition inclusive of brokering fee, duties and bank fee.

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, other than temporary declines in carrying amounts are charged to income statement.

2.4 Liabilities and Provision

2.4.1 Provision

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 recognized 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.

2.4.2 Retirement Benefit Costs

(a) Defined Benefit Plan – Retirement Gratuity

A defined benefit plan is a post employment benefit plan other than a defined contribution plan. Benefits falling due more than 12 months after the balance sheet date are discounted to present value. The defined benefit obligation is calculated annually by independent actuaries using Projected Unit Credit Method (PUC) as recommended by SLAS -16, Employee benefits. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows. The gratuity liability was based on the actuarial valuation carried out by Messrs. Actuarial & Management Consultants (Pvt) Ltd.

The actuarial gains and losses are charged or credited to income statement in the period in which they arise. The assumptions based on which the results of the actuarial valuation was determined, are included in Note 23 to the financial statements. However, according to the Payment of Gratuity Act No.12 of 1983, the liability for the gratuity payment to an employee arises only on the completion of 5 years of continued service with the Company.

The gratuity liability is not externally funded. This item is shown under retirement benefits obligation in the Balance Sheet.

The group carried out an actuarial valuation of its retirement benefit obligations for the following subsidiaries as required by SLAS 16-“Employee Benefits”,

- I. Walkers Pilling (Pvt) Ltd
- II. Walker Sons & Company Limited
- III. CML - MTD Construction Limited
- IV. Northern Power Company (Pvt) Ltd

(b) Defined Contribution Plans – EPF & ETF

Employees are eligible for Employee’s Provident Fund Contributions and Employees’ Trust Fund Contributions in line with respective statutes and regulations. These are recognized as an expense in the income statement as incurred.

The group contributes 12% and 3% of gross emoluments of the employees to Employees’ Provident Fund and Employees Trust Fund respectively.

2.5 Impairment of Assets

The carrying amount of company’s non financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. 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.

Impairment losses are recognized in the income statement, except that, impairment losses in respect of property, plant and equipment are recognized against the revaluation reserve to the extent that it reverses a previous revaluation surplus.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. Previously recognized impairment losses other than in respect of goodwill, are reversed only if there has been an increase in the recoverable amount of the asset. Such increase is recognized to the extent of the carrying amount had no impairment losses been recognized previously.

Notes to the Financial Statements

2.6 Income Statement

2.6.1 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group, 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 value added taxes, after eliminating sales within the Group.

The following specific criteria are used for recognition of revenue;

(a) Revenue

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer with the group retaining neither a continuing managerial involvement to the degree usually associated with ownership, nor an effective control over the goods sold.

(b) Rendering of Services

Revenue from rendering of services is recognized in the accounting period in which the services are rendered or performed.

(c) Construction Income

Revenue is recognized by reference to the stage of completion. Stage of completion is measured by reference to the work certified by qualified engineers.

(d) Interest Income

Interest income is recognized on a time proportion basis that takes in to account the effective interest rate on interest generating assets.

(e) Dividend Income

Dividend Income is recognized when the shareholders' right to receive the payment is established.

(f) Other Income

Other income is recognized on an accrual basis.

Net Gains and losses of a revenue nature on the disposal of Property, Plant and Equipment and other non-current assets including investments have been accounted for in the income statement, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses.

Gains and losses arising from incidental activities to main revenue generating activities and those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis.

2.6.2 Expenditure Recognition

- a) Expenses are recognized in the income statement on the basis a direct association between the cost incurred and the earning of specific item of income. All expenditure incurred in the running of the business and in maintaining the property, plant & equipment in a state of efficiency has been charged to income in arriving at the loss for the year.
- b) For the purpose of presentation of the 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.

2.7 Sri Lanka Accounting Standards effective from 01 January 2012

The Company will be adopting the new Sri Lanka Accounting Standards (new SLAS) comprising LKAS and SLFRS applicable for financial periods commencing from 01 January 2012 as issued by the Institute of Chartered Accountants of Sri Lanka. The Company has commenced reviewing its accounting policies and financial reporting in readiness for the transition. As the Company has a 31 March year end, priority has been given to considering the preparation of an opening balance sheet in accordance with the new SLASs as at 01 January 2011. This will form the basis of accounting for the new SLASs in the future, and is required when the Company prepares its first new SLAS compliant financial statements for the year ending 31 March 2013. Set out below are the key areas where accounting policies will change and may have an impact on the financial statements of the Company. The Company is in the process of quantifying the impact on the financial statements arising from such changes in accounting policies.

- (a) SLFRS 1 – First Time Adoption of Sri Lanka Accounting Standards requires the Company to prepare and present opening new SLFRS financial statements at the date of transition to new SLAS. The Company shall use the same accounting policies in its opening new SLAS financial statements and throughout all comparable periods presented in its first new SLAS financial statements. LKAS 1 – Presentation of Financial Statements requires an entity to present, in a statement of changes in equity, all owner changes in equity. All non owner changes in equity are required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). This standard also requires the Company to disclose information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital.
- (b) LKAS 16 – Property Plant and Equipment requires a company to initially measure an item of property plant and equipment at cost, using the cash price equivalent at the recognition date. If payment is deferred beyond normal credit terms, the difference between the cash price equivalent and the total payment is recognized as interest over the period, unless such interest is capitalized in accordance with LKAS 23 Borrowing Costs.

All site restoration costs including other environmental restoration and similar costs must be estimated and capitalised at initial recognition, in order that such costs can be depreciated over the useful life of the asset.

This standard requires depreciation of assets over their useful lives, where the residual value of assets is deducted to arrive at the depreciable value. It also requires that significant components of an asset be evaluated separately for depreciation.

- (c) LKAS 23 – Borrowing Cost, the company must capitalize borrowing costs in relation to a qualifying asset. Since the current policy is to expense all borrowing costs, this will result in a change in accounting policy.
- (d) LKAS 12 – Income Tax requires deferred tax to be provided in respect of temporary differences which will arise as a result of adjustments made to comply with the new SLAS.
- (e) LKAS 18 – Revenue requires the company to measure revenue at fair value of the consideration received or receivable. It also specifies recognition criteria for revenue, and the company needs to apply such recognition criteria to the separately identifiable components of a single transaction in order to reflect the substance of the transaction.
- (f) The Institute of Chartered Accountants of Sri Lanka has resolved an amendment to Sri Lanka Accounting Standard 10, whereby the provision contained in paragraphs 30 and 31 of SLAS 10 – Accounting Policies, Changes in Accounting Estimates and Errors would not be applicable for financial statements prepared in respect of financial periods commencing before 1 January 2012.

Notes to the Financial Statements

3 PROPERTY, PLANT & EQUIPMENT - GROUP

	Balance as at 01.04.2011 Rs.	Additions/ Transfers Rs.	Disposal/ Transfers Rs.	Balance as at 31.03.2012 Rs.
3.1 Gross carrying amounts				
At cost or valuation				
Land & buildings	367,917,668	10,756,120	-	378,673,788
Power generating plant	2,208,866,427	108,858,091	-	2,317,724,518
Plant & machinery	1,492,821,322	429,440,777	(87,182,985)	1,835,079,114
Furniture & fittings	9,380,199	986,110	-	10,366,309
Office equipment	32,687,345	12,447,910	-	45,135,256
Other equipment	13,331,796	3,623,300	-	16,955,096
Motor vehicles	159,882,373	37,442,179	(8,776,944)	188,547,608
	4,284,887,131	603,554,487	(95,959,929)	4,792,481,690
Assets on finance leases				
Motor vehicles	50,786,046	141,358,216	(10,242,717)	181,901,544
Office equipment	78,000	-	(78,000)	-
Plant & machinery	191,650,730	512,421,663	(44,569,113)	659,503,280
	242,514,776	653,779,879	(54,889,830)	841,404,825
Total value of depreciable assets	4,527,401,907	1,257,334,366	(150,849,759)	5,633,886,515
	Balance as at 01.04.2011 Rs.	Incurred during the year Rs.	Transfers Rs.	Balance as at 31.03.2012 Rs.
In the course of construction				
Power generating plant	458,364,117	114,618,012	-	572,982,129
Building - Wall & turret construction	10,756,120	-	(10,756,120)	-
Building work in progress	507,958	-	-	507,958
Total gross carrying amount	469,628,196	114,618,012	(10,756,120)	573,490,088

PROPERTY, PLANT & EQUIPMENT - COMPANY

	Balance as at 01.04.2011 Rs.	Additions/ Transfers Rs.	Disposal/ Transfers Rs.	Balance as at 31.03.2012 Rs.
Office equipment	623,946	605,760	-	1,229,707
Total gross carrying amount	623,946	605,760	-	1,229,707
Assets on finance leases				
Motor Vehicle	-	7,140,000	-	7,140,000
	-	7,140,000	-	7,140,000
Total value of depreciable assets	623,946	7,745,760	-	8,369,707

3.2 Depreciation-group

	Balance as at 01.04.2011 Rs. (Restated)	Charge for the year Rs.	Disposal Rs.	Balance as at 31.03.2012 Rs.
At cost or valuation				
Buildings	6,467,264	1,397,336	-	7,864,600
Power generating plant	200,806,039	203,829,875	-	404,635,914
Plant & machinery	493,703,990	217,810,054	(12,982,775)	698,531,269
Furniture & fittings	5,277,893	641,299	-	5,919,192
Office equipment	15,475,511	3,559,989	55,094	19,090,594
Other Equipment	9,549,027	4,688,729	-	14,237,756
Motor vehicles	84,561,056	29,186,309	(8,394,385)	105,352,980
	815,840,780	461,113,590	(21,322,066)	1,255,632,304
Assets on finance leases				
Motor vehicles	36,281,662	27,819,152	(7,595,462)	56,505,352
Office equipment	49,408	-	(49,408)	-
Plant & machinery	67,945,413	63,762,068	(28,433,507)	103,273,974
	104,276,484	91,581,220	(36,078,377)	159,779,327
Total depreciation	920,117,264	552,694,811	(57,400,443)	1,415,411,631
	Balance as at 01.04.2011 Rs.	Charge for the year Rs.	Disposal Rs.	Balance as at 31.03.2012 Rs.
Depreciation-Company				
Office equipment	50,363	94,719	-	145,081
	50,363	94,719	-	145,081
Assets on finance leases				
Motor vehicles	-	481,860	-	481,860
	-	481,860	-	481,860
Total depreciation	50,363	576,579	-	626,941

Notes to the Financial Statements

3.3 Net book values-group

	2012 Rs.	2011 Rs.
At cost or valuation		
Land & buildings	370,809,188	361,450,404
Power generating plant	1,913,088,605	2,008,060,389
Plant & machinery	1,136,547,846	999,117,333
Furniture & fittings	4,447,117	4,102,306
Office equipment	26,044,662	17,211,834
Other equipment	2,717,340	3,782,769
Motor vehicles	83,194,628	75,321,317
	3,536,849,385	3,469,046,351
Assets on finance leases		
Motor vehicles	125,396,192	14,504,384
Office equipment	-	28,592
Plant & machinery	556,229,306	123,705,317
	681,625,498	138,238,292
In the course of construction		
Power generating plant	572,982,129	458,364,117
Building - Wall & turret construction	-	10,756,120
Building work in progress	507,958	507,958
	573,490,088	469,628,196
Total carrying amount of property, plant & equipment	4,791,964,972	4,076,912,839
Net book values-company		
At cost or valuation		
Office equipment	1,084,625	573,584
	1,084,625	573,584
Assets on finance leases		
Motor Vehicle	6,658,140	-
	6,658,140	-
Total carrying amount of property, plant & equipment	7,742,765	573,584

3.4 During the financial year, the Group acquired Property, Plant & Equipment for cash to the aggregate value of Rs. 1,257,334,336 (2011 Rs. 824,045,206)

4 INTANGIBLE ASSETS

	Group	
	2012 Rs.	2011 Rs.
Goodwill		
At the beginning of the year	289,069,326	-
Goodwill on acquisition during the year	-	289,069,326
At the end of the year	289,069,326	289,069,326

The goodwill is a result of MTD Walkers PLC acquiring its Affiliated Company Northern Power Company (Pvt) Ltd in full on 10 December 2010.

4.1 Impairment of Goodwill

The company is in the process of carryout impairment testing procedures for goodwill balance derived through the acquisition of its subsidiary Northern Power Company (Private) Limited ,as at the balance sheet date, as per Sri Lanka Accounting Standards (LKAS) 36 - Impairment of Assets. The impact of such review has not been incorporated to these financial statements as at the date of this report , as the valuations are yet to be completed.

5 INVESTMENTS IN SUBSIDIARY- Company

	Country of incorporation	Group holding	Cost	Directors'	Cost	Directors'
		2012 %	2012 Rs.	valuation 2012 Rs.	2011 Rs.	valuation 2011 Rs.
Non-Quoted						
Walker Sons & Company Limited	Sri Lanka	99.80	76,999,860	76,999,860	76,999,860	76,999,860
Walker Sons & Co. Engineers (Pvt) Ltd	Sri Lanka	99.60	26,132	26,132	26,132	26,132
MTD Walkers Projects Limited	Sri Lanka	86.38	399,940	399,940	399,940	399,940
Walker Sons & Co. (Distributors) Limited	Sri Lanka	92.55	34,650	34,650	34,650	34,650
Walkers Piling (Pvt) Ltd	Sri Lanka	99.99	224,999,000	224,999,000	224,999,000	224,999,000
CML- MTD Construction Limited	Sri Lanka	78.59	466,748,959	466,748,959	466,748,959	466,748,959
Northern Power Company (Pvt) Ltd	Sri Lanka	100.00	1,000,100,000	1,000,100,000	1,000,100,000	1,000,100,000
			1,769,308,541	1,769,308,541	1,769,308,541	1,769,308,541

6 OTHER INVESTMENTS

	Group		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Non current				
Investments in quoted equity securities (6.1)	1,386,180	218,060	5,200	5,200
Investments in non quoted equity securities (6.2)	260,370	160,370	-	-
Investment in debentures (6.3)	250,000	-	-	-
	1,896,550	378,430	5,200	5,200
Current				
Investments in fixed deposits	422,797,652	351,427,575	67,970,000	40,000,000
	422,797,652	351,427,575	67,970,000	40,000,000

Notes to the Financial Statements

6.1 Investment in equity securities - Group

	No of shares 2012	Cost 2012 Rs.	Market value 2012 Rs.	No of shares 2011	Cost 2011 Rs.	Market value 2011 Rs.
Quoted						
Seylan Merchant Bank PLC	200	9,000	6,690	200	9,000	15,040
Vanik Incorporation PLC	37	2,530	-	37	2,530	30
Kelani Tyres PLC	600	7,200	15,900	440	7,200	23,144
Royal Ceramics Lanka PLC	100	5,200	11,500	100	3,000	15,700
Coco Lanka PLC	200	3,500	10,460	200	3,500	15,940
First Capital Holdings PLC	100	2,000	1,100	100	2,000	2,210
Asian Hotels & Properties PLC	1586	38,886	123,708	1409	38,886	264,751
Fern Tea PLC	200	4,000	-	200	4,000	700
Piramal Glass Company PLC	100	1,000	-	100	1,000	-
The Finance Company PLC	220	20,000	6,622	220	20,000	8,140
Asia Capital PLC	110	3,100	4,125	110	3,100	9,658
C.W Mackie PLC	200	13,000	14,940	200	13,000	7,800
Udapussellawa Plantations PLC	200	2,000	2,720	200	2,000	5,800
Royal Palms Beach Hotels PLC	400	2,200	22,000	400	4,400	28,000
Balangoda Plantations PLC	100	2,000	2,490	100	2,000	5,610
Namunukula Plantation PLC	200	3,000	12,000	200	3,000	22,920
Kahawatte Plantation PLC	200	2,000	5,260	200	2,000	7,780
Lanka Walltiles PLC	200	6,000	14,000	200	6,000	34,000
Ceylinco Finance PLC	300	6,000	-	300	6,000	3,900
Talawakelle Tea Estates PLC	100	1,000	-	100	1,000	3,100
Veyangoda PLC	300	3,000	24,000	300	3,000	-
Ocean View PLC	100	1,000	-	100	1,000	-
Chemenex PLC	53	2,114	5,380	53	2,114	7,070
Development Finance Corporation Ceylon PLC	229	58,553	-	229	58,553	39,342
Habarana Lodge PLC	135	10,577	-	135	10,577	-
National Development Bank PLC	30	1,000	-	100	1,000	34,040
Ceylinco Securities PLC	300	3,000	-	300	3,000	-
Peoples Leasing PLC	81700	1,470,600	947,720	-	-	-
Seylan Bank PLC	7600	76,000	220,400	-	-	-
		1,759,460	1,451,015		212,860	554,675
Investment in equity securities - Company						
Quoted						
Hapugastenne Plantations PLC	100	1,000	4,050	100	1,000	3,700
Balangoda Plantations PLC	200	2,000	4,980	200	2,000	5,800
Royal Palms Beach Hotels PLC	200	2,200	11,000	200	2,200	11,650
		5,200	20,030		5,200	21,150
		1,764,660	1,471,045		218,060	575,825
Less:- Provision for fall in value of investments		(378,480)			-	
		1,386,180	1,471,045		218,060	575,825

		No of shares 2012	Cost 2012 Rs.	Directors' valuation 2012 Rs.	Cost 2011 Rs.	Directors' valuation 2011 Rs.
6.2	Investment in equity securities - Group					
	Non-Quoted					
	Asbestos Cement Industries Limited	24,055	160,370	160,370	160,370	160,370
	Ceylinco Savings Bank Limited.	10,000	100,000	100,000	-	-
			260,370	260,370	160,370	160,370

		No of debentures 2012	Cost 2012 Rs.	Directors' valuation 2012 Rs.	Cost 2011 Rs.	Directors' valuation 2011 Rs.
6.3	Investment in debt securities - Group					
	Seylan Bank PLC - 15% Debentures	2,500	250,000	250,000	-	-
			250,000	250,000	-	-

7 INVENTORIES

	Group		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Raw materials	236,818,809	315,693,828	-	-
Work-in-progress	1,493,775	9,407,016	-	-
Spare parts & consumables	26,890,434	27,177,715	-	-
Goods in transit	9,699,974	1,797,382	-	-
Loose tools	1,132,023	1,132,023	-	-
Finished goods	3,701,521	650,467	-	-
Other	31,702,646	19,182,434	-	-
Less : Provision for obsolete items	(4,227,392)	(5,277,392)	-	-
	307,211,791	369,763,472	-	-

7.1 The company has carried out an impairment test on its inventories an amount of Rs.1,050,000. has been recognized as an impairment loss during the year and, written off to the income statement at the year end.

Notes to the Financial Statements

8 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Trade debtors (Note-8.1)	2,333,503,692	1,072,056,325	3,500,000	3,500,000
Less: provision for doubtful debts	(19,515,445)	(11,689,291)	(3,500,000)	(3,500,000)
	2,313,988,247	1,060,367,033	-	-
Other receivables (Note 8.2)	893,338,361	541,508,785	170,553,856	33,214,502
Prolongation claims receivable (Note-8.3)	44,364,865	44,364,865	-	-
Less: Allowances for doubtful debts	(42,632,011)	(42,632,011)	-	-
	3,209,109,462	1,603,608,672	170,553,856	33,214,502

	Up to 1 year	1-3 years	Over 3 years	2012	2011
	Rs.	Rs.	Rs.	Rs.	Rs.
8.1 Trade debtors					
Trade debtors	2,215,504,504	53,773,513	89,509,484	2,358,787,501	1,072,056,325
Less: Provision for doubtful debts	(7,826,154)	(8,189,291)	(3,500,000)	(19,515,445)	(11,689,291)
Less: Bad debts written off	-	(17,602,105)	(7,681,704)	(25,283,809)	-
	2,207,678,350	27,982,117	78,327,780	2,313,988,247	1,060,367,034

8.1.A Trade debtors

The group carries out a significant portion of its businesses with the Road Development Authority (RDA) and to the Ceylon Electricity Board (CEB) both entities which are administrated by the Government of Sri Lanka (GOSL). It is an inherent fact that invoices relating to work carried out by the group to these entities affiliated to the GOSL have long settlement cycles which at time exceed a three years time horizon.

The Board of directors of the group are of the view, that this phenomenon is an inherent factors in the construction industry and further provisioning is not required for bad and doubtful debts on receivables over three years old. Further, directors of the group is of the view that the current provisioning for bad and doubtful debts is adequate to meet any potential bad debts that could crystallize in the future.

8.2 Other receivables

Other receivables includes following long outstanding receivable balances in Northern Power Company (Pvt) Ltd.

	Up to 1 year	1-3 years	Over 3 years	Total
			3 years	
Other Receivable				
Statutory receivable	72,543,449	-	-	72,543,449
Ceylon Electricity Board-Pipe line work	-	-	51,242,179	51,242,179
CESS & PAL tax receivable	-	-	41,940,736	41,940,736
	72,543,449	-	93,182,915	165,726,364

8.2.A Extra fuel charges receivable from Ceylon Electricity Board

The company has recorded a claim of Rs.46,912,067 from the Ceylon Electricity Board (CEB) in view of excess charges for fuel consumed for the generating of electricity. We have not received confirmation from the Ceylon Electricity Board (CEB) consenting to this arrangement.

8.3 Prolongation claims receivables

The Engineering consultants for the ADB funded Road Sector Development Project Messers.Cardno MBK in association with SMEC International Engineering Consultants Limited and MG Consultants through a letter dated 20th May 2009 addressed to the subsidiary CML- MTD Construction Limited has quantified a prolongation claim due to CML- MTD Construction Limited from the Provincial Road Development Authority in respect of two Road Sector Development Projects WP11R and WP05 amounting to Rs.44,364,865.

During the previous financial periods the board of directors of both MTD Walkers PLC and CML- MTD Construction Limited were of the opinion that 80% of such claim was recoverable and booked the said amount in the financial statement of the said subsidiary company. The ultimate parent MTD Capital BHD was also of the view that such a claim could be pursued positively by CML- MTD Construction Limited and the said amount was recoverable from the Provincial Road Development Authority within the course of the financial year 2011/12. During the previous financial year the company was unable to collect such payment from the Provincial Road Development Authority due to the non submission of supporting documents. The directors of the company were confident that the recovery will be made once such submissions are complete in year 2012/13. However the debt has not been collected as at balance sheet date.

9 AMOUNTS DUE FROM RELATED PARTIES

	Group		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Walker Sons & Company Limited	-	-	58,105,829	58,105,829
Walkers Piling (Pvt) Ltd	-	-	31,990,242	27,074,249
MTD Construction Ceylon (Pvt) Ltd	-	428,886	-	428,886
Northern Power Company (Pvt) Ltd	-	-	1,661,149,223	1,680,020,549
CML - MTD Construction Limited	-	-	37,401,136	60,239,218
MTD Walkers Projects Limited	-	-	15,015,042	11,650,841
Wincon Development Ceylon (Pvt) Ltd	2,676,661	2,576,661	764,307	664,307
Walker Sons & Company(Distributors) Limited	-	-	54,845	54,845
Walker Sons & Co. Engineers (Pvt) Ltd	-	-	5,456,263	-
	2,676,661	3,005,547	1,809,936,887	1,838,238,723
Key management personal	3,200,000	3,200,000	-	-
	5,876,661	6,205,547	1,809,936,887	1,838,238,723

10 CASH AND CASH EQUIVALENTS IN CASH FLOW STATEMENT

Components of cash and cash equivalents

	Group		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
10.1 Favourable cash & cash equivalent balances				
Cash & bank balances	69,056,049	54,943,112	66,571	12,033,635
Call deposits	36,341,651	14,740,466	-	-
	105,397,700	69,683,579	66,571	12,033,635

Notes to the Financial Statements

	Group		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
10.2 Unfavourable cash & cash equivalents balances				
Bank overdrafts	(576,809,389)	(179,582,707)	(12,626,643)	-
Total cash and cash equivalents for the purpose of the Cash flow statements	(471,411,689)	(109,899,129)	(12,560,072)	12,033,635
11 STATED CAPITAL - Company				
	2012		2011	
	Number of shares (No:)	Value of shares (Rs.)	Number of shares (No:)	Value of shares (Rs.)
Balance at the beginning of the year	114,357,140	3,659,428,479	5,717,857	74,332,140
Issue of shares for cash	-	-	10,020,999	330,692,967
Issue of shares for non cash consideration	-	-	98,618,284	3,254,403,372
Balance at the end of the year	114,357,140	3,659,428,479	114,357,140	3,659,428,479
12 CAPITAL RESERVES				
	Group		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Revaluation reserve	118,100,129	118,100,129	-	-
Other capital reserves	897,157	897,157	-	-
	118,997,286	118,997,286	-	-
13 OTHER RESERVES				
	Group		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
General reserves	4,648,661	4,648,661	1,804,100	1,804,100
	4,648,661	4,648,661	1,804,100	1,804,100

14 MINORITY INTEREST

	2012 Rs.	2011 Rs.
At the beginning of the year	192,287,074	188,863,791
Share of profit/(loss) for the year	62,770,323	7,309,070
Dividend paid	-	(3,885,787)
At the end of the year	255,057,397	192,287,074

15 INTEREST BEARING LOANS & BORROWINGS

	2012 Amounts repayable within 1 year Rs.	2012 Amounts repayable after 1 year Rs.	Total 2012 Rs.	2011 Amounts repayable within 1 year Rs.	2011 Amounts repayable after 1 year Rs.	Total 2011 Rs.
Bank loans (15.1)	1,365,333,595	271,708,344	1,637,041,940	764,356,414	189,790,740	954,147,152
Finance leases (15.2)	172,740,809	466,552,793	639,293,602	34,559,763	48,720,281	83,280,043
Bank overdraft	1,538,074,404	738,261,137	2,276,335,541	798,916,177	238,511,021	1,037,427,196
	576,809,389	-	576,809,389	179,582,707	-	179,582,707
	2,114,883,793	738,261,137	2,853,144,930	978,498,884	238,511,021	1,217,009,903

INTEREST BEARING LOANS & BORROWINGS - Company

	2012 Amounts repayable within 1 year Rs.	2012 Amounts repayable after 1 year Rs.	Total 2012 Rs.	2011 Amounts repayable within 1 year Rs.	2011 Amounts repayable after 1 year Rs.	Total 2011 Rs.
Bank loans (15.1.1)	150,000,000	-	150,000,000	-	-	-
Finance leases (15.2.1)	907,329	5,050,179	5,957,508	-	-	-
Bank overdraft	150,907,329	5,050,179	155,957,508	-	-	-
	12,626,643	-	12,626,643	-	-	-
	163,533,972	5,050,179	168,584,151	-	-	-

Notes to the Financial Statements

	As at 01.04.2011 Rs.	New loans obtained Rs.	Repayment Rs.	As at 31.03.2012 Rs.
15.1 Bank loans				
Seylan Bank PLC	34,871,503	-	(19,601,503)	15,270,000
Hatton National Bank PLC	20,373,829	-	(9,123,829)	11,250,000
Development Finance Corporation Ceylon PLC	146,174,691	133,321,296	(166,258,128)	113,237,859
Alliance Finance Company PLC	2,108,833	-	(1,344,359)	764,474
Merchant Credit Bank of Sri Lanka Ltd	33,333,328	-	(7,788,750)	25,544,578
Amana Investments Ltd	7,385,160	-	(7,303,563)	81,597
People's Bank	538,099,138	2,524,440,443	(1,728,706,072)	1,333,833,508
Bartleet Finance Ltd	6,314,844	-	(6,314,844)	-
Lanka Orix Leasing Company PLC	33,142,505	51,669,349	(67,773,036)	17,038,818
Union Bank of Colombo PLC	21,318,322	29,929,902	-	51,248,224
Bank of Ceylon	111,025,000	79,057,799	(121,309,918)	68,772,882
	954,147,152	2,818,418,789	(2,135,524,002)	1,637,041,940

	As at 01.04.2011 Rs.	New loans obtained Rs.	Repayment Rs.	As at 31.03.2012 Rs.
15.1.1 Bank loans - Company				
People's Bank	-	150,000,000	-	150,000,000
	-	150,000,000	-	150,000,000

	As at 01.04.2011 Rs.	New leases obtained Rs.	Repayment Rs.	As at 31.03.2012 Rs.
15.2 Finance leases				
People's Leasing PLC	22,274,603	154,916,603	(35,970,716)	141,220,490
Lanka Orix Leasing Company PLC	1,523,257	-	(612,612)	910,645
Hatton National Bank PLC	3,822,862	246,047,424	(23,973,758)	225,896,528
Sampath Leasing & Factoring Ltd	-	45,337,107	(1,917,282)	43,419,825
Commercial Bank PLC	11,294,780	-	(6,776,868)	4,517,912
Bank Of Ceylon	-	25,597,920	(2,001,118)	23,596,802
Seylan Bank PLC	8,467,663	130,883,688	(26,746,634)	112,604,717
Development Finance Corporation Ceylon PLC	42,491,225	156,647,664	(27,734,114)	171,404,775
Central Finance Company PLC	-	37,420,080	(779,585)	36,640,495
Pan Asia Bank PLC	-	34,570,371	(2,159,342)	32,411,029
Merchant Bank of Sri Lanka PLC	11,965,804	7,431,180	(8,062,900)	11,334,084
Gross liability	101,840,193	838,852,037	(136,734,929)	803,957,302
Finance charges allocated to future period	(18,560,150)	(192,425,681)	46,322,132	(164,663,699)
Net liability	83,280,043	646,426,356	(90,412,797)	639,293,602

	As at 01.04.2011 Rs.	New leases obtained Rs.	Repayment Rs.	As at 31.03.2012 Rs.
15.2.1 Finance leases - Company				
People's Leasing-M9LELE1200017900	-	4,208,460	(209,752)	3,998,708
People's Leasing-M9LELE1100014600	-	4,988,640	(331,079)	4,657,561
Gross liability	-	9,197,100	(540,831)	8,656,269
Finance charges allocated to future period	-	(3,000,671)	301,910	(2,698,761)
Net liability	-	6,196,429	(238,921)	5,957,508

16 NON INTEREST BEARING LOANS & BORROWINGS

	2012 Amounts repayable within 1 year Rs.	2012 Amounts repayable after 1 year Rs.	Total 2012 Rs.	2011 Amounts repayable within 1 year Rs.	2011 Amounts repayable after 1 year Rs.	Total 2011 Rs.
16.1 Group						
MTD Capital BHD - Parent	-	135,017,806	135,017,806	-	136,746,569	136,746,569
Loan from V.R.J.Edirisinghe	-	2,300,000	2,300,000	-	2,300,000	2,300,000
	-	137,317,806	137,317,806	-	139,046,569	139,046,569

	2012 Amounts repayable within 1 year Rs.	2012 Amounts repayable after 1 year Rs.	Total 2012 Rs.	2011 Amounts repayable within 1 year Rs.	2011 Amounts repayable after 1 year Rs.	Total 2011 Rs.
16.2 Company						
Related parties borrowings:-						
MTD Capital BHD	-	135,017,806	135,017,806	-	136,746,569	136,746,569
	-	135,017,806	135,017,806	-	136,746,569	136,746,569

Notes to the Financial Statements

17 RETIREMENT BENEFIT OBLIGATIONS

	Group		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
At the beginning of the year	44,394,768	34,732,690	-	-
Current service cost	4,915,133	5,290,656	-	-
Past service cost	976,033	-	-	-
Interest cost	5,109,208	3,944,447	-	-
Payments made during the year	(4,867,639)	(6,837,519)	-	-
Gratuity payable	-	(340,225)	-	-
Actuarial (gains)/losses	3,486,515	7,604,719	-	-
Transferred from other group companies	-	-	-	-
At the end of the year	54,014,018	44,394,768	-	-

Messrs. Actuarial & Management Consultants (Pvt) Ltd Actuaries, carried out an actuarial valuation of the defined benefit plan gratuity on 31 March 2012 for Walker Sons & Company Limited, Walkers Piling (Pvt) Ltd, CML-MTD Construction Limited and Northern Power Company (Pvt) Ltd. Appropriate and compatible assumptions were used in determining the cost of retirement benefits.

The principal assumptions used are as follows for Walker Sons & Company Limited, Walkers Piling (Pvt) Ltd and Northern Power Company (Pvt) Ltd.

Discount rate assumed (%)	12%	12%
Future salary increase (%)	10%	10%

The principal assumptions used are as follows for CML-MTD Construction Limited

Discount rate assumed (%)	11%	11%
Future salary increase (%)	10%	10%

"In addition to the above, demographic assumptions such as mortality, withdrawal and disability, and retirement age were considered for the actuarial valuation. "A 67/07 mortality table" issued by the Institute of Actuaries, London was used to estimate the gratuity liability of the group.

18 TRADE & OTHER PAYABLES

	Group		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Trade creditors	712,266,812	488,312,821	-	-
Accrued expenses	78,879,790	77,027,377	1,174,451	1,174,451
Retention payable	19,067,923	4,496,672	-	-
Mobilization advance (18.1)	490,808,181	158,277,106	-	-
Advances from customers	-	84,625,670	-	-
Provident funds & benefit fund	14,456,762	19,225,742	-	-
Other statutory payables	203,830,281	209,226,346	522,000	1,483,020
Other payables	289,525,737	303,731,390	22,576,141	1,391,426
	1,808,835,488	1,344,923,124	24,272,592	4,048,897

	2012 Amounts repayable within 1 year Rs.	2012 Amounts repayable after 1 year Rs.	Total 2012 Rs.
18.1 Mobilization advance			
Mobilization advance	490,808,181	120,000,000	610,808,181
	490,808,181	120,000,000	610,808,181

19 AMOUNTS DUE TO RELATED PARTIES

	Group		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Wincon Development Ceylon (Pvt) Ltd	3,101,098	3,153,816	-	-
MTD Construction Ceylon (Pvt) Ltd	-	65,750,625	-	-
MTD Capital BHD	186,921,358	178,637,762	-	-
	190,022,456	247,542,203	-	-
Key management personal	17,367,674	35,065,882	-	-
	207,390,130	282,608,085	-	-

20 REVENUE

	Group		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
20.1 Summary				
Gross revenue	5,916,496,439	2,809,394,367	-	562,500
Less:- Sales taxes - Value added tax	(63,183,116)	(39,603,742)	-	-
- Turnover tax	-	(106,022)	-	-
Net revenue	5,853,313,323	2,769,684,603	-	562,500
20.2 Goods and services analysis				
Sales of goods	402,626,100	804,268,060	-	-
Rendering of services / contract revenue	3,825,683,351	1,617,101,752	-	-
Investment income	140,677	673,727	-	562,500
Revenue from power generation	1,624,863,194	347,641,064	-	-
	5,853,313,323	2,769,684,603	-	562,500

Notes to the Financial Statements

20.3 Segment information

	Engineering services		Trading		Investments		Power generation		Total	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Segment revenue										
Gross revenue	4,291,492,567	2,461,079,576	-	-	140,677	673,727	1,624,863,194	347,641,064	5,916,496,439	2,809,394,367
Sales taxes - Value added tax	(63,183,116)	(39,603,742)	-	-	-	-	-	-	(63,183,116)	(39,603,742)
- Turnover tax	-	(106,022)	-	-	-	-	-	-	-	(106,022)
Cost of sales	(3,261,430,197)	(1,951,343,049)	-	-	-	-	(1,627,464,126)	(432,310,616)	(4,888,894,323)	(2,383,653,666)
Gross profit/(loss)	966,879,254	470,026,762	-	-	140,677	673,727	(2,600,932)	(84,669,552)	964,419,000	386,030,938
Other income	55,287,438	73,758,489	1,181,638	93,548	3,339,250	1,197,808	57,032,005	1,217,674	116,840,331	76,267,520
Administrative expenses	(476,291,810)	(394,581,697)	(3,437,632)	(6,078,383)	(36,101,761)	(50,666,721)	(45,756,296)	(11,834,077)	(561,586,872)	(445,961,034)
Selling & distribution cost	(18,995,369)	(19,024,675)	-	-	(1,665,400)	(3,280,003)	(1,947,500)	(629,114)	(22,608,269)	(22,933,792)
Finance cost	(194,944,874)	(124,741,587)	-	-	(20,738,845)	(6,295,970)	(66,832,776)	(42,951,409)	(282,516,495)	(191,188,810)
Segment results										
Profit/(loss) before tax	331,935,269	5,437,293	(2,255,994)	(5,984,835)	(55,026,078)	(58,371,159)	(60,105,498)	(138,866,478)	214,547,695	(197,785,178)
Taxation	(22,631,599)	(38,781,659)	(6,098)	(21,601)	-	-	-	-	(22,637,697)	(38,803,260)
10% WHT on inter company dividend	-	(791,333)	-	-	-	-	-	-	-	(791,333)
Profit/(loss) after taxation	309,303,670	(34,135,699)	(2,262,092)	(6,006,436)	(55,026,078)	(58,371,159)	(60,105,498)	(138,866,478)	191,909,999	(237,379,771)
Other										
Capital expenditures	1,122,882,764	818,120,935	78,000	-	7,745,760	458,046	241,245,854	29,887,618	1,371,952,378	848,466,599
Depreciation	342,956,329	247,028,328	320,700	341,667	576,579	33,773	208,841,202	62,454,118	552,694,811	309,857,885
Segment assets										
Non current assets	2,066,430,852	1,376,245,109	208,912,652	209,233,352	7,986,374	817,194	2,510,531,644	2,490,995,614	4,793,861,552	4,077,291,269
Good will on business combination	-	-	-	-	-	-	-	-	289,069,326	289,069,326
Current assets	2,065,316,434	1,388,154,292	208,912,652	209,233,352	7,986,374	817,194	2,510,531,644	2,490,995,614	5,082,930,848	4,366,360,595
	3,054,361,287	1,752,393,586	682,941	641,761	256,727,230	94,776,933	702,280,158	538,136,098	4,014,051,615	2,385,948,378
	5,120,792,138	3,128,638,695	209,955,953	209,875,113	264,713,604	95,594,126	3,212,811,802	3,029,131,712	9,096,982,463	6,752,308,972
Segment liabilities										
Non current liabilities	1,061,058,691	289,700,650	13,141,668	14,397,308	5,050,179	136,746,569	19,164,165	30,192,880	907,170,434	471,037,407
Current liabilities	2,973,971,630	1,845,489,969	23,754,741	29,921,249	188,916,809	5,079,111	961,570,034	742,336,693	4,184,178,747	2,622,827,021
	4,035,030,321	2,135,190,619	36,896,409	44,318,556	193,966,988	141,825,680	980,734,199	772,529,573	5,246,627,917	3,093,864,428

21 OTHER INCOME

	Group		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Interest income	29,509,837	23,680,402	3,339,250	397,808
Dividend income	62,309	568,415	-	5,286,538
Insurance claim	2,450,539	4,320,158	-	-
Profit on sale of property, plant & equipment	15,534,767	2,831,820	-	-
Gain arising from transfer of machinery	-	34,812,869	-	-
Management fee income	-	800,000	-	800,000
Creditors & customers advances written back	7,278,741	6,070,507	-	-
Exchange gain	7,038,286	-	-	-
Sundry income	4,592,046	1,965,674	-	-
Sludge income	3,461,500	1,217,674	-	-
Other payable written back-MTD Construction Ceylon Limited	45,499,409	-	-	-
Profit on disposal of investments	125,000	-	-	-
Other payable written back	1,287,897	-	-	-
	116,840,331	76,267,520	3,339,250	6,484,346

22 FINANCE COST

	Group		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Interest expense on loans & borrowings	173,773,026	127,920,586	16,250,342	-
Interest expense on overdrafts	51,698,729	19,609,868	4,180,634	61,862
Finance charges on lease liabilities	50,761,171	11,249,406	307,869	-
Interest on deferred LC	5,648,966	3,471,291	-	-
Other interest	634,602	1,741,422	-	-
Exchange loss	-	9,996,394	-	5,933,444
	282,516,494	173,988,966	20,738,845	5,995,307

Notes to the Financial Statements

23 PROFIT/(LOSS) BEFORE TAXATION

	Group		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Stated after charging /(crediting)				
Auditors' remuneration	3,203,205	3,170,125	347,875	316,250
Depreciation	552,694,811	309,857,885	576,579	33,773
Employee benefits including the following				
- Defined benefit plan costs - gratuity	2,478,953	11,966,945	-	-
- Defined contribution plan costs - EPF & ETF	23,022,401	19,385,384	-	-
- Other staff costs	210,922,332	129,007,148	-	-
Directors' emoluments	15,996,071	28,591,253	500,000	-
Directors' compensation (On acquisition of CML - MTD Construction Limited)	30,872,507	-	-	-
Advertising	1,379,710	1,737,234	96,285	920,800
Legal fees	539,906	274,880	-	9,568
Provision for bad & doubtful debts	7,826,154	6,393,913	-	20,020
Bad debts written off	193,627	2,795,390	-	-
E.T.F surcharge	2,315,092	674,222	-	-
E.P.F surcharge	2,000,150	35,236	-	-
Rates & taxes surcharge	-	6,848,636	-	-
Bonus	1,686,100	1,390,683	-	-
Business promotion	8,926,331	16,815,950	1,569,115	2,359,203
Donations	328,000	7,796,786	3,000	5,000,000

24 INCOME TAX

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

Income statement

Current income tax

Current income tax expense on ordinary activities for the year (24.1)	45,505,739	37,325,505	-	-
Under/(over) provision in previous year	(12,384,218)	983,124	-	-
Long outstanding income tax payable written off	(10,220,523)	-	-	-
10%WHT on Inter company dividend	-	791,333	-	-
	22,900,998	39,099,962	-	-

Deferred income tax

Deferred taxation charge	(263,301)	494,632	-	-
	22,637,697	39,594,593	-	-

24.1 A reconciliation between tax expense and the product of accounting profit/ (loss) is as follows :

	Group		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Accounting profit/(loss)	214,547,696	(391,651,756)	(54,869,448)	(53,023,552)
Income not form a part of trade or business	(107,719,601)	(65,090,908)	(3,339,250)	(1,197,808)
Aggregate disallowable items	728,673,260	599,116,237	2,318,733	55,453,735
Aggregate allowable expenses	(831,835,139)	(550,850,217)	(255,501)	(98,731)
Tax exempt income	(140,677)	(5,537,766)	-	(5,286,538)
Total tax loss of subsidiaries	262,422,304	489,740,454	-	-
Tax profit on disposal	1,375,555	-	-	-
	267,323,397	75,726,043	(56,145,467)	(4,152,894)
Taxable other income	31,960,376	59,867,669	3,339,250	1,197,808
Losses (limited to 35 % of the statutory income)	(3,414,728)	(2,785,188)	(1,168,737)	(419,233)
	295,869,044	132,808,524	2,170,512	778,575
Less: Deduction under sec.32				
Royalty expenses	(987,140)	(986,761)	-	-
Ground rent	(6,926,516)	(7,083,008)	-	-
Assessable income	287,955,389	124,738,755	2,170,512	778,575
Qualifying payments - sec.34	(2,170,512)	(778,575)	(2,170,512)	(778,575)
Taxable profit/(loss)	261,616,902	123,960,180	-	-
Statutory tax rate % (Sale of matel items)	10%	35%		
	2,355,214	4,128,118	-	-
Statutory tax rate % (Construction Income)	12%	15%		
	28,241,923	27,468,795	-	-
Statutory tax rate % (Other Income)	28%	35%		
	14,908,602	5,176,983	-	-
Social responsibility levy	-	551,608	-	-
	45,505,739	37,325,505	-	-
Donation made to public trust fund	-	5,000,000	-	5,000,000
Donation made to public trust fund - excess brought forward from 2010/2011	4,221,425	-	4,221,425	-
Claimed for the Y/A 2011/2012	(2,170,512)	(778,575)	(2,170,512)	(778,575)
Excess carried forward to the Y/A 2012/2013	2,050,912	4,221,425	2,050,912	4,221,425
Tax losses brought forward	887,858,468	253,793,816	6,058,484	2,324,823
Adjustments due to acquisition	-	147,109,386	-	-
Tax losses for the year	287,695,263	489,740,454	56,145,467	4,152,894
Tax losses set off against taxable profit	(3,414,728)	(2,785,188)	(1,168,737)	(419,233)
Carried forward tax losses	1,172,139,003	887,858,468	61,035,213	6,058,484

The group tax expense is based on the taxable profit of each group company, since at present the tax laws in Sri Lanka do not provide for group taxation.

Notes to the Financial Statements

25 EARNINGS/(LOSS) PER SHARE

25.1 Basic earnings/(loss) per share is calculated by dividing the net profit/(loss) for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

25.2 "The following reflects the income and share data used in the basic earnings/(loss) per share computation.

	Group		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Amounts used as numerator:				
Net Profit/(Loss) for the year	129,139,676	(244,688,841)	(54,869,448)	(53,023,552)
Numbers of ordinary shares used as denominator:				
Weighted average number of ordinary shares in issue				
Applicable to basic earnings per share	114,357,140	114,357,140	114,357,140	114,357,140
Basic earning/(loss) per share	1.13	(2.14)	(0.48)	(0.46)

25.3 There were no potentially dilutive ordinary shares outstanding at any time during the year.

26. ASSETS PLEDGED

Lender	Approved facility	Purpose	Repayment terms	Security	Security Amount	Included under
Company : Walker Sons & Company Engineers (Pvt) Ltd						
Peoples' Bank	Rs. 25 Mn	To obtain credit on bills acceptable to the bank	Each loan to be settled within 03 months or below	Land & Building at Kakungawatte,Siyabalape, Sapugaskanda.	Rs. 19.8 Mn	Property plant & equipment
Habib Bank Limited	Rs. 6.5 Mn	Working capital requirements	Repayable on demand and the bank serves the right to demand whenever necessary	Fixed deposit	Rs. 7.53 Mn	Short term investments
Bank of Ceylon	Rs. 20 Mn	Working capital requirements	Repayable on demand and the bank serves the right to demand whenever necessary	Fixed deposit	Rs. 27.47 Mn	Short term investments
Company : CML MTD Construction Company Limited						
Seylan Bank	Rs. 13Mn	Term Loan taken to settle Hard Core Overdraft of Rs. 13.0 Mn	36 Equal monthly installments commenced from 23rd Jan. 2009	Land & Building at Heiyanthuduwa Primary mortgage over Machinery & Vehicles On demand Pro Note Loan Agreement	Rs. 88.0 Mn Rs. 38.7 Mn Rs. 7.1 Mn Rs.15.0 Mn Rs. 7.5 Mn	Property, plant & equipment, Vehicles
Seylan Bank	Rs.25Mn	To purchase 2 units Kobelco SK 200-8 Super Hydraulic Excavator	36 Equal monthly installments commenced from 19 June 2010	Primary Mortgage over 2 units Kobelco SK 200-8 Super Hydraulic Excavator	Rs.25.4 Mn	Property plant & equipment
People's Bank	Rs. 19.3Mn	To settle Import Bills of a Shanbao Crusher Plant	24 Equal monthly installments commenced from 21st January 2010	Primary Mortgage over Shanbao Crusher Plant	Rs.19.3 Mn	Property plant & equipment
People's Bank	Rs. 6.1Mn	To purchase 500 KVA generator	24 Equal monthly installments commenced from 24th March 2010	Primary Mortgage over 500 KVA Generator	Rs.6.1Mn	Property plant & equipment
People's Bank	Rs. 14.1Mn	To purchase 05 Units TATA Trucks	24 Equal monthly installments commenced from 15th March 2010	Primary Mortgage over 05 Units TATA Trucks	Rs.14.1 Mn	Property plant & equipment
People's Bank	Rs.1.7Mn	To purchase 01 unit Air Compressor	24 Equal monthly installments commenced from 4th July 2010	Primary Mortgage over Air Compressor	Rs.1.7Mn	Property plant & equipment
People's Bank	Rs.25.4Mn	To purchase 2 units Kobelco SK 200-8 Super Hydraulic Excavator	24 Equal monthly installments commenced from 30th January 2011	Primary Mortgage over 2 units Kobelco SK 200-8 Super Hydraulic Excavator	Rs.25.4Mn	Property plant & equipment
People's Bank	Rs.20.3Mn	To purchase 1 units Kobelco SK 330-8 Super Hydraulic Excavator	24 Equal monthly installments commenced from 30th January 2011	Primary Mortgage over 1 units Kobelco SK 330-8 Super Hydraulic Excavator	Rs.20.3Mn	Property plant & equipment
People's Bank	Rs.4.8Mn	To purchase 1 unit Mitsubishi Fuso Truck	24 Equal monthly installments commenced from 30th January 2011	Primary Mortgage over 1 unit Mitsubishi Fuso Truck	Rs.4.8Mn	Property plant & equipment
People's Bank	Rs.1.7Mn	To purchase spare parts for Kobelco SK200-8 Super Hydraulic Excavator	24 Equal Monthly Installments Commenced from 30th January 2011	Machinery, Vehicles on demand Promissory Note Loan Agreement	Rs.1.7Mn	Property, plant & equipment

Notes to the Financial Statements

Lender	Approved facility	Purpose	Repayment terms	Security	Security Amount	Included under
People's Bank	Rs.10.9Mn	To purchase 01 unit caterpillar C 18,635 kva Open Type Generator	24 Equal Monthly Installments Commenced from 24th March 2011	01 unit caterpillar C 18,635 kva Open Type Generator	Rs.10.9Mn	Property, plant & equipment
People's Bank	Rs.6.07Mn	To purchase 01 unit caterpillar 3406,377 KVA Open Type Generator	24 Equal Monthly Installments	01 unit caterpillar 3406,377 KVA Open Type Generator	Rs.6.07Mn	Property, plant & equipment
People's Bank	Rs.48.39Mn	To purchase 01 unit Longyang 150-200 Semi Bobile Crusher Plant	24 Equal Monthly Installments Commenced from 30th June 2011	01 unit Longyang 150-200 Semi Bobile Crusher Plant	Rs.48.39Mn	Property, plant & equipment
People's Bank	Rs.20.59Mn	To purchase 01 unit SK 330-8 Super Hydraulic Excavator	24 Equal Monthly Installments Commenced from 1st September 2011	01 unit SK 330-8 Super Hydraulic Excavator	Rs.20.59Mn	Property plant & equipment
People's Bank	Rs.25.17Mn	To purchase 02 unit SK 220-8 Super Hydraulic Excavator	24 Equal Monthly Installments Commenced from 1st September 2011	02 unit SK 220-8 Super Hydraulic Excavator	Rs.25.17Mn	Property plant & equipment
People's Bank	Rs.21.0Mn	To purchase 02 unit Dynamic Asphalt & 01 Unit Soil Compactors	24 Equal Monthly Installments Commenced from 20th October 2011	02 unit Dynamic Asphalt & 01 Unit Soil Compactors	Rs.21.0Mn	Property plant & equipment
People's Bank	Rs.10.26Mn	To purchase 02 units Used Asphalt Pavers	24 Equal Monthly Installments Commenced from 1st March 2012	02 units Used Asphalt Pavers	Rs.10.26Mn	Property plant & equipment
Amana Investments	Rs. 18Mn	To settle import bill of Vogele Paver	36 Equal Monthly Installments Commenced from 6th March 2009	Vogele Paver	Rs. 19.5 Mn	Property plant & equipment
Bartleet Finance	Rs. 24Mn	Working Capital Requirement	48 Equal Monthly Installments Commenced from 21st Sep. 2007	Vehicles & Machinery	Rs. 28.6 Mn	Vehicles & Property, plant & equipment
Bartleet Finance	Rs. 20Mn	Working Capital Requirement	36 Equal Monthly Installments Commenced from 9th Sep. 2008	Machinery	Rs. 26.5Mn	Property plant & equipment
Lanka Orix Leasing Company	Rs.15 Mn	For working capital	48 Equal Monthly Installments Commenced from 20th Dec. 2010	02 Units Model 200-8 Komatsu Excavator	Rs.15 Mn	Property plant & equipment
DFCC PLC	Rs.80Mn	Purchase of a machine	57 equal monthly instalments-commenced from January 2011	Bandarawella land Bauer BG 30 Hydraulic boring machine Rough terrain mobile Crain Sany SR 250R boring machine Corporate guarantee from MTD Walkers PLC	Rs.51.5 Mn Rs.32.2Mn Rs.0.98Mn Rs.63.9Mn	Property plant & equipment
DFCC PLC	Rs.24Mn	Purchase of a machine	30 equal monthly instalments-commenced from November 2009	Bauer BG 20 Hydraulic boring machine	Rs.20.8Mn	Property plant & equipment
Hatton National Bank	Rs.30Mn	Purchase of a machine	48 equal monthly instalments-commenced from October 2008	Primary mortgage over BG 30 Hydraulic boring machine	Rs.32.2 Mn	Property plant & equipment

Lender	Approved facility	Purpose	Repayment terms	Security	Security Amount	Included under
Alliance Finance Co.PLC	Rs.6Mn	Purchase of a motor vehicle	48 equal monthly instalments-commenced from July 2008	Primary mortgage over Mitsubishi Montero jeep	Rs.3.4Mn	Property plant & equipment
Merchant Credit Bank Of Sri Lanka Ltd	Rs.40Mn	Purchase of a machine	48 equal monthly instalments-commenced from October 2010	Primary mortgage over Madapatha land Bauer BG 30 Hydraulic boring machine	Rs.60.7Mn	Property plant & equipment
Peoples Bank	Rs.9.6Mn	To settle the Short term loan obtain to clear the import bill of machinery spares.	21 equal monthly instalments-commenced from September 2011	Primary mortgage over Land at 18, 18A, St. Michael's Road, Colombo 03	Rs.190.6Mn	Property plant & equipment
Peoples Bank	Rs.40Mn	To retire import bills under Lc/DP and DA terms and to pay custom duty of custom bills	04 - equal monthly instalments	Primary mortgage over Land at 18, 18A, St. Michael's Road, Colombo 03	Rs.190.6Mn	Property plant & equipment
Peoples Bank	Rs.85Mn	To clear bill under LC.	-	Accepted bill of exchange Agreement to mortgage over piling machine	Rs.91.8Mn	Property plant & equipment
Peoples Bank	Rs.108.53Mn	To clear bill under LC	-	Accepted bill of exchange Agreement to mortgage over piling machine Corporate guarantee of MTD Walkers PLC Undertaking to build up cash margin of 18 months	Rs.98.3Mn	Property plant & equipment
Peoples Bank	Rs.10Mn	Working capital requirement	-	Primary mortgage over Land at 18, 18A, St. Michael's Road, Colombo 03 Corporate guarantee of MTD Walkers PLC	Rs.190.6Mn	Property plant & equipment
Peoples Bank	Rs.50Mn	To obtain credit on bills acceptable to the bank.		Primary mortgage over Land at 18, 18A, St. Michael's Road, Colombo 03 Corporate guarantee of MTD Walkers PLC	Rs.190.6Mn	Property plant & equipment
Company : Northern Power Company (Private) Limited						
Union Bank	Rs.40.6 Mn	To reschedule the capital outstanding of the short term loan.	18 equal monthly installments of Rs. 2,258,938 together with monthly interest commencing from April 2012	Total property including Plant & Machinery and leasehold building	Rs.2.5 Bn	Property plant & equipment
Company : MTD Walkers PLC						
People's Bank	Rs.150Mn	To acquire Colombo Engineering Services (Pvt) Ltd	Capital & interest in bullet payment to be settled in 06 months from the date of grant	Corporate guarantee of CML - MTD Construction Ltd.	N/A	N/A
				Assignment of cash balance . Promissory note	Rs. 25Mn	Cash Deposit N/A

Notes to the Financial Statements

27 COMMITMENTS & CONTINGENCIES

27.1 Capital Expenditure Commitments

The company and group do not have significant capital commitments as at the balance sheet date.

27.2 Contingencies

a) Lawsuits

The group is the plaintiff/defendant in lawsuits filed in respect of the followings:

Company	Type of Cases	Name/Institution	Case No.
Walkers Piling Company(Pvt) Ltd	Labour tribunal	Mr. R.M. Dissanayaka	LT/01/Add/97/2010
	District court of Kandy	Mr. B.K.A.P. Balasuriya	DLM/2088/08
	Magistrate's court No. 4	Sri Lanka Police	B97456
	Magistrate's court No. 4	Sri Lanka Police	3372/4/12
Walkers Sons & Company Ltd	High court of the Western Province	Mr.Mashood	WP/HCCA/371/2003(F)
	Magistrate's courts Fort	Department of Labour	73317/11/LB
	Magistrate's courts Fort	Department of Labour	73151/11/LB
	Magistrate's courts Fort	Department of Labour	73152/11/LB
	Magistrate's courts Fort	Department of Labour	73143/11/LB
	Magistrate's courts Fort	Department of Labour	88211/09

Although, there can be no assurance, the directors believe, based on the information currently available, that the ultimate resolution of such legal procedures would not likely have a material adverse affect on the results of operations, financial position or liquidity of the company. Accordingly no provision for any liability has been made in the financial statements, nor has any liability been determined by the ongoing legal cases, as at 31st March 2012.

b) Subsidiary company - Walker Son & Co. Engineers (Pvt) Ltd

The company had issued bank guarantees amounting Rs. 63,326,551 to its clients where contracts are in progress. Based on the information currently available, the directors do not expect a liability to crystallize on non performance of such contract under taken by the company.

c) Subsidiary company - CML - MTD Construction Limited

The company had issued bank guarantees amounting Rs. 1,573,860,529 to its clients where contracts are in progress. Based on the information currently available, the directors do not expect a liability to crystallize on non performance of such contract under taken by the company.

d) Value Added Tax

Due to the inherent factors of the construction industry the group pays Value Added Tax on a cash basis, (ie, as and when cash is received an invoices settled by the Road Development Authority (RDA) and Ceylon Electricity Board (CEB)). The group has not received clearance for such an arrangement from the Department of Revenue of Sri Lanka, and no provision has been made in the financial statements for potential assessments in this regard.

28. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Walker Sons & Company Engineers (Pvt.) Ltd entered in to an agreement to acquire Western Air Ducts Lanka (Pvt) Ltd, which engaged in manufacturing of Spiral Duct Works & related accessories for a cash consideration of Rs 43.2 Mn on 17th May of 2012. This transaction has been concluded post year end.

MTD Walkers PLC entered in to an agreement to acquire Colombo Engineering Services (Pvt) Ltd, which engaged in marine Engineering for a cash consideration of Rs 275 Mn on 19th April of 2011. This transaction has been concluded post year end.

There have been no material events occurring after the Balance Sheet date that require adjustments to or disclosure other than the above.

29. RELATED PARTY DISCLOSURES

	Parent *		Group of Companies **	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
29.1 Transactions with related entities				
Directors				
Loan given to key management personal	-	3,200,000	-	-
Amount paid to key management personal	17,698,208	35,065,882	-	-
Group				
Fund received/(transferred)	9,500,000	-	(10,679,987)	81,580,542
Goods & services received/(transferred)	-	-	155,572,269	-
Reimbursement of expenses	(6,382,490)	(3,672,889)	19,955,146	2,243,437
Acquisition of subsidiaries	-	1,000,100,000	-	-
Interest receivable	-	-	(4,439,718)	(85,424,114)
Loan received	-	-	11,146,524	-
Exchange loss	-	(5,933,444)	-	(3,657,342)
Settlement of liabilities by the company on behalf of others	(1,388,746)	1,535,465,347	(1,000,000)	(1,535,465,347)
Transfer of debt to equity	-	3,254,403,372	(5,616,875)	1,000,100,000
Lease rental paid	-	-	(15,008,289)	-
Gratuity paid	-	-	4,393,825	-
Loans given	-	-	18,221,524	112,696,773
Expenses incurred	-	-	8,201,607	-
(Purchases)/sales of property, plant & equipment	-	-	200,000	16,850,625
Company				
Short term loans obtained	-	-	1,000,000	-
Fund received/(transferred)	9,500,000	-	960,869	-
Goods & services received/(transferred)	-	-	(556,721)	-
Exchange loss	-	(5,933,444)	-	-
Settlement of liabilities by the company on behalf of others	(1,388,746)	1,535,465,347	(1,000,000)	(1,535,465,347)
Transfer of debt to equity	-	3,254,403,372	-	-
Reimbursement of expenses	(6,382,490)	(3,672,889)	17,103,696	11,742,669
Acquisition of subsidiaries	-	1,000,100,000	-	-
Leases loan given/(taken)	-	-	(14,508,289)	(203,550,000)
Lease rental paid	-	-	-	(1,159,486)
Finance charges	-	-	-	562,500

Notes to the Financial Statements

* Parent company includes MTD Capital BHD. Refer Note 1.3 to these financial statements.

** Group of companies include Walker Sons & Company Limited, Walkers Piling (Pvt) Ltd, MTD Walkers Projects Limited, CML MTD Constructions Limited, Northern Power Company (Pvt) Ltd Walker Sons & Company (Distributors) Limited, Walker Sons & Company Engineers (Pvt) Ltd, Special Projects Company (Pvt) Ltd and affiliated companies.

	Group		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
29.2 Compensation to key management personnel (*)				
Compensation paid to directors of CML- MTD Construction Limited on acquisition	30,872,507	-	-	-
Short term employee benefit	15,996,071	28,591,253	-	-

(*) Key management personnel include the Chief executive officer and the board of directors of the company and its subsidiaries.

29.3 There are no related party transactions other than those disclosed in Notes 09,19 & 28 to the financial statements.

30 PRIOR YEAR ADJUSTMENT

During the year the company discovered a prior period error in accounting for depreciation and receivables. This error has been adjusted retrospectively in accordance with SLAS 10" accounting policies, changes in accounting estimates and errors."

Shareholder Information

20 MAJOR SHAREHOLDERS - AS AT 31ST MARCH 2012

Name of Shareholder	31st March 2012		31st March 2011	
	No of shares	%	No of Shares	%
1 MTD Capital Bhd	103,808,720	90.78	103,808,720	90.78
2 Bank of Ceylon No. 1 Account	537,600	0.47	387,600	0.34
3 Standard Chartered Bank Singapore	403,200	0.35	376,000	0.33
4 Mr Hamish Winston Mcdonald Woodward	314,000	0.27	266,900	0.23
5 Waldock Mackenzie Limited - Hi-Line Trading (Private) Limited	217,700	0.19	201,000	0.18
6 Mr Abdul Rahman Mohamed Iqbal	165,000	0.14		
7 Mrs Palamandadige Anoma Sandhayani Amaratunga	138,776	0.12	138,776	0.12
8 Mr Kali Mudiyansegedara Seyed Mohamed Razeek	132,900	0.12		
9 Seylan Bank PLC - Mr Radheesh Evan Sellamullu	125,000	0.11		
10 Seylan bank Limited - Ms Priyani Dharshini Ratnagopal	123,824	0.11	123,824	0.11
11 Mr Lalith Udayakumara Samaranyke	121,900	0.11	100,000	0.09
12 Mr Dayananda Ratnayake	111,000	0.10	105,700	0.09
13 First Capital Markets Limited - Mr M A U Gnanathilaka	108,500	0.09	87,600	0.08
14 Mr Don Manuwelge Anil Alwis	106,000	0.09	106,000	0.09
15 Mr Anton Sunil Lakshmanasingham	95,900	0.08	95,600	0.08
16 Mr Don Presantha Joseph Jayamaha	91,700	0.08		
17 Waldock Mackenzie Limited - Hi-Line Towers (Private) Limited	85,000	0.07	85,000	0.07
18 First Capital Markets Limited - Mr S P Jayakumar	85,000	0.07	85,000	0.07
19 DPMC Assetline Holdings (Private) Limited - Account No.2	84,500	0.07		
20 Pan Asia Banking Corporation PLC - Mr Ravindra Erle Rambukwella	80,000	0.07		
TOTAL	106,936,220			
Total No. of shares in issue	114,357,140	100%		

ANALYSIS REPORT OF SHAREHOLDERS - AS AT 31ST MARCH 2012

	31st March 2012				31st March 2011			
	No. of Shareholders	%	Total Share Holding	%	No. of Shareholders	%	Total Share Holding	%
Individual	2,520	94.135	7,470,054	6.532	2,264	94.255	7,921,663	6.927
Institutional	157	5.865	106,887,086	93.468	138	5.745	106,435,477	93.073
TOTAL	2,677	100.000	114,357,140	100.000	2,402	100.000	114,357,140	100.000
Resident	2,647	98.879	9,653,699	8.442	2,377	98.959	9,622,198	8.414
Non-Resident	30	1.121	104,703,441	91.558	25	1.041	104,734,942	91.586
TOTAL	2,677	100.000	114,357,140	100.000	2,402	100.000	114,357,140	100.000

Shareholder Information

SHAREHOLDERS' CATEGORISED SUMMARY REPORT - AS AT 31ST MARCH 2012

NO. OF SHARES HELD	31st March 2012				31st March 2011			
	No. of Shareholders	%	Total Share Holding	%	No. of Shareholders	%	Total Share Holding	%
1 - 1,000	1,667	62.271	683,873	0.598	1,428	59.450	585,710	0.512
1,001 - 10,000	834	31.154	3,002,710	2.626	789	32.848	2,913,742	2.548
10,001 - 100,000	162	6.052	4,256,237	3.722	173	7.202	4,680,768	4.093
100,001 - 1,000,000	13	0.486	2,605,600	2.278	11	0.458	2,368,200	2.071
1,000,001 & Over	1	0.037	103,808,720	90.776	1	0.042	103,808,720	90.776
TOTAL	2,677	100.000	114,357,140	100.000	2,402	100.000	114,357,140	100.000

PUBLIC HOLDING - AS AT 31ST MARCH 2012

	No of shares	%
Public Holding	10,548,420	9.220

INVESTOR INFORMATION

MARKET VALUE OF A SHARE FOR THE 12 MONTHS ENDED 31ST MARCH 2012

	2012 (SLR.)	2011 (SLR.)
Market price per share - Highest	77.40	684.10
Market price per share - Lowest	22.20	45.00
Market price per share - Closing	23.00	65.00

SHARE TRADING FOR THE 12 MONTHS ENDED 31ST MARCH 2012

	2012	2011
Number of Transactions	11,296	14,421
Number of Shares Traded	11,079,320	13,183,815
Values of Shares Traded (SLR)	562,445,999.20	1,097,498,430.00

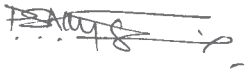
Circular to Shareholders

Notice of the meeting, Chairman's Review, the Report of the Directors, the Statement of Accounts for the year ended 31st March 2012 and the Report of the Auditors are attached.

A shareholder appointing a proxy (other than Directors of the Company) to attend the meeting should indicate the proxy holder's National Identity Card number on the form of proxy and request the proxy holder to bring his/her National Identity Card with him/her.

Please note that only registered shareholders and/or their proxy holders will be permitted to attend the meeting.

BY ORDER OF THE BOARD
MTD WALKERS PLC



Mrs P S Attygalle
Company Secretary

30th August 2012
Colombo.

Notice of the Meeting

HEREBY GIVEN that the Twenty Sixth Annual General Meeting of MTD Walkers PLC will be held at the Earls Court, Cinnamon Lakeside Colombo at No.115, Sir Chittampalam A Gardiner Mawatha, Colombo 02 at 8.30 a.m. on Friday, 21st September 2012 for the following purposes:

- 1) To receive and consider the Report of the Directors and Statement of Accounts for the year ended 31st March 2012 with the Report of the Auditors thereon.
 - 2) To re-elect Dato' Azmil Khalili Bin Khalid who retires by rotation at the Annual General Meeting in terms of Article 84 of the Articles of Association, as a Director of the Company.
 - 3) To re-elect Mr. Albert Rasakantha Rasiah who retires by rotation at the Annual General Meeting in terms of Article 84 of the Articles of Association, as a Director of the Company.
 - 4) To re-elect Mr. Jehan Prasanna Amaratunga who retires at the Annual General Meeting in terms of Article 91 of the Articles of Association, as a Director of the Company.
- 5) To re-elect Mr. Niranjana Deva-Aditya who retires at the Annual General Meeting in terms of Article 91 of the Articles of Association, as a Director of the Company.
 - 6) To re-elect Mr. Ravindranath Wijeratna who retires at the Annual General Meeting in terms of Article 91 of the Articles of Association, as a Director of the Company.
 - 7) To re-appoint Messrs. Ernst & Young; Chartered Accountants as Auditors of the Company and to authorize the Directors to determine their remuneration.

BY ORDER OF THE BOARD
MTD WALKERS PLC



Mrs P S Attygalle
Company Secretary

30th August 2012
Colombo.

Note:

A member entitled to attend and vote is entitled to appoint a proxy to attend and vote and speak on his/her behalf and such proxy need not be a member of the Company. The Instrument appointing a proxy is attached and must be deposited at the Registered Office of the Company at No.18, St Michael's Road, Colombo 3, not less than 48 (forty eight) hours before the time fixed for holding of the meeting.

Form of Proxy

The Board of Directors
 MTD WALKERS PLC
 No.18, St. Michael's Road, Colombo 3.

I/We*
 ofbeing a Member/ Members * of

MTD Walkers PLC hereby appoint -

Dato' Azmil Khalili Bin Khalid	or failing him
MR Jehan Prasanna Amaratunga	or failing him
Mr Leong Yow Lee	or failing him
Mr Keith George Cowling	or failing him
Mr Albert Rasakantha Rasiah	or failing him
Mr Niranjan Deva-Aditya	or failing him
Mr Ravindranath Wijeratna	or failing him

Mr/Mrs/Miss (NIC No.....) of
 as my/our* Proxy to vote as indicated hereunder for me/us* and on my behalf at the Twenty Sixth Annual General Meeting of the Company to be held on Friday, 21st September 2012 and at any adjournment thereof and at every poll which may be taken in consequence thereon:

	FOR	AGAINST
1. To receive the Audited Financial Statement and the Directors Report for the year ended 31st March 2012	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect Dato' Azmil Khalili Bin Khalid who retires by rotation in terms of Article 84 of the Articles of Association as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Mr Albert Rasakantha Rasiah who retires by rotation in terms of Article 84 of the Articles of Association as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect Mr Jehan Prasanna Amaratunga who retires at the Annual General Meeting in terms of Article 91 of the Articles of Association, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-elect Mr Niranjan Deva-Aditya who retires at the Annual General Meeting in terms of Article 91 of the Articles of Association, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
6. To re-elect Mr Ravindranath Wijeratna who retires at the Annual General Meeting in terms of Article 91 of the Articles of Association as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
7. To re- appoint Messrs Ernst & Young, Chartered Accountants as Auditors of the Company and to authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this day of Two Thousand and Twelve.

Signature National Identity Card No

Share Folio No

Instruction regarding completion of Form of Proxy appear overleaf.

Form of Proxy - Instructions

If the Form of Proxy is signed by an Attorney, the relevant Power-of-Attorney should accompany the completed Form of Proxy for registration, if such document has not already been registered with the Company.

Instructions as to Completion of Form of Proxy

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a Proxy to attend and vote on his / her behalf.
2. A proxy need not be a member of the Company.
3. Kindly complete the Form of Proxy by filling legibly the full name, NIC number and address of the Proxy Holder and also of the Shareholder appointing the Proxy Holder. Please sign in the space provided and fill in the date and NIC number.
4. Please indicate preference of your vote on each resolution in the space provided therefor. If in the view of the Proxy Holder there is doubt by reason of the way in which instructions in the Proxy have been completed, the Proxy Holder will vote as he / she think fit.
5. In terms of Article 66 of the Articles of Association of the Company it is provided that; The instruction appointing a Proxy shall be in writing and
 - (a) In the case of an individual shall be signed by him / her or his / her Attorney; and
 - (b) In the case of a corporation shall be signed either under its common seal or shall be signed by its Attorney or by an Officer on behalf of the corporation.
6. To be valid, the completed Form of Proxy should be deposited at the Registered Office of the Company, No.18, St. Michael's Road, Colombo 03, not less than 48 hours before the time fixed for the holding of the meeting.
7. The shareholders and the proxy holders are kindly requested to bring this Annual Report, together with an acceptable form of identity.

Corporate Information

Company

MTD Walkers PLC

Legal Form

Public Quoted Company

Date of Incorporation

8th October 1981

Company Registration No.

PQ 80

Registered Office

No. 18, St. Michael's Road,
Colombo 3.

Telephone : 94-1-2473677

94-1-2423954

Fax : 94-1-2478597

E-mail : engineers@mtdwalkers.com

Website : www.mtdwalkers.com

Board of Directors

Dato' Azmil Khalili Bin Khalid

Mr Jehan Prasanna Amaratunga

Mr Leong Yow Lee

Mr Keith George Cowling

Mr Albert Rasakantha Rasiah

Mr Niranjana Deva-Aditya

Mr Randranath Wijeratna

Secretary

Mrs P S Attygalle; ACIS (UK); ACCS

No. 18, St. Michael's Road,

Colombo 3.

Auditors

Messrs. Ernst & Young

Chartered Accountants,

201, De Saram Place,

Colombo 10.

Legal Advisors

Messrs. D L & F de Saram,

Attorneys-at-Law & Notaries Public

No.47, Alexandra Place

Colombo 07

Bankers

People's Bank

Bank of Ceylon

Hatton National Bank PLC

DFCC Bank

The background features a gradient from green on the left to blue on the right, with several thick, curved lines in yellow and green sweeping across the bottom right corner.

MTD WALKERS PLC
ANNUAL REPORT 2011/12

www.mtdwalkers.com