

Panasian Power PLC | [Annual Report 2013/14](#)

**People
Nation
Environment**
Powering the



**"PanAsian Power aims to
operate as a commercially
focused sustainable
company providing green
energy solutions"**

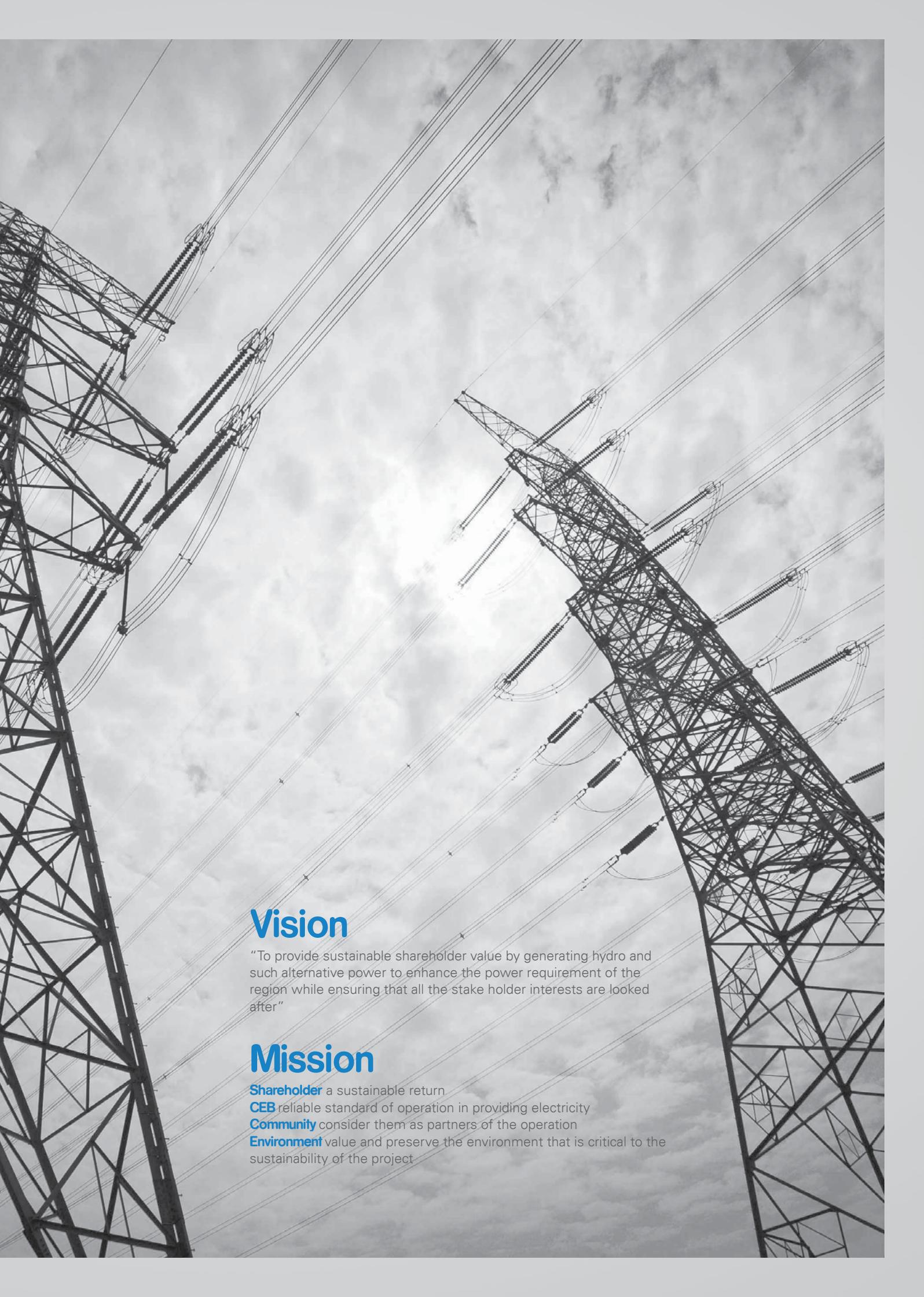
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Vision

“To provide sustainable shareholder value by generating hydro and such alternative power to enhance the power requirement of the region while ensuring that all the stake holder interests are looked after”

Mission

Shareholder a sustainable return

CEB reliable standard of operation in providing electricity

Community consider them as partners of the operation

Environment value and preserve the environment that is critical to the sustainability of the project

Chairman and Chief Executive Officer's Message



The overall performances of the Group was good during the year with an increase in net profit by 34% compared to last year. The increase in revenue by 26.75% was mainly contributed by the increase in avoided cost tariff. Manelwala plant yet again showed an increase by 6% (by 460,518 units) in power generation compared to last year.

It is with pleasure I welcome all of you to the Annual General Meeting of Panasian Power PLC and would like to present the Annual Report and the Consolidated Audited Financial Statements for the year ended 31 March 2014.

The Group continues to prepare and present the Financial Statements in accordance with Sri Lanka Financial Reporting Standards (SLFRSs/LKASs).

The overall performances of the Group was good during the year with an increase in net profit by 34% compared to last year. The increase in revenue by 26.75% was mainly contributed by the increase in avoided cost tariff. Manelwala plant yet again showed an increase by 6% (by 460,518 units) in power generation compared to last year.

The expansion work at Rathganga power Plant by 1MW commenced in January 2014 and is in progress. The routine power generation was interrupted on and off with the expansion work. However, it did not effect the overall performance of the plant compared to last year. We expect to connect the additional 1MW to the grid by early second quarter of 2014/15.

More information on the company's performance is provided in the Management Commentary, Financial Information and the financial statements in the latter part of this report.

The acquisition of 90% stake in Padiyapelella Hydropower Limited, has been delayed, since the construction of the plant has been delayed due to internal problems within that company. However, at the time of writing this message, plans and agreements have been finalized to acquire the 90% stake in the Padiyapelella Hydropower Limited, and it expected to be finalised by 31 August, 2014. The remaining construction will be completed in three months and the plant is expected to be in operation by January 2015, adding another 3.5 MW to the Group's power generation capacity.

As presented in the financial statement, the Group has made large investments in the expansion activities. More investments have to be made for the completion of the Padiyapelella plant. However, as we value our shareholders, the Board will seriously consider to declare, at least as a token gesture, a dividend for the year ended 31st March, 2014. We believe that the shareholders will appreciate this gesture, since our investments made during the last two years will yield better results in years to come.

The demand for power will increase with the rapid development projects that are being implemented by the government. In this context, the contribution made by the small hydro power sector which has almost reached 300MW, should be given its due recognition.

I wish to place on record my sincere appreciation to my fellow Board members for the great support extended throughout the year. I also thank our valuable shareholders for the support and trust vested upon us and look forward to your continuous support in the future as well.

A handwritten signature in black ink, appearing to read 'Prathap Ramanujam', written over a light blue background.

Dr Prathap Ramanujam
Chairman and Chief Executive Officer

Board of Directors

A change in the directorate was affected on 24th April, 2013 with the acquisition of 20% share holding of the Company by Hemas Power PLC from Power Hub International Sdn Bhd. With this acquisition, Hemas Power PLC became the single major shareholder with a total stake of 29.3% of the Company. This transaction resulted in a change in the directorate as given below. Except those mentioned below, other directors served a full term for the year ended 31 March 2014.

Dr. Prathap Ramanujam Chairman/ Chief Executive Officer

After completing extensive years of service in the Public Sector, Dr.Prathap Ramanujam who initiated the first mini hydro power project in Sri Lanka back in 1993 joined the private sector by taking up the directorship of Panasian Power in 2010. He was appointed as the Chairman and the Chief Executive Officer in the same year, He brought in his diversified expertise from his distinguished career in Public Sector over the period of 38 years.

Dr.Ramanujam holds a First Class B.Sc. (Hons.) degree from the University of Peradeniya Sri Lanka, a M.Sc. degree in Economics from the University of Bristol, U.K and a Ph.D in Economics from the Australian National University , Canberra, Australia.

He was appointed as the Chairman of Onally Holdings PLC (2008) and Waters Edge Limited (appointed by the Supreme Court of Sri Lanka in 2009) Currently he is the Chairman of Manelwala Hydropower (Pvt) Limited and Padiyapelella Hydropower Limited and serves for the board of Ceylon Agro-Industries Limited, Indian Heritage, Euro Asian International (Pvt) Limited and Panasian Investments (Pvt) Limited.

Also He is currently the Deputy Chairman of Senkadagala Finance PLC.

Mr. Mohd Hairol bin Mohd Shariff Non-Executive Director

Mr.Mohd Shariff has served several Organizations including C.K.Ooi & Co an Audit Firm in the Capacity of Audit Assistant under Internship, Arab Malaysian Finance Bhd, a Listed Finance Company as an Accounts Officer, MK Land Bhd, a Listed Property Development Company as Finance Manager,

Land & General Bhd, a Listed Property Development Company as Finance Manager and PT Wapoga Mutiara Timber, Indonesia – subsidiary of Land & General Bhd as Head of Finance, Legal and Admin.

He holds a Diploma in Accountancy and is a Bachelor of Accountancy from the University Technology Mara, Malaysia

At present, he is the Chief Executive Officer of Power Hub International Sdn Bhd and Majulia Sdn Bhd.

Mr. Mohd Shariff stepped down from his executive position on 24 April 2013 and continues to serve as a non- executive director.

Mr. Mohideen Rifky Badurdeen Non- Executive Director

Mr.Badurdeen who started his business carrier in the garment industry exported garments to USA and European countries for more than 15 years. A businessman with hands on experience in many different business fields completed construction of 85,000sq ft modern office complex in Colombo in collaboration with German Partners.

He currently serves as the Chairman of Asia Trust Investment (Pvt) Limited and is a director of Power Hub International Sdn Bhd, Lakeside Property Developers Limited, Padiyapelella Hydropower Limited and Panasian Investments (Pvt) Limited.

Mr.Badurdeen resigned from his executive position on 24 April 2013, and continues to serve as a non- executive director.

Mr. Thirunavukarasu Someswaran Independent Non- Executive Director

Mr.Someswaran is the former Senior Partner of SJMS Associates, a firm of Chartered Accountants, an independent Correspondent Firm to Deloitte Touche Tohmatsu.

He serves on the Audit Committees of the Institute of Chartered Accountants of Sri Lanka, Commercial Credit PLC and Serendib Lands (Pvt) Ltd. He also serves on the committees of Equality based Community Support and Training in Galle and the Business Council of Indonesia of the Ceylon Chamber of Commerce.

Board of Directors

He is a member of the Organization for Professional Association and the Sri Lanka Institute of Directors.

He is a fellow member of CMA-SL and a member of its Governing Council. Currently, he serves as Director on the Boards of CleanCo Lanka Ltd., Serendib Land PLC and Esna Power (Pvt) Ltd, Also, he is currently the Chairman of Senkadagala Finance PLC.

Mr. Deepal Sooriyaarachchi

Independent Non- Executive Director

Mr Deepal Sooriyaarachchi is a Master of Business Administration from the Sri Jayawardenapura University. He is a Fellow Member of the Chartered Institute of Marketing U.K. and a Chartered Marketer. Counts over Thirty years of experience in sales, advertising, marketing, strategic planning, and human resources management.

Former managing director of AVIVANDB Insurance PLC, (Now AIA Insurance Lanka PLC) and continues to serve as an independent director. He serves on the boards of Sampath Bank PLC and Hemas Manufacturing PVT also as a Non Executive Independent Director. He offers Management Development Consultancy services as a Certified Partner of RBL USA.

He is the Chairman of the Sri Lanka Inventors Commission.

Mr. Kishantha Nanayakkara

Non- Executive Director

Mr.Nanayakkara is the Managing Director of Hemas Power PLC and has been holding this position since the inception of the Company in 2003. He is also a member of the Board of Management of Hemas Holdings PLC. Mr.Nanayakkara is a Fellow of the Chartered Institute of Management Accountants, UK and an Associate of the Institute of Chartered Accountants in England and Wales. He holds an MSc in Finance from the Birmingham Business School, University of Birmingham, UK and the AMP from Said Business School, University of Oxford. He has held several senior management positions and directorships in companies ranging from manufacturing to financial services during a

career spanning over 20 years. Mr.Nanayakkara has served on the Board of the Sri Lanka Sustainable Energy Authority,

as an advisor to the National Council for Economic Development and as a Consultant to the PERC in the past. He is an Independent Non-Executive Director of Entrust Securities PLC.

Mr.Nanayakkara joined the director board of Panasian Power on 24 April 2013.

Mr. I A H Esufally

Non- Executive Director

Mr.Imtiaz Esufally holds a Bachelor of Arts (Honours) degree in Accounting and Economics from the University of Kent, UK. He has over 25 years management experience and has been in the forefront of the aviation Industry. Mr.Esufally is a Group Director of Hemas Holdings PLC. He is also Chairman of the Transportation Sector and Hemas Power PLC. He serves on the Board of Mercantile Shipping PLC.

Mr.Imtiaz Esufally joined the director board of Panasian Power on 24 April 2013.

Mr. Riad Ameen

Non- Executive Director

Mr.Ameen functions as the Legal Consultant to Hemas Holdings PLC. He is also a member of the Group Operations Committee (GOC) of Hemas Holdings PLC. He holds a Bachelor's Degree in Law (LLB) from the University of London and a Master of Laws Degree (LLM) from the University of Colombo. He is a Barrister of the Lincoln's Inn, UK, and an Attorney-at-Law. He has been associated with the Hemas Group for the past 8 years. Mr.Ameen has been an active civil law practitioner for the past 16 years. He also serves as a Non -Executive Director of Hemas Power PLC

Mr.Ameen was appointed as a director on 24 April 2013.

Mr.Dilith Susantha Jayaweera, Mr.Herman Bin AbdLatiff and Dato' Shamsuddin bin Hayroni have contributed to the board as Independent Non- Executive Directors till 24 April 2013 and tendered their resignations from the board with effect from 24 April 2013. Profiles of Mr.Dilith Susantha Jayaweera, Mr.Herman Bin AbdLatiff and Dato' Shamsuddin bin Hayroni have not included in report due to the less number of days in directorship during the period under review.

Management Commentary

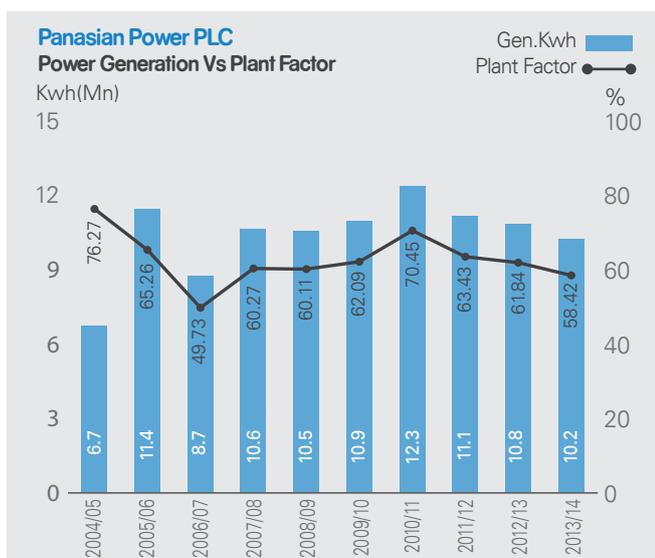
As stated in the Chairman's review contribution by the small hydro power sector to the nation has almost reached 300MW. With the recognition by the Government of Sri Lanka on the development of renewable energy projects, your Company has taken steps to be part of the increased demand for electricity with the development of the economy.

Acquisition of 90% stake in Padiyapelella Hydropower Limited

The undue delay experienced in acquiring 90% stake of Padiyapelella Hydropower Limited (PHL) was mainly due to the delay in the construction and commissioning of Phase 1 due to unforeseen factors. PHL has signed Standardised Power Purchase Agreements with Ceylon Electricity Board for 6.5 MW in two phases. Panasian Power has taken steps to overcome the issues resulted in the delay in construction and drawn plans to ensure that the project will be taken over by the Company by 31 August 2014. With this addition the Group will have totally 8.9MW connected to the grid as at the year ending 2014/15.

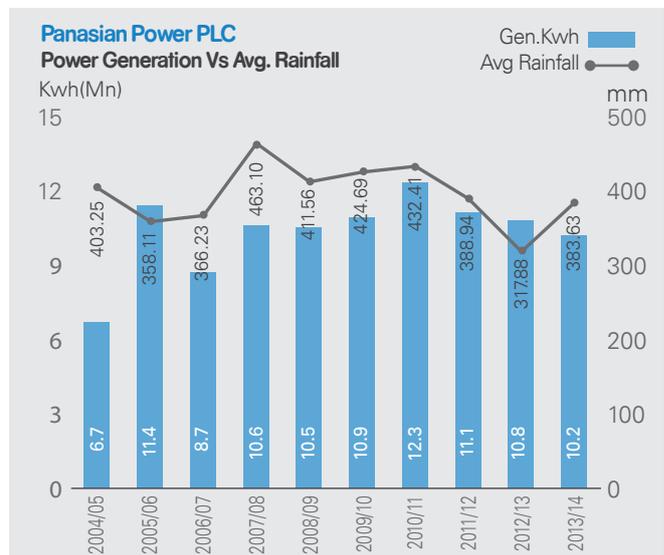
Rathganga Power Plant

The performance of the plant from the inception with the plant factor is given below:



During the year company has contributed 10.2 Mn KW (2012/13 – 10.8 Mn KW) to the national grid and reduction is mainly due to the reduction in rainfall in 3rd and 4th quarters in the year 2013/14. Average rainfall from October 2013 to March 2014 was 241 mm (2012/13 - 341 mm).

The chart below depicts the generation with the rainfall pattern over the period.



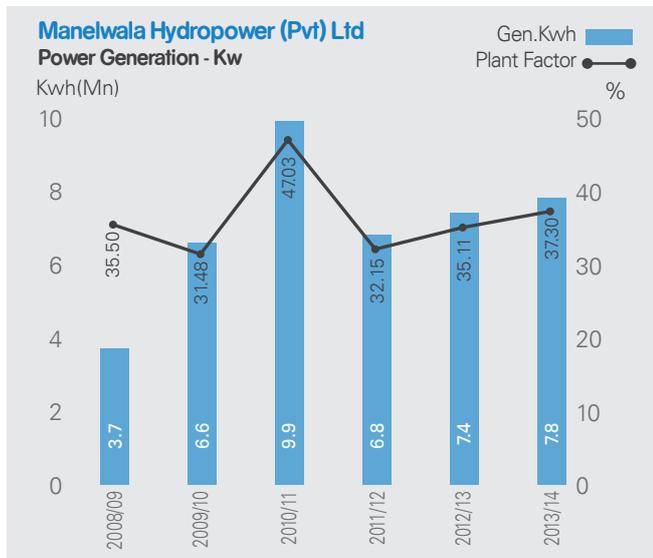
The expansion work at the Rathganga site commenced in January 2014 and is under construction. The management expect to connect the additional 1MW by second quarter of 2014/15. Being one of the plant with high plant factor in the country, we expect a significant contribution from the plant with the additional investment made.

Management Commentary

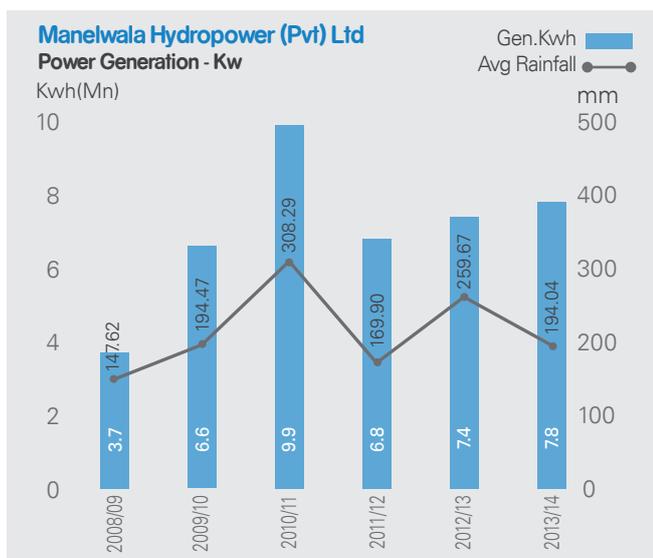
Manelwala Hydropower (Pvt) Limited

During the year Manelwala Hydropower (Pvt) Ltd has contributed 7.8Mn KW (2012/13 – 7.4Mn KW) to the national grid. Plant was performing well during the first two quarters compared to year 2012/13 but fourth quarter resulted with reduction in generation compared to year 2012/13 mainly due to less rainfall. 2013/14 – 100 mm (2012/13 – 325 mm).

The chart below depicts the power generation with the plant factor from day of connecting to the National Grid



The weather pattern prevailed in the country did have an impact to our revenue in the latter part of the year. The power generation with the weather pattern is given below



The group continues to prepare and present the financial statements in accordance with Sri Lanka Financial Reporting Standards (SLFRSs / LKAS).

There had been no material issues affecting employees or industrial relationships during the year under review.

The management with the direction of the Audit Committee has established an effective system of internal control to safeguard Company's assets.

An Internal Audit was performed during the year by PricewaterhouseCoopers. Being part of the Hemas Group the Company is assisted by the Group Risk and Control Unit in defining the scope of the internal audit. As it is vital for any business to identify, evaluate, measure and take remedial actions to mitigate the risks that are inherent, the Group has analysed the risks under three categories; Financial, Operational and Legal. The impact, likelihood and steps taken to mitigate the risks are analysed for each risk identified under these categories. The risk grid is monitored by the management regularly as the risk factors are subject to change. The Board is updated with the risk matrix every quarter via the Audit Committee. Overall, the Company is exposed mainly to the following risks:

- Economic risk
- Credit risk
- Environment risk
- Interest rate risk
- Social risk
- Fraud risk
- Information risk
- Operational risk
- Physical risk
- Business risk
- Human resource risk
- Regulatory and Compliance risk

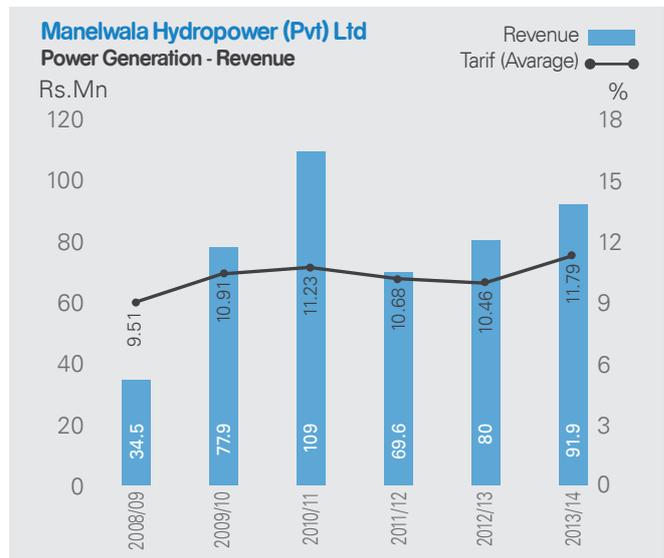
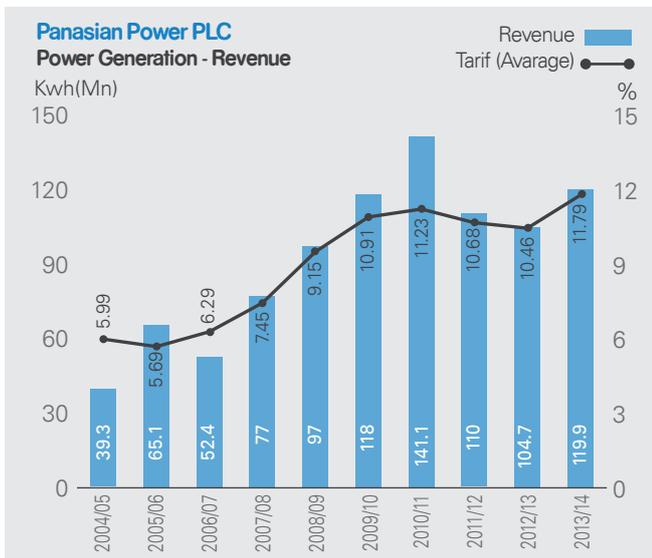
Being committed to harnessing the natural resources to enable energy secure future for Sri Lanka, the extensive environmental regulations imposed on power plants are complied by the Group.

Financial Review

Revenue

The increase in Group revenue from generation of hydro power during the year under review is mainly due to increase in tariff. Average tariff during the year was Rs 11.79 per KW in both dry and wet seasons (2012/13 – 10.46) resulted to increase the Group revenue by 26.75% compared to previous

financial year. Manelwala plant showed marginal increase in its power generation by 0.4 Mn MW and Rathganga plant shows a reduction of 0.6 Mn MW during 2013/14 compared to previous year. Other income of the company shows 31.7 Mn dividend income from the subsidiary, Manelwala Hydropower (Pvt) Ltd. Below graph shows the tariff pattern from the day of commissioning the plant.



Finance Cost

The expense consist of interest expense on finance lease obligation and long term loan obtained to purchase vehicles and term loan obtained for the advance paid to Padiyapelella Hydropower Limited. Finance cost during the year has increased significantly in the company due to interest cost of term loan obtained for the advance paid to Padiyapelella Hydropower Limited (10.5 Million).

Taxation

The Company is on a tax holiday of 15 years from the year 2002/2003 under Section 18A of the Inland Revenue Act 38 of 2000 (subsequently governed by Section 218(2) of the Inland Revenue Act 10 of 2006) granted by the Department of Inland Revenue. Its subsidiary, Manelwala Hydropower (Pvt) Limited currently enjoys a tax holiday pursuant to the agreement entered into with the Board of Investments. Company is liable to pay taxes on generation and supply of hydro power from the year 2014/15 on wards. The income tax expense shown in the statement of comprehensive income includes the origination of deferred tax liabilities as given in Note 11 and 26 to the financial statements. The Group is taxed on the prevailing tax rates for other income earned.

Financial Review

Profitability

The change in Group's net profit attributable to shareholders showed an increase of 34% when compared to last year. The Company witnessed an increase of 19% whilst Manelwala showed a 51.5% increase compared to last year.

Investments

The expansion of Rathganga plant by 1 MW is nearing completion and expected to connect to the National Grid by early second quarter of 2014/15. The financial statements presented herewith will illustrate the amount spent on expansion activities as at the year ended 31 March 2014. The Group utilised internally generated funds for the expansion without any borrowings.

With regard to the acquisition of 90% stake of Padiyapelella, the Company has drawn plans and is in the process to ensure that the acquisition will be affected by 31 August 2014. Negotiations are underway for the financing of the above project with Sampath Bank PLC and National Development Bank PLC. Source of finance benefiting the Company will be finalised by the Board.

Capital Structure

The equity attributable to the shareholders has shown an increase of 10% compared to marginal increase in last year (2012/13 - 3.6%). The Group declared an interim dividend of 0.10 per share for 2012/13 period (Rs 0.15 – 2011/2012) with a 50% dividend payout ratio.

Key Ratios - Company

	31-03-2014	31-03-2013	31-03-2012	31-03-2011	31-03-2010
GP Ratio	91%	90%	89%	84%	81%
NP Ratio	82%	82%	84%	63%	66%
EPS	0.20	0.17	0.18	0.25	0.25
DPS	0.10	0.15	0.25	0.04	-
Net Asset Per Share	1.74	1.63	1.61	1.68	0.88

Investor Information

Synopsis of information which will be of interest to the shareholders are given below:

1. Analysis of shareholders According to the number of shares as at 31 March 2014

Shareholding	Resident			Non Resident			Total		
	Number of Shareholders	No. of Shares	Percentage %	Number of Shareholders	No. of Shares	Percentage %	Number of Shareholders	No. of Shares	Percentage %
01-1,000	2,366	1,581,000	0.32	8	4,606	0.00	2,374	1,585,606	0.32
1,001-10,000	3,600	17,046,913	3.41	15	88,900	0.02	3,615	17,135,813	3.43
10,001- 00,000	1,446	49,187,362	9.84	18	929,600	0.19	1,464	50,116,962	10.02
100,001-1,000,000	224	66,138,013	13.23	7	2,208,821	0.44	231	68,346,834	13.67
Over 1,000,000	48	345,639,885	69.13	1	17,174,900	3.43	49	362,814,785	72.56
Total	7,684	479,593,173	95.92	49	20,406,827	4.08	7,733	500,000,000	100.00

2. Shareholders by Category as at 31 March 2014

Categories of shareholders	Number of shareholders	No. of shares
Individual	7,531	174,227,418
Institutional	202	325,772,582
Total	7,733	500,000,000

3. Twenty Major Shareholders of the Company as at 31 March

Name	2014		2013
	No. of Shares	Percentage %	No. of Shares
Standard Chartered Bank/ Hemas Power PLC	100,000,000	20.00	-
Hemas Power PLC	46,500,000	9.30	-
Amana Bank Limited	36,360,171	7.27	-
Power Hub International SDN BHD,	17,174,900	3.43	117,174,900
Commercial Credit PLC	17,094,690	3.42	-
Almar Trading Co (Pvt) Ltd	16,235,297	3.25	13,118,778
Commercial Bank of Ceylon PLC/A. K. Pathirage	16,000,000	3.20	24,500,000
Mr Pattiyapawulage Don Raj Rohitha Weeraratne	11,799,900	2.36	11,799,900
Commercial Bank of Ceylon PLC/ Capital Trust Holdings (Pvt) Limited	8,877,698	1.78	8,477,698
Mr Zulficar Ahamed Mohamed Thahir	7,500,000	1.50	31,594,742
Wadlock Mackenzie Limited/ Mr Chamila Damion Kohombanwickramage	5,546,444	1.11	-
Dee Investment (Pvt) Limited	4,125,000	0.83	-
Lanka Orix Leasing Company PLC	4,000,000	0.80	4,000,000
Mr. Weerathunga Arachchige Sampath Palitha De Saram	3,816,408	0.76	-
Cocoshell Activated Carbon Company Limited	3,356,055	0.67	-
Lexinton Holdings (Pvt) Ltd	3,294,684	0.66	4,244,600
Seylan Bank PLC/ Capital Trust Holdings (Pvt) Limited	3,010,000	0.60	-
Mr Mohamed Firdouse Farook	3,000,855	0.60	10,780,438
Mr Mohamed Armil Najmul Sammoon	3,000,000	0.60	-
Janashakthi Limited Account No.1	3,000,000	0.60	3,000,000
	313,692,102	62.74	
Shares held by remaining shareholders	186,307,898	37.26	
	500,000,000	100	

Investor Information

4. Public Holding

Description	Number of shares 2014	Number of shares 2013
Major shareholders		
Power Hub International Sdn Bhd	17,174,900	117,174,900
Standard Chartered Bank /Hemas Power PLC	100,000,000	-
Hemas Power PLC	46,500,000	-
Directors' shareholding		
Dr. P Ramanujam	2,350,000	2,350,000
Mr. T Someswaran	-	7
	166,024,900	119,524,907
Issued share capital	500,000,000	500,000,000
Less: Directors' shareholding and major shareholders	166,024,900	119,524,907
Public Holding	333,975,100	380,475,093
Public holding as a % of issued share	66.80	76.09

5. Share Trading Information

Market Values	2014	2013
Highest (Rs)	3.00	3.30
Lowest (Rs)	2.20	1.90
Closing (Rs)	2.20	2.70
Price Earnings Ratio (Times)	7.58	15.80

6. Equity Information - Company

	2013/14	2012/13
Earnings per share (Rs)	0.20	0.17
Dividends per share (Rs)	0.10	0.15
Net Asset Value per share (Rs)	1.74	1.63
Dividend Payout Ratio	50%	88.23%
Dividend yield	4.5%	5.6%
Return on Equity	14%	11.4%
EBITDA (Rs)	120Mn	94Mn

7. Group Real Estate Portfolios 7 Group Real Estate Portfolios

Owning Company & Location	Land	
	Freehold	Leasehold
Properties in Ratnapura District		
Panasian Power PLC	3A 2R 20P	1A 28.3P
Properties in Nuwara Eliya District		
Manelwala Hydropower (Pvt) Ltd	3A 2R 29P	2A 2R 4.9P

Corporate Governance

Introduction

Corporate Governance is the system by which Companies are directed and controlled by the Board in the best interest of its stakeholders and others. It essentially involves balancing the interests of many stakeholders in a Company – these include its shareholders, management, customers, suppliers, financiers, Government and the community. Since corporate governance also provides the framework for attaining a company's objectives, it encompasses practically every sphere of management, from action plans and internal controls to performance measurement and corporate disclosure.

Company's Philosophy on Corporate Governance

Panasian Power PLC is fully aware and committed to implementing governance standards that conform to best practices and is working towards enhancing its processes over the period of time.

The level of compliance with the Code of best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka & the Securities & Exchange Commission of Sri Lanka is described in the table below.

Corporate Governance Principle	Principle No	Level of Compliance
A. Directors		
Frequency of Board Meetings	A 1.1	<p>Four Board meetings are scheduled annually to determine the Company's strategic direction, review the operational and financial performance, and to provide oversight.</p> <p>Ad-hoc meetings are also convened to discuss and review specific matters which require the attention of the Board.</p> <p>Apart from Board meetings, the Board also takes decisions via circular resolutions, which are required to be signed by all the Directors.</p>
Responsibilities of the Board	A 1.2	<p>The Board is responsible for ensuring :-</p> <ul style="list-style-type: none"> the formulation, implementation & monitoring of strategy effective systems are in place to secure the integrity of information, internal controls & risk management compliance with laws, regulations and ethical standards all stakeholder interests are considered in corporate decisions <p>The Board has delegated several of its functions to Board Committees, while retaining final decision rights pertaining to its matters under the purview of the Committees. The composition and the functions of these sub-committees are discussed in detailed under the relevant sections of this Report.</p>
Compliance with Laws & independent Professional advice	A 1.3	<p>The Directors individually and collectively as a Board act in accordance with the laws applicable to the business enterprise.</p> <p>In discharging their duties the Directors seek independent professional advice from external parties when necessary at the expense of the Company.</p>
Company Secretary	A 1.4	<p>The Directors' have access to the advice and services of the Company Secretary. The Company Secretary ensures that Board procedures, relevant statutory obligations and other applicable rules and regulations are complied with.</p>
Independent judgment	A 1.5	<p>Directors exercise independent judgment in all decisions pertaining to strategy, performance, resource allocation and standards of business conduct.</p>

Corporate Governance

Corporate Governance Principle	Principle No	Level of Compliance																																																										
Dedication of adequate time & effort	A 1.6	<p>Directors’ dedicate adequate time and effort to fulfill their duties & responsibilities as Directors of the Company and ensure that they are satisfactorily discharged.</p> <p>The attendance of Directors at the Board and Committee meetings held during the year is depicted below:-</p> <table border="1"> <thead> <tr> <th rowspan="2">Name of Director</th> <th rowspan="2">Board Meeting</th> <th colspan="2">Audit Committee</th> <th colspan="2">Remuneration Committee</th> </tr> <tr> <th>Capacity</th> <th>No. of meeting attended</th> <th>Capacity</th> <th>No. of meeting attended</th> </tr> </thead> <tbody> <tr> <td>Dr. P Ramanujam</td> <td>6/6</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Mr. M R Badurdeen</td> <td>1/6</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Mr. M H M Shariff</td> <td>-</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Mr. T Someswaran</td> <td>6/6</td> <td>Chairman</td> <td>5/5</td> <td>Member</td> <td>1/1</td> </tr> <tr> <td>Mr. D Sooriyaarachchi</td> <td>4/6</td> <td>Member</td> <td>4/5</td> <td>Chairman</td> <td>1/1</td> </tr> <tr> <td>Mr. I A H Esufally</td> <td>6/6</td> <td>Member</td> <td>3/5</td> <td>Member</td> <td>1/1</td> </tr> <tr> <td>Mr. G A K Nanayakkara</td> <td>6/6</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Mr. M R Ameen</td> <td>5/6</td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Name of Director	Board Meeting	Audit Committee		Remuneration Committee		Capacity	No. of meeting attended	Capacity	No. of meeting attended	Dr. P Ramanujam	6/6					Mr. M R Badurdeen	1/6					Mr. M H M Shariff	-					Mr. T Someswaran	6/6	Chairman	5/5	Member	1/1	Mr. D Sooriyaarachchi	4/6	Member	4/5	Chairman	1/1	Mr. I A H Esufally	6/6	Member	3/5	Member	1/1	Mr. G A K Nanayakkara	6/6					Mr. M R Ameen	5/6				
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Mr. M R Ameen	5/6																																																											
Separation of role Chairman & CEO	A 2.1	Considering the scale of operations of the Company it has been considered appropriate not to separate the role of the Chairman and CEO																																																										
Chairman’s Role in conducting meetings	A 3.1	The chairman encourages the participation of all the Directors in decision making, seeks and ascertains the views of the Directors and thereby ensures that the board functions in an efficient manner which is beneficial to the stakeholders and the Company.																																																										
Financial Acumen	A 4	The Board comprises of members who possess the necessary knowledge and competence to offer guidance on matters of finance.																																																										
Board Balance	A 5.1	Seven Directors are considered as Non Executive Directors.																																																										
Independent Directors	A 5.2	Two Directors out of the seven Non Executive Directors are considered independent.																																																										
	A 5.3	These Directors are independent of management and free of any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgment.																																																										
	A 5.4	The Independent Directors have submitted written Declarations of their independence as required by section 7.10.2(b) of the Listing rules.																																																										
	A 5.5	<p>The Board annually determines the independence of each Non – Executive Director based on the Declarations submitted by them.</p> <p>Messrs. T Someswaran and D Sooriyaarachchi meet the criteria for independence specified by Rule 7.10.4 of the Listing Rules of the Colombo Stock Exchange.</p>																																																										

Corporate Governance Principle	Principle No	Level of Compliance
Alternate Directors	A 5.6	The Non - Executive Directors and Independent Directors have not appointed Alternate Directors.
Recording of concerns in Board Minutes	A 5.10	Concerns raised by the Directors on matters of the Company, which cannot be resolved unanimously are duly recorded in the Board minutes.
Managements obligation to provide appropriate & timely information	A 6.1	The Board is provided with timely information in an appropriate manner enabling it to discharge its duties effectively.
	A 6.2	The Agenda for the Board meeting and connected discussion papers are circulated to the Directors in advance to facilitate the effective conduct of the meeting.
Appointments to the Board	A 7.1	The Board has not established a Nominations Committee to make recommendations on Board appointments. Hence appointments to the Board are made collectively and with the consent of all the Directors
	A 7.3	On appointment of a new Director, the Company informs the Colombo Stock Exchange a brief resume' of the Director which includes; <ul style="list-style-type: none"> • the nature of his expertise in relevant functional area • other Directorships or memberships in Board sub committees • whether the Director is considered 'independent'
Re-election of Directors	A 8.1	A Director appointed by the Directors during the year retires at the next Annual General Meeting of the Company and seeks re- appointment in terms of the Articles of the Company.
	A 8.2	In addition, a Director who has reached 70 years of age vacates office at the conclusion of the Annual General Meeting commencing next after he attains the age of 70 years or if he is re-appointed as a Director after attaining the age of 70 years at the Annual General Meeting following that re-appointment.
Disclosure of information in respect of Directors	A 10.1	The biographical details of the Directors' including their qualifications, nature of expertise in relevant functional areas, membership in Board – sub committees, attendance at Board and sub- committee meetings, other directorships and Directors Interest in contracts are disclosed under the relevant sections of this Report.
B. Directors' Remuneration		
Establishment of a Remuneration Committee	B 1.1	The Board has appointed a Remuneration Committee to make recommendations to the Board on remuneration policy and practice that is consistent with the objectives of the Company.
Composition	B 1.2	The Remuneration Committee consists of two Independent Directors and a Non Executive Director. The Chairman of the Committee is an Independent Director.
	B 1.3	The members of the Committee are indicated In the Annual Report of the Board of Directors.
Determination of remuneration	B 1.4	In terms of the Articles of Association of the Company, the Directors determine the fees payable to Independent Directors.
Level and mark up of remuneration	B 2.2	The committee ensures that the remuneration of executives at each level of management is competitive and is in line with their performance. Surveys are conducted as and when necessary to ensure that the remuneration is on par with those of competitive companies.
Disclosure of remuneration	B 3.1	The total remuneration paid to the Directors are disclosed in Note 10 to the Financial Statement

Corporate Governance

Corporate Governance Principle	Principle No	Level of Compliance
C. Relations with Shareholders		
Proxy votes	C 1.1	The Company counts all proxies lodged on each resolution and the percentage 'for' and 'against' each resolution.
Separate resolutions	C 1.2	A separate resolution is proposed for each issue at the AGM
Availability of Board sub-committee chairpersons	C 1.3	The chairpersons of the Audit and Remuneration Committees are present at the AGM to answer any questions raised by the shareholders if so requested by the Chairman
Adequate notice of AGM	C 1.4	The Notice of the Annual General Meeting and the relevant documents are published and dispatched to the shareholders within 15 working days prior to the meeting as required by Section 135(1) of the Companies Act No. 7 of 2007
Procedure for voting at General Meetings	C 1.5	The procedure governing votes at the General Meeting is circulated with the Notice of Meeting
Communication with shareholders	C 2	The Company disseminate information pertaining to the performance of the Company through the publication of the Interim Financial Statements and the Annual Report in a timely manner. Immediate announcement is also made to the Colombo Stock Exchange on any information which is considered price sensitive. The Company Secretary could be contacted in relation to any shareholder matter.
Major transactions	C 3.1	The Directors ensure that any corporate transaction that would materially affect the net asset base of the Company or the Group is communicated to the shareholders and approval obtained in accordance with the statutes. There were no major transactions as defined under Section 185 of the Companies Act No. 7 of 2007 during the year under review.
D. Accountability & Audit		
Boards responsibility for statutory and regulatory reporting	D 1.1	The Board is accountable for presenting the Financial Statements of the Company and Group to regulators as well as the information required to be presented by Statute.
Declarations	D 1.2	The Declarations required to be made by the Board is given in the Annual Report of the Board of Directors.
Statement of Directors and Auditors responsibility for the Financial Statements	D 1.3	The statement of Directors responsibility in preparation of the Financial Statements is given on page 28 while the independent auditors report on page 29 state the Auditors responsibility for the Financial Statements
Management Discussion Analysis	D 1.4	Management commentary and Financial Review are given on page 7-10 of this report
Declaration on Going concern	D 1.5	The declarations by the Board that the Company is a going concern is given in the Annual Report of the Board of Directors
Serious loss of capital	D 1.6	The Directors ensure that in the event the net assets of the Company fall below 50% of the value of the Company's shareholders' funds an Extraordinary General Meeting will be convened to notify the shareholders of the position and the remedial action being taken.
Related Party transactions	D 1.7	The transactions entered into by the Company with related parties is disclosed in Note 30 to the Financial Statements
Internal Control	D 2	The Board has established an effective system of internal control to safeguard the assets of the Company.

Corporate Governance Principle	Principle No	Level of Compliance
Composition of the Audit Committee	D 3.1	The Audit Committee consists of two Independent Directors and one Non Executive Director. The Chairman of the Committee is an independent Director appointed by the Board
Duties	D 3.2	The duties of the Audit Committee include keeping under review the scope and results of the internal and external audit and its effectiveness and the independence and objectivity of the external auditors. In the event the auditors are contracted for non-audit services, the Committee reviews the nature and extent of such services with the aim of balancing objectivity, independence and value for money.
Terms of Reference	D 3.3	The Terms of Reference of the Audit Committee has been approved by the Board.
Disclosures	D 3.4	The members of the Committee are indicated in the Annual Report of the Board of Directors.
Code of Business Conduct and Ethics	D 4.1	The Company has adopted a Code of Business Conduct and Ethics and the Directors are committed to the code and the principles contained therein.
Corporate Governance Disclosures	D 5.1	The Corporate Governance Report sets out the manner and extent to which the Company has complied with the principles and provisions of the Code
E. Institutional Investors		
Shareholder Voting	E.1	The Chairman conducts a structured dialogue with the shareholders based on the mutual understanding of objectives and ensures that the views of the shareholders are communicated to the Board as whole.
Evaluation of Governance disclosures	E.2	When evaluating the governance arrangements particularly, in relating to Board structure and composition, institutional investors are encouraged to give due weight to all relevant factors drawn to their attention.
F. Other Investors		
Investing & Divesting decisions	F.1	Individual shareholders are encouraged to carry out adequate analysis and seek the independent advice prior to investing or divesting directly in shares of the Company
Shareholder Voting	F.2	All shareholders are encouraged to participate at meetings of the company and a Form of Proxy accompanies each notice providing shareholders who are unable to attend such meeting the opportunity to cast their vote

Corporate Governance

The following table presents the Company's compliance with Section 7.10 of the Listing Rules on Corporate Governance issued by the Colombo Stock Exchange.

CSE Rule No.	Applicable Rule	Requirement	Status of compliance
Board of Directors			
7.10.1	Non executive Directors(NEDs)	Two or at least one- third of the total number of Directors Which ever is higher	√
7.10.2 (a)	Independent Directors	Two or one- third of NEDs (whichever is higher) should be independent	√
7.10.2 (b)	Declaration of Independence	Each Non-Executive Director should submit a declaration of independence/ non-independence in the prescribed format	√
7.10.3 (a)	Disclosures relating to Directors Independence	Names of Independent Directors should be disclosed in the Annual Report	√
7.10.3 (b)		The basis for determining the independence of NEDs, if criteria for independence is not met.	√
7.10.3 (c)		A brief resume of each Director should be included in the Annual Report, including his area of expertise	√
7.10.3 (d)		Upon appointment of a new Director a brief resume' of the Director should be submitted to the Exchange	√
Remuneration Committee			
7.10.5 (a)	Composition	The Committee shall comprise of a minimum of two Independent Directors or of Non-Executive Directors, a majority of whom shall be independent. The Chairman of the Committee shall be a Non-Executive Director.	√
7.10.5 (b)	Functions	The Committee shall recommend the remuneration payable to the Executive Directors and Chief Executive Officer or equivalent role.	√
7.10.5 (c)	Disclosure in the Annual Report	The Annual Report should set out the names of the members of the Committee, a statement of Remuneration Policy and the aggregate remuneration paid to Executive and Non - Executive Directors.	√

CSE Rule No.	Applicable Rule	Requirement	Status of compliance
Audit Committee			
7.10.6 (a)	Composition	The Committee shall comprise of a minimum of two Independent Directors or of Non-Executive Directors, a majority of whom shall be independent.	√
		The Chairman of the Committee shall be a Non-Executive Director.	√
		Unless otherwise determined by the Committee, the CEO and the CFO shall attend meetings	√
		Chairman or one member of the Committee should be a member of a recognized professional accounting body.	√
7.10.6 (b)	Functions	*Overseeing the preparation, presentation and adequacy of disclosures in the Financial Statements in accordance with the SLAS.	√
		*Overseeing compliance with financial reporting related regulations and requirements.	
		*Overseeing the processes to ensure that internal controls and risk management are adequate.	
		*Assessing the independence and performance of the external Auditors.	
		*Recommending to the Board the appointment, re- appointment and removal of the external auditors and approving their remuneration and terms of engagement.	
7.10.6 (c)	Disclosure in the Annual Report	The names of the members of the Audit Committee.	√
		The basis of determination of the independence of Auditors.	√
		A report of the Audit Committee setting out the manner of compliance in relation with their functions	√

Audit Committee Report

The Audit Committee ("the Committee") had been appointed by the Board of Directors with the following objectives:

- Increase public confidence in the credibility and objectivity of published financial information;
- Assisting directors in meeting their responsibilities in respect of financial reporting in accordance with relevant Laws, Regulations and Standards; and
- Strengthening the independent position of the Company's external auditor.

The Committee consists of two Independent Non-Executive Directors and one Non-Executive Director. The Chairman, Mr. Thirunavukarasu Someswaran, an Independent Non-Executive Director and Mr. Deepal Sooriyaarachchi, an Independent Non-Executive Director and Mr. Imtiaz Esufally, a Non-Executive Director serves as the members of the Committee.

A brief profile of the Directors is included in pages 5 to 6

The Committee met five times during the year and Chairman/ CEO attended all meetings convened during the year. Apart from meetings the committee advises the management on a regular basis and takes decisions via circular resolution which are required to be signed by members.

The Primary function of the internal audit is to provide independent assurance on overall system of internal controls, business and associated risk management and compliance with laws and regulations and established policies and procedures of the Group and Company.

Messrs, PricewaterhouseCoopers, Chartered Accountants carried out the comprehensive internal audit during the year under review. The scope of the audit was defined with the assistance of the Risk and Control Dept. of the Hemas Group and approved by the Audit Committee.

On review of Non Audit Services rendered by the External Auditors, the Committee is of the view that Messrs KPMG is an independent entity as such services were not prohibited under Guidelines for Listed Companies on Audit and Audit Committees issues by the Securities and Exchange Commission of Sri Lanka. The Committee has recommended the Board of Directors that Messrs KPMG Chartered Accountants, be re-appointed for the financial year ending 31 March 2015, subject to the approval of shareholders at the next Annual General Meeting.

The committee ensured that the recommended practices given by the internal auditors were implemented by the management throughout the year. The Committee also reviewed the Risk Analysis process adopted by the management in identifying, evaluating and managing the risks faced by the Company and its Subsidiaries.

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

Mr. Thirunavukarasu Someswaran

Chairman

Remuneration Committee Report

The Remuneration Committee (“the Committee”) appointed by and responsible to the Board of Directors comprises two Independent Non-Executive Directors and one Non-Executive Director.

The Chairman of the Remuneration Committee is Mr. Deepal Sooriyaarachchi who is an Independent Non-Executive Director and the other members are Mr. Thirunavukarasu Someswaran, Independent Non-Executive Director and Mr. Imtiaz Esufally, Non-Executive Director.

Brief profiles of the Directors given on pages 5 to 6 and the total remuneration paid to the directors is given in Note 10 to the financial statement.

Policy

The Remuneration Committee must establish remuneration packages which are sufficient to attract, retain and motivate directors to run the company successfully, but without paying more than is necessary. The level of remuneration must strike a balance between the interests of the company and its shareholders.

Responsibilities

The main responsibilities of the Committee are as follows:

- to set salary level, terms and conditions relating to Executive staff;
- take recommendations to the Board on the Company’s framework of Executive Directors’ remuneration and its cost and to make determination on behalf of the Board specific remuneration packages for executive directors;
- recommend any contract of employment or related contract with Executive Directors on behalf of the Company; and
- determination the terms of any compensation package in the event of early termination of the contract of any Executive Director.

Meetings

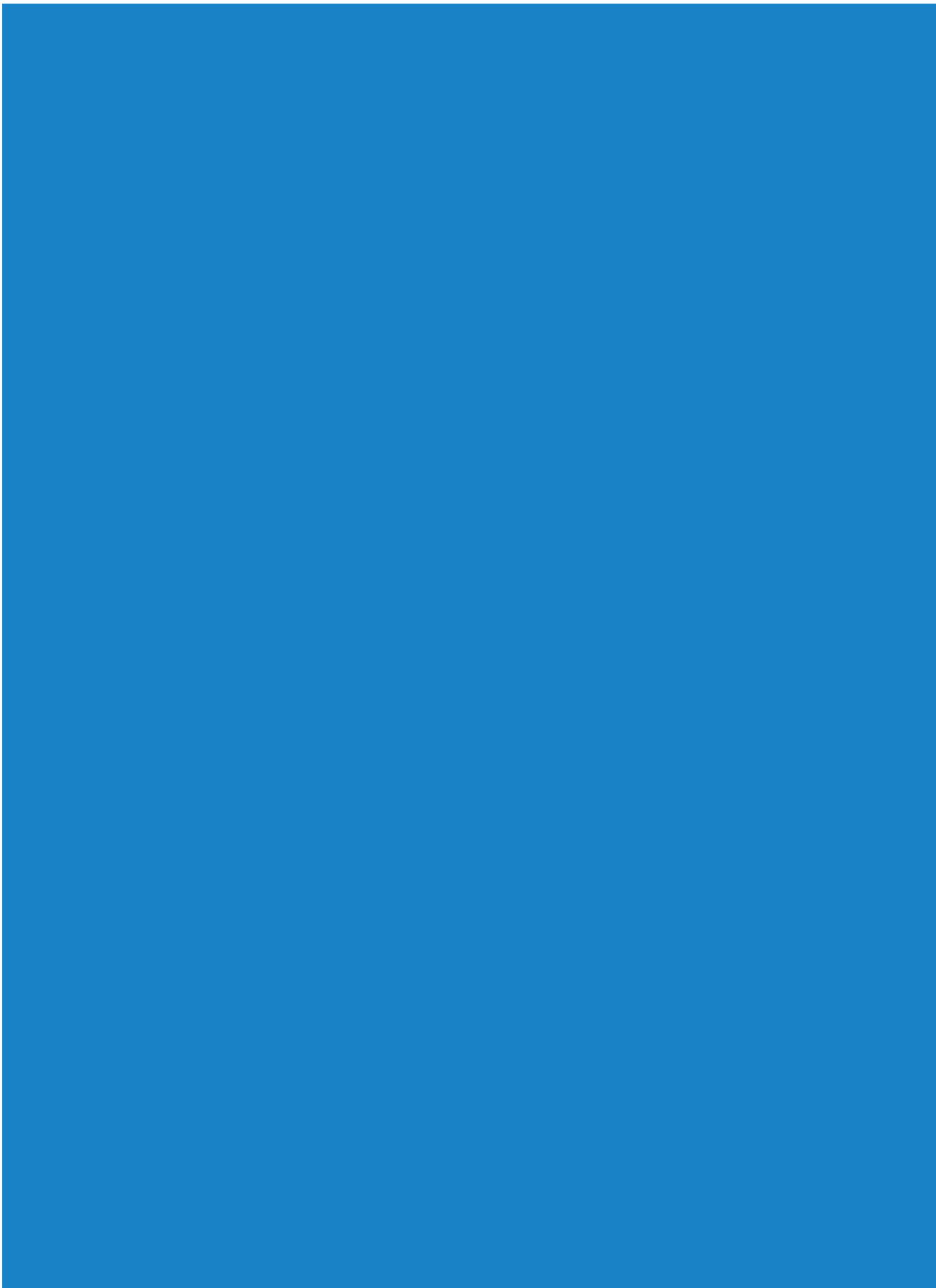
The Committee met once during the year under review. The minutes were circulated amongst the members and it was ensured that the matters were discussed implemented and adapted by the Board.

Advisors

The Committee is authorised by the Board to seek appropriate professional advice inside and outside the Company as and when it considers this necessary.

Mr. Deepal Sooriyaarachchi

Chairman



Panasian Power PLC

Financial Information

2013/14

Annual Report of the Board of Directors

The Board of Directors of PanAsian Power PLC has pleasure in presenting their Report together with the Audited Financial Statements of the Company and Consolidated Financial Statements of the Group for the year ended 31st March 2014.

Principal Activities of the Company & Group

The principal activity of the Company and its subsidiaries which is generation of hydro power remained unchanged during the year under review.

Financial Statements & Auditors' Report

The Financial Statements of the Company and Group as at 31st March 2014 are given from pages 30 to 55 while the Auditors' Report on the Financial Statements is provided on page 29 of this report.

Financial Results

The Financial Results of the Group and Company as at the Balance Sheet date is tabulated below.

	Group		Company	
	2014 (Rs)	2013 (Rs)	2014 (Rs)	2013 (Rs)
Revenue	222,861,068	175,831,188	123,084,852	104,732,416
Gross Profit	195,952,774	151,448,425	111,397,257	94,086,924
Profit/ (Loss) before Finance Cost and Tax	160,516,975	112,562,578	111,796,487	85,699,105
Profit/ (Loss) before Tax	149,106,732	114,389,987	100,530,444	86,727,788
Taxation	(5,118,045)	(6,558,830)	877,161	(1,079,100)
Profit/(loss) After Tax	144,544,097	107,741,428	102,065,976	85,650,457

Directors to the best of their knowledge and belief confirm that neither the Company nor its subsidiaries have been engaged in any activity that contravenes laws and regulations.

Review of Operations & Future Developments

The financial and operational performance of the Company during the year under review and future developments are discussed in the Chairman's Review and the Management Commentary. These Reports together with the Audited Financial Statements reflect the state of affairs of the Company and the Group.

Corporate Governance

The Directors confirm that the Company is in compliance with the Rules on Corporate Governance laid down by the Colombo Stock Exchange. The Corporate Governance practices of the Company are given on pages 13 to 19 of this report.

Going Concern

The Board of Directors after considering the financial position, operating conditions, regulatory and other factors and such matters required to be addressed in the Corporate Governance Code, have a reasonable expectation that the Company possesses adequate resources to continue its operations for the foreseeable future. For this reason, the Company continues to adopt the 'Going Concern basis' in preparing the Financial Statements.

Dividends

The Directors have not recommended a dividend for the year under review. (2013 – Rs.0/10 per share amounting to Rs.50,000,000/-)

Accounting Policies

The Accounting Policies adopted in the preparation of the Financial Statements are given from page 34 to 41 of this Report

Property Plant & Equipment

The capital expenditure incurred by the Group and Company during the year amounted to Rs.999,049/-. (2013 – Rs.98,829/-) and Rs.977,399/- (2013 – Rs.98,829/-) respectively.

Details of Property, Plant & Equipment and their movement during the financial year is disclosed under Note 14 to the Financial Statements.

Details of Land held by the Company and Group is given below.

Location	Extent
Rathnapura	3.6 acres
Walapane	3.7 acres

Investments

Details of investments made by the Company are disclosed in Note 16 and 17 to the Financial Statements.

Stated Capital

The stated capital of the Company as at 31st March 2014 amounted to Rs.630,000,000/- divided into 500,000,000 ordinary shares. There was no change to the stated capital of the Company during year under review.

Contingent Liabilities

Details of contingent liabilities are given in Note 32 to the Financial Statements.

Events Occurring After the Balance Sheet Date

No circumstances have arisen since the Balance Sheet date that would require adjustment to or disclosure in the Accounts other than those disclosed in Note 33 to the Financial Statements.

Statutory Payments & Compliance with Laws and regulations

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company and its subsidiaries, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and its subsidiaries as at the Balance sheet date have been paid or where relevant provided for in the Financial Statements.

The Company has also ensured that it complies with the applicable laws and regulations including the Listing rules of the Colombo Stock Exchange.

Employment

The Company adopts a non discriminatory policy in recruitment and employment which gives full and fair consideration to persons in selection, training, development and promotion ensuring that all decisions are based on merit.

The no. of persons employed by the Company and Group as at 31st March 2014 were 17 and 27 Respectively (2013 – 18 and 28)

Environmental Protection

The Company confirms that it complies with all relevant environmental laws and regulations applicable to the industry.

Corporate Donations

Donations made by the Group and Company during the year under review amounted to Rs.651,636/- (2013 – Rs.1,300,874/-) and Rs.554,176 (2013 – Rs.1,248,934/-) respectively.

Directors

The Board of Directors of the Company during the financial year under review is given below:-

Dr. P Ramanujam
Mr. M R Badurdeen
Mr. M H Mohd Shariff
Dato' S B Hayroni*
Mr. H B A Latiff*
Mr. T Someswaran
Mr. D Sooriyaarachchi
Mr. D Jayaweera*
Mr. I A H Esufally**
Mr. G A K Nanayakkara**
Mr. M R Ameen**

* Resigned with effect from 24th April 2013.

** Appointed with effect from 24th April 2013

Mr. T Someswaran, who reached the age of 71 years on 4th August 6th 2014 vacates office in terms of section 210 (2) of the Companies Act No. 7 of 2007. A resolution to re-appoint Mr. Someswaran in accordance with Section 211 (1) of the Statute is given in the Notice convening the meeting. He is therefore eligible for re-appointment with the unanimous consent of the Board.

Annual Report of the Board of Directors

Board Committees

The following members served on the sub-committees appointed by the Board,

Audit Committee

Mr. T Someswaran (Chairman)
Mr. D Sooriyaarachchi
Mr. I A H Esufally

Remuneration Committee

Mr. D Sooriyaarachchi (Chairman)
Mr. T Someswaran
Mr. I A H Esufally

Remuneration & Other Benefits of Directors

Details of Directors emoluments paid during the year are disclosed in Note 10 to the Financial Statements.

Interest Register

In compliance with the requirements of the Companies Act No.7 of 2007, an Interest Register was maintained by the Company during the accounting period ended 31st March 2014.

Directors' Interest in Shares

In compliance with Section 200 of the Companies Act, the Directors have disclosed their relevant interest in shares of the Company.

The shareholdings of the Directors during the financial year were as follows:

	2014		2013
	31.03.14	01.04.13	31.03.13
Dr. P Ramanujam	2,350,000	2,350,000	2,350,000
Mr. M R Badurdeen	-	-	-
Mr. M H Mohd Shariff	-	-	-
Dato' S B Hayroni*	-	-	-
Mr. H B A Latiff*	-	-	-
Mr. T Someswaran	-	7	7
Mr. D Sooriyaarachchi	-	-	-
Mr. D Jayaweera*	-	-	-
Mr. I A H Esufally**	-	-	-
Mr. G A K Nanayakkara**	-	-	-
Mr. M R Ameen**	-	-	-

* Resigned with effect from 24th April 2013

**Appointed with effect from 24th April 2013

Directors Interest in Contracts

In terms of section 192 (2) of the Companies Act, the Directors have declared their interests in contracts with the Company and have refrained from voting on matters in which they were materially interested. Directors Interest in contracts with the Company is disclosed below:

Name of the Company	Director	Nature of Transaction	Transaction Amount Rs.
Manelwala Hydropower (Pvt) Limited	Dr. P Ramanujam	Fund transfer	17,000,000
	Mr. I A H Esufally		
	Mr. G A K Nanayakkara		
Hemas Holding PLC	Mr. I A H Esufally	IT fees and software license fees	862,474
Hemas Corporate Services (Pvt) Ltd	Mr. I A H Esufally	Secretarial fees	365,155
Hemas Power PLC	Mr. I A H Esufally	Office rent & utilities	947,135
	Mr. G A K Nanayakkara		
Padiyapelella Hydropower Limited	Mr. M R Ameen	Advance payment on acquisition of 90% stake	115,000,000
	Dr. P Ramanujam		
	Mr. T Someswaran		

Related party transactions exceeding 10% of the equity or 5% of the total assets of The Company whichever is lower as per the Audited Financial Statements of the Company is tabulated below.

Shareholders

The Company has made all endeavours to ensure equitable treatment to all its shareholders.

Panasian Power PLC - Related Party Transaction

Date of transaction	Name of the related party	Relationship	Amount (Rs)	Rationale for entering into the transaction	Nature of transaction
09.07.2012	Manelwala Hydropower (Pvt) Limited (MHPL)	Subsidiary (100 % owned)	10,000,000	Advance payment for Padiyapelella Hydropower Limited	Fund transfer
02.10.2012	MHPL		15,000,000	Advance payment for Padiyapelella Hydropower Limited	Fund transfer
20.12.2012	MHPL		7,500,000	Advance payment for Padiyapelella Hydropower Limited	Fund transfer
29.01.2013	MHPL		2,500,000	Working capital	Fund transfer
07.03.2013	MHPL		7,200,000	Advance payment for Padiyapelella Hydropower Limited	Fund transfer
25.03.2013	MHPL		13,000,000	Advance payment for Padiyapelella Hydropower Limited	Fund transfer
28.03.2013	MHPL		10,000,000	Advance payment for Padiyapelella Hydropower Limited	Fund transfer
31.08.2013	MHPL		17,000,000	Advance payment for Padiyapelella Hydropower Limited	Fund transfer

Internal Control

The Board has reviewed the internal controls covering financial, operational and compliance controls and risk management and have obtained reasonable assurance of its effectiveness.

Auditors

Messrs. KPMG, Chartered Accountants served as the External Auditors of the Company during the year under review. The Audit Fees payable and fees paid for other services rendered are as follows;

Audit Fees	-	Rs.240,000/- (2013 – Rs.240,000/-)
Fees for non –audit services	-	Rs.50,000/- (2013 – Rs.50,000/-)

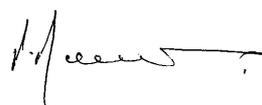
The Directors have confirmed that to the best of their knowledge the Auditors have had no interest in or relationship with the Company or its subsidiaries other than that of External Auditors.

The Auditors have confirmed that they are independent in accordance with the code of Ethics of the Institute of Chartered Accountants of Sri Lanka.

Messrs. KPMG have expressed their willingness to continue in office. A resolution to re-appoint them and to authorize the directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting.

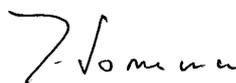
By Order of the Board of

Panasian Power PLC



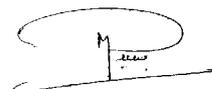
Dr. Prathap Ramanujam

Chairman



Mr. Thirunavukarasu Someswaran

Director



Hemas Corporate Services (Pvt) Ltd.

Secretaries

23rd May 2014

Independent Auditors' Report



KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
Colombo 00300,
Sri Lanka.

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Fax : +94 - 11 244 5872
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Internet : www.lk.kpmg.com

TO THE SHAREHOLDERS OF PANASIAN POWER PLC

Report on the Financial Statements

We have audited the accompanying financial statements of Panasian Power PLC, (the "Company"), and the consolidated financial statements of the Company and its subsidiaries (the "Group"), which comprise the statement of financial position as at 31st March, 2014, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information set out on pages 30 to 55 of the Annual Report.

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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Scope of Audit and Basis of Opinion

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

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

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

Opinion

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended 31st March, 2014 and the financial statements give a true and fair view of the financial position of the Company as at 31st March, 2014 and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiary dealt with thereby as at 31st March, 2014, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

These financial statements also comply with the requirements of Sections 153 (2) to 153 (7) of the Companies Act No. 07 of 2007.



Chartered Accountants
Colombo

23rd May 2014

KPMG, a Sri Lankan Partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International cooperative ("KPMG International"), a Swiss entity.

M.R. Mihular FCA P.Y.S. Perera FCA C.P. Jayatilake FCA
T.J.S. Rajakarier FCA W.W.J.C. Perera FCA Ms. S. Joseph FCA
Ms. S.M.B. Jayasekara ACA W.K.D.C. Abeyrathne ACA S.T.D.L. Perera FCA
G.A.U. Karunaratne ACA R.M.D.B. Rajapakse ACA Ms. B.K.D.T.N. Rodrigo ACA
Principals - S.R.I. Perera ACMA, LLB, Attorney-at-Law, H.S. Goonewardene ACA

Statement of Financial Position

As at 31st March,	Note	Group		Company	
		2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.
Assets					
Non-current assets					
Property, plant and equipment	14	442,113,667	456,964,192	144,910,739	150,639,158
Intangible assets	15	297,856,807	299,025,208	5,860,160	6,599,992
Investment in subsidiaries	16	-	-	605,107,184	605,107,184
Other investments	17	276,450,000	161,450,000	241,450,000	126,450,000
Capital work in progress	18	42,849,117	-	42,849,117	-
		1,059,269,591	917,439,400	1,040,177,200	888,796,334
Current assets					
Trade and other receivables	19	42,483,908	40,981,958	20,130,053	15,891,974
Amount due from related companies	20	1,320,000	1,320,000	1,320,000	1,320,000
Cash and cash equivalents	21	67,777,787	27,548,768	17,064,741	14,878,708
		111,581,695	69,850,726	38,514,794	32,090,682
Total assets		1,170,851,286	987,290,126	1,078,691,994	920,887,016
Equity and liabilities					
Equity					
Stated capital	22	630,000,000	630,000,000	630,000,000	630,000,000
Revaluation reserves		88,024,541	88,024,541	59,079,041	59,079,041
Retained earnings		322,166,625	227,622,528	180,166,306	128,100,330
Total equity attributable to the owners of the company		1,040,191,166	945,647,069	869,245,347	817,179,371
Non-current liabilities					
Retirement benefit obligations	23	1,887,949	2,192,446	1,511,636	1,862,872
Finance lease obligations	24	-	1,741,490	-	815,524
Interest bearing loans and borrowings	25	1,709,281	2,741,175	1,709,281	2,741,175
Deferred tax liabilities	26	25,029,967	22,237,086	9,418,445	9,022,903
		28,627,197	28,912,197	12,639,362	14,442,474
Current liabilities					
Amount due to related companies	27	1,849,039	-	101,049,039	82,200,000
Finance lease obligations	24	1,893,734	1,891,192	881,354	878,811
Interest bearing loans and borrowings	25	1,657,452	1,657,452	1,657,452	1,657,452
Income tax payable		1,741,147	2,968,046	1,724,276	2,991,270
Other payables and accruals	28	4,891,551	6,214,170	1,495,164	1,537,638
Short term loans	29	90,000,000	-	90,000,000	-
		102,032,923	12,730,860	196,807,285	89,265,171
Total liabilities		130,660,120	41,643,057	209,446,647	103,707,645
Total equity and liabilities		1,170,851,286	987,290,126	1,078,691,994	920,887,016

The notes on pages 34 to 55 form an integral part of these financial statements.

I certify that these financial statements are in compliance with the requirements of the Companies Act No. 07 of 2007.

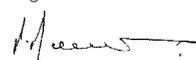


Koshala Kalaichelvan

Financial Controller

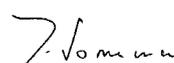
The Board of Directors are responsible for the preparation and presentation of the financial statements.

Signed on behalf of the board



Dr. Prathap Ramanujam

Chairman



Mr. Thirunavukarasu Someswaran

Director

23 May 2014

Colombo, Sri Lanka

Statement of Comprehensive Income

	Note	Group		Company	
		2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.
<i>For the year ended 31st March,</i>					
Revenue	7	222,861,068	175,831,188	123,084,852	104,732,416
Cost of Electricity Generated		(26,908,294)	(24,382,763)	(11,687,595)	(10,645,492)
Gross profit		195,952,774	151,448,425	111,397,257	94,086,924
Administrative expenses		(35,435,799)	(38,600,697)	(31,316,901)	(31,889,769)
Other operating income/ (expense)	8	-	(285,150)	31,716,131	23,501,950
Finance income	9.1	463,441	3,628,015	240,866	2,337,276
Finance expenses	9.2	(11,873,684)	(1,800,606)	(11,506,909)	(1,308,593)
Net finance income		(11,410,243)	1,827,409	(11,266,043)	1,028,683
Profit before taxation	10	149,106,732	114,389,987	100,530,444	86,727,788
Income tax expense	11.1	(5,118,045)	(6,558,830)	877,161	(1,079,100)
Profit for the year		143,988,687	107,831,157	101,407,605	85,648,688
Other comprehensive income for the year					
- Actuarial gain/(loss) on defined benefit obligation	23	617,122	(99,699)	731,523	1,966
- Deferred tax effect on actuarial gain or loss	11.2	(61,712)	9,970	(73,152)	(197)
Other comprehensive income		555,410	(89,729)	658,371	1,769
Total comprehensive income for the year attributable to equity holders of the company		144,544,097	107,741,428	102,065,976	85,650,457
Earnings per share (Rs.)	12	0.29	0.22	0.20	0.17
Dividend per share (Rs.)	13	0.10	0.15	0.10	0.15

The notes on pages 34 to 55 form an integral part of these financial statements.

The figures in bracket indicate deductions.

Statement of Changes in Equity

Group	Stated capital Rs.	Revaluation reserve Rs.	Retained earnings Rs.	Total equity Rs.
Balance as at 1st April, 2012	630,000,000	88,024,541	194,881,100	912,905,641
Total comprehensive income for the year				
- Profit for the year	-	-	107,831,157	107,831,157
- Other comprehensive income	-	-	(89,729)	(89,729)
Transaction with owners - dividend to equity holders	-	-	(75,000,000)	(75,000,000)
Balance as at 31st March, 2013	630,000,000	88,024,541	227,622,528	945,647,069
Total comprehensive income for the year				
- Profit for the year	-	-	143,988,687	143,988,687
- Other comprehensive income	-	-	555,410	555,410
Transaction with owners - dividend to equity holders	-	-	(50,000,000)	(50,000,000)
Balance as at 31st March, 2014	630,000,000	88,024,541	322,166,625	1,040,191,166
Company				
Balance as at 1st April 2012	630,000,000	59,079,041	117,449,873	806,528,914
Total comprehensive income for the year				
- Profit for the year	-	-	85,648,688	85,648,688
- Other comprehensive income	-	-	1,769	1,769
Transaction with owners - dividend to equity holders	-	-	(75,000,000)	(75,000,000)
Balance as at 31st March 2013	630,000,000	59,079,041	128,100,330	817,179,371
Total comprehensive income for the year				
- Profit for the year	-	-	101,407,605	101,407,605
- Other comprehensive income	-	-	658,371	658,371
Transaction with owners - dividend to equity holders	-	-	(50,000,000)	(50,000,000)
Balance as at 31st March 2014	630,000,000	59,079,041	180,166,306	869,245,347

The notes on pages 34 to 55 form an integral part of these financial statements.

The figures in bracket indicate deductions.

Statement of Cash Flows

<i>For the year ended 31st March,</i>	Group		Company	
	2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.
Cash flows from operating activities				
Profit before tax	149,106,732	114,389,987	100,530,444	86,727,788
<i>Adjustments for,</i>				
Depreciation of property, plant and equipment	15,849,574	16,373,837	6,705,818	7,051,662
Amortization of intangible asset	1,568,588	1,528,571	1,140,019	1,100,000
Provision for retiring gratuity	574,475	781,785	454,537	688,711
Dividend income	-	-	(31,716,131)	(23,787,100)
Loss on disposal of property, plant and equipment	-	285,150	-	285,150
Interest income	(463,441)	(3,628,015)	(240,866)	(2,337,276)
Interest expense	11,873,684	1,800,606	11,506,909	1,308,593
Operating profit before working capital changes	178,509,611	131,531,921	88,380,729	71,037,528
(Increase) / Decrease in receivables	(1,501,950)	(14,794,620)	(4,238,079)	(3,957,572)
(Increase) / Decrease in related company receivables	-	1,048,000	-	-
Increase / (Decrease) in payables	(1,322,619)	2,560,147	(42,474)	(709,231)
Increase / (Decrease) in related company payables	1,849,039	-	18,849,039	65,200,000
Cash generated from operations	177,534,082	120,345,448	102,949,216	131,570,725
Interest expense paid	(11,873,684)	(1,800,606)	(11,506,909)	(1,308,593)
Income tax paid	(3,613,676)	(3,173,444)	(67,444)	329,627
Retiring gratuity paid	(261,850)	(58,000)	(74,250)	(58,000)
Net cash generated from operating activities	161,784,871	115,313,398	91,300,613	130,533,759
Cash flows from investing activities				
Purchase of property, plant and equipment	(999,048)	(98,829)	(977,399)	(98,829)
Proceeds from disposal of property, plant and equipment	-	3,350,000	-	3,350,000
Investment in intangible asset	(400,187)	-	(400,187)	-
Investment in capital work in progress	(42,849,117)	-	(42,849,117)	-
Investment in other companies	(115,000,000)	(126,450,000)	(115,000,000)	(126,450,000)
Dividend income received	-	-	31,716,131	23,787,100
Interest income received	463,441	3,628,015	240,866	2,337,276
Net cash flows used in investing activities	(158,784,911)	(119,570,814)	(127,269,705)	(97,074,453)
Cash flows from financing activities				
Proceeds from loan	90,000,000	-	90,000,000	-
Repayment of loan	(1,031,894)	(820,437)	(1,031,894)	(820,437)
Dividend paid	(50,000,000)	(75,000,000)	(50,000,000)	(75,000,000)
Payment of finance lease liabilities - net	(1,739,048)	(2,076,486)	(812,981)	(1,035,916)
Net cash flows from / (used in) financing activities	37,229,058	(77,896,923)	38,155,125	(76,856,353)
Net increase / (decrease) in cash and cash equivalents	40,229,019	(82,154,339)	2,186,033	(43,397,047)
Cash and cash equivalents at the beginning of the year	27,548,768	109,703,107	14,878,708	58,275,755
Cash and cash equivalents at the end of the year (Note 21)	67,777,787	27,548,768	17,064,741	14,878,708

The notes on pages 34 to 55 form an integral part of these financial statements.

Notes to the Financial Statements

1 General Information

1.1 Reporting entity

Panasian Power PLC (the "Company") is a public limited company, incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The registered office of the Company is located at "Hemas House", No 75, Braybrooke Place, Colombo 2.

The consolidated financial statements of the Company as at and for the year ended 31 March 2014 comprise the Company and its subsidiaries Manelwala Hydropower (Pvt) Limited and Panasian Investments (Pvt) Limited.

1.2 Principal activities and nature of operations

The principal activity of the Company and its Subsidiary Manelwala Hydropower (Pvt) Limited is to produce hydro power. The ultimate parent of the Company is Hemas Power PLC.

The Company entered into Small Power Purchase Agreements with the Ceylon Electricity Board (CEB) for the sale of electrical energy from Rathganga Mini-Hydro Production Facilities for a period of 15 years, beginning on the Commercial Operation Date of 5th July 2004. The capacity of power potential is 2000KW and situated at Rathganga, Ratnapura.

The Subsidiary, Manelwala Hydropower (Pvt) Limited entered into Small Power Purchase Agreements with the Ceylon Electricity Board (CEB) for the sale of electrical energy from Kurundu Oya Mini-Hydro Production Facilities for a period of 15 years, beginning on the Commercial Operation Date of 18th June 2008. The capacity of power potential is 2400KW and situated at Walapane.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with new Sri Lanka Accounting Standards (herein referred to as SLFRSs/LKASs) issued by the Institute of Chartered Accountants of Sri Lanka (ICASL) and the requirement of the Companies Act No. 07 of 2007 and Sri Lanka Accounting and Auditing Standards Act No.15 of 1995.

2.2 Approval of financial statements

The consolidated financial statements were authorised for issue by the Board of Directors on 23rd May 2014.

2.3 Basis of measurement

The financial statements of the Group and the Company have been prepared on the historical cost basis except for Retirement benefit obligation which is measured at the present value of the retirement benefit obligation.

2.4 Functional and presentation currency

These financial statements are presented in Sri Lankan rupees, which is the Group's functional currency.

2.5 Use of Estimates and judgments

The preparation of the financial statements of the Group and the Company in conformity with SLFRSs/LKASs 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 recognised in the period in which the estimates are revised and in any future periods affected. Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 23- Measurement of retirement benefit obligation
- Note 26 - Deferred tax liabilities

2.6 Going concern

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

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in the financial statement of the Group and the Company.

3.1 Basis of consolidation

3.1.1 Subsidiaries

Subsidiaries are entities controlled by the Group. Existence of control is evident when the Company controls the composition of the Board of Directors of the entity or holds more than 50% of the issued shares of the entity or 50% of the voting rights of the entity or is entitled to receive more than half of every dividend from shares carrying unlimited right to participate in distribution of profits or capital. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date control ceases

3.1.2 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.1.3 Goodwill

Goodwill represents the excess of the cost of an acquisition of a subsidiary or an associate over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Goodwill is initially recognised at cost. Such goodwill is identified into cash generating units and is annually tested for impairment. Subsequent to initial recognition goodwill is stated at cost less accumulated impairment losses.

Goodwill on acquisition of subsidiaries is presented as an intangible asset in the Consolidated Statement of Financial Position.

If the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceed the cost of the acquisition of the entity, the Group will reassess the measurement of the acquiree's identifiable assets and liabilities and the measurement of the cost and the difference (bargain purchase gain) is immediately recognised in the Consolidated Comprehensive Income Statement.

3.2 Foreign currency transactions

Transactions in foreign currencies are translated to Sri Lankan rupees, which is the functional currency, at the exchange rates at the dates of transactions. Monetary assets and liabilities denominated in foreign currency at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign currency differences arising on translation are recognised in statement of comprehensive income.

3.3 Financial Instruments

3.3.1 Financial assets

3.3.1.1 Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

(i) Financial assets at fair value through profit or loss

A financial asset is classified into this category if acquired principally for the purpose of selling in the short term or if so designated by management. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the reporting date.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets as trade and other receivables except for maturities greater

than 12 months after the reporting date.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of them within 12 months of the reporting date.

(iv) Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity.

3.3.1.2 Recognition of financial asset

Regular purchases and sales of financial assets are recognised on the trade - date - the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within other (losses) / gains - net, in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Company's right to receive payment is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'other gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of other income. Dividends on available-for sale equity instruments are recognised in the income statement as part of other income when the Company's right to receive payments is established.

Notes to the Financial Statements

3.3.1.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3.3.1.4 Impairment of financial assets

(i) Assets carried at amortised cost

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or Company of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or Company of financial assets that can be reliably estimated.

3.3.2 Financial liabilities

Financial liabilities within the scope of LKAS 39 are classified as financial liabilities at fair value through profit or loss and other financial liabilities.

The group classifies its financial liabilities in to following categories;

(i) Financial liabilities at fair value through profit or loss

(ii) Other financial Liabilities

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, and other financial liabilities carried at amortised cost. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or canceled or expire.

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit loss.

Gains or losses on liabilities held for trading are recognised in the statement of comprehensive income.

The Group has not designated any financial liabilities upon initial recognition as at fair value through profit or loss.

(ii) Other financial Liabilities

All financial liabilities other than those at fair value through profit and loss are classified as other financial liabilities.

All other financial liabilities are recognized initially at fair value plus directly attributable transaction costs.

3.4 Assets and bases of their valuation

3.4.1 Property, plant and equipment

3.4.1.1 Measurement

All property, plant and equipment is stated at historical cost or construction cost, including incidental expenses less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor and any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as a part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

All items of property, plant and equipment is initially recognised at cost. A revaluation is carried out when there is a substantial difference between fair value and the carrying amount of the property, and is undertaken by professionally qualified values.

Expenditure incurred for the purpose of acquiring, extending or improving Assets of a permanent nature by means of which to carry on the business or to increase the earning capacity of the business has been treated as capital expenditure.

The cost of replacing a part of an item of property, plant and equipment is recognised in carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised.

The cost of the day-to-day servicing of property, plant and equipment are recognised in Income Statement as incurred.

3.4.1.2 Depreciation

Freehold land is not depreciated as it is deemed to have an indefinite life. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, to their residual values over their estimated useful lives as follows:

Office equipment	4 years
Furniture and fittings	4 years
Motor vehicles	4 years
Civil construction (Note I)	15 years (Up to 31 March 2011)
Electro Mechanical Equipment (Note II)	10 years (Up to 31 March 2011)

Note I

The Group has re-estimated the economic life of the assets group of Civil Construction as follows;

Component

Intake Weir	44 years
Headrace Channel	44 years
De-silting Tank	47 years
Spillway Gate	41 years
Forebay tank	47 years
Penstock	44 years
Power House	44 years
Rest Rooms	41 years

Note II

The Group has re estimated the economic life of the assets group of Electro Mechanical Equipment as follows;

Component

Turbines	27 years
Generators	29 years
Transformers and Power Lines	29 years
Voltage Panel	27 years
Crane	27 years

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale or is derecognised.

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

3.4.1.3 Disposals

Gains and losses on disposals are determined by comparing the proceeds with carrying amount and are recognised in determining operating profit or loss in the statement of comprehensive income.

3.4.2 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date

3.4.3 Intangible assets

An Intangible Asset is recognised initially at cost when it is probable that future economic benefits that are attributable to the asset will flow to the Group and when the cost of the asset can be measured reliably. These intangible assets are carried in the statement of financial position at cost less accumulated impairment losses.

3.4.3.1 Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets for measurement of goodwill at initial recognition.

3.4.3.2 Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and impairment loss on such an investment is not allocated to any asset including goodwill, that forms part of the carrying amount of the equity accounted investees.

3.4.4 Accounting for leases by the lessee

Leases of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period, so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

Notes to the Financial Statements

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of lease.

3.4.5 Trade and other receivables

Trade and other receivables are carried at anticipated realisable value. An impairment estimate is made for doubtful receivables based on a review of all outstanding amounts at the year end.

3.4.6 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

3.4.7 Stated capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

3.4.8 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

3.4.9 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they incurred.

3.4.10 Taxation

(a) Current taxes

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

(b) Deferred taxes

"Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

"Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits and differences relating to investment in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.4.1 Employee benefits

(a) Defined benefit obligation

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability recognised in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the reporting date. The defined benefit obligation is calculated annually using the Projected Unit Credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms of maturity approximating to the terms of the liability.

"Provision has been made in the financial statements for retiring gratuities from the first year of service for all employees."

However, according to the Payment of Gratuity Act No. 12 of 1983, the liability for payment to an employee arises only after the completion of 5 years continued service.

The liability is not externally funded.

The Group recognizes all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in personnel expenses in Income Statement.

With the adoption of the revised LKAS 19 - Employee benefits, the Company recognises all actuarial gains and losses arising from defined benefit plans immediately in the other comprehensive income as they occur. This has been adopted by the company with retrospective effect.

(b) Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions to a separate entity and will have no legal or constructive obligations to pay further amounts. All employees of the Group and the Company are members of the Employees' Provident Fund and Employees' Trust Fund, to which their employers contribute 12% - 15% and 3% respectively of such employees' basic or consolidated wage or salary, cost of living and all other allowances. Obligations for contributions to defined benefit plans, EPF and ETF, are recognised as an employee benefit expense in Income Statement in the periods during which services are rendered by employees.

(c) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Company.

3.4.12 Provisions

Provisions are recognised when the Group or Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

3.5 Revenue recognition

(a) Service income

Sale of services is recognised upon performance of services, net of sales taxes and discounts.

(b) Finance income/(expenses)

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

Finance expenses comprise interest expense on borrowings, preference dividends and impairment losses recognised on financial assets.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

3.6 Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are paid by the Company's shareholders.

3.7 Cash flow statement

The cash flow statement has been prepared using the "indirect method".

3.8 Capital commitments and contingencies

Contingencies are possible assets or obligations that arise from a past event and would be confirmed only on the occurrence or non occurrence of uncertain future events, which are beyond the Group's control. Capital commitments and contingent liabilities of the Group and Company are disclosed in the respective notes to the financial statements.

3.9 Events occurring after the reporting date

All material post reporting date events have been considered and where appropriate adjustment to or disclosures have been made in the financial statements.

3.10 Earnings per share (EPS)

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group and Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that

Notes to the Financial Statements

have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

(a) Estimated impairment of non-current assets

The Group reviews for impairment of property, plant and equipment in accordance with the Accounting Policy in Note 3.4.2. The recoverable amount of these assets have been determined based on higher of the assets' fair value less cost to sell and value in use. These calculations require the use of estimates and judgments.

Management believes that any reasonably possible change in the estimated future cash flows of the operations on which the recoverable amounts of the cash-generating units is based would not cause the cash-generating units' carrying on amount to exceed its recoverable amount.

(b) Defined benefit plan - Gratuity

The present value of the defined benefit plan depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for defined benefit plan include the discount rate. Any changes in these assumptions will impact the carrying amount of defined benefit plan. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the defined benefit plan. Other key assumptions for defined benefit plan are based in part on current market conditions, additional information is disclosed in Note 23.

5 Changes in accounting policies

The accounting policies adopted by the Company are consistent with those used in the previous financial year except for the policy on retirement benefits obligations - gratuity.

The Company applied revised Sri Lanka Accounting Standards (LKAS) 19 on Employee Benefits retrospectively in accordance with the transitional provisions set out in the said standard. As per previous policy actuarial gains/ losses were recognised in profit or loss. As per revised LKAS 19, actuarial gains / losses are recognised in other comprehensive income. Accordingly, the Company changed its policy for recognizing actuarial gain/loss in other comprehensive Income.

6 New accounting standards issued but not yet effective

The Institute of Chartered Accountants of Sri Lanka has issued the following standards which become effective for annual periods beginning on or after 01st January 2014.. Accordingly these standards have not been applied in preparing these financial statements. The Company will be adopting these standards when they become effective.

SLFRS 9 - Financial Instruments: Classification and Measurement

SLFRS 9 - Financial Instruments, which will replace the provisions of LKAS 39 Financial Instruments: Recognition and Measurement on classification and measurement of financial assets and requirements with respect to the classification and measurement of financial liabilities, the de-recognition of financial assets and financial liabilities and how to measure fair value were added to SLFRS 9. Most of these requirements have been carried forward without substantive amendments from LKAS 39. However, to address the issue of own credit risk some changes were made to the fair value option for financial liabilities.

The standard is applied retrospectively in accordance with LKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors with certain exemptions.

SLFRS 09 is effective for annual periods beginning on or after 1 January 2014.

SLFRS 10 - Consolidated Financial Statements

SLFRS 10 Consolidated Financial Statements, which replaces LKAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation-Special Purpose Entities. Additionally, the ICASL published SLFRS - 12 Disclosure of Interests in Other Entities and LKAS 27 Separate Financial Statements.

The main changes from LKAS 27 and SIC-12 are a single control model is applied to determine whether an investee should be consolidated, Control assessment includes consideration of substantive potential voting rights as opposed to currently exercisable potential voting rights, Guidance is provided for assessing whether the investor is a principal or an agent in respect of its relationship with the investee. A principal could consolidate an investee whereas an agent would not because the linkage between power and returns is not present. SLFRS 10 is effective for annual periods beginning on or after 1st January 2014.

SLFRS 11 - Joint Arrangements

SLFRS 11 Joint Arrangements, which replaces LKAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities - Non-Monetary Contributions by Ventures. SLFRS 11 also amends LKAS 28 Investments in Associates.

The following are the main changes from LKAS 31;

The structure of the joint arrangement, although still an important consideration, is no longer the main factor in determining the type of joint arrangement and therefore the subsequent accounting and If a joint arrangement is determined to be a joint venture, then the joint venture accounts for its investment using the equity method in accordance with LKAS 28 Investments in Associates and Joint Ventures; the free choice between using either the equity method or proportionate consolidation has been eliminated.

SLFRS 11 is effective for annual periods beginning on or after 1 January 2014.

SLFRS 12 - Disclosure of Interests in Other Entities

SLFRS 12 Disclosure of Interests in Other Entities is a consolidated disclosure standard requiring a wide range of disclosures about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated 'structured entities'.

The objective of SLFRS 12 is to require the disclosure of information that enables users of Financial Statements to evaluate the nature of, and risks associated with, its interests in other entities, the effects of those interests on its financial position, financial performance and cash flows.

SLFRS 12 is effective for annual periods beginning on or after 1 January 2014.

SLFRS 13 - Fair Value Measurement

SLFRS 13 Fair Value Measurement applies to SLFRSs that require or permit fair value measurements or disclosures and provides a single SLFRS framework for measuring fair value and requires disclosures about fair value measurement. The Standard defines fair value on the basis of an 'exit price' notion and uses a 'fair value hierarchy', which results in a market-based, rather than entity-specific, measurement.

SLFRS 13, defines fair value, sets out in a single SLFRS a framework for measuring fair value and requires disclosures about fair value measurements.

SLFRS 13 is effective for annual periods beginning on or after 1 January 2014.

Notes to the Financial Statements

	Group		Company	
	2014	2013	2014	2013
	Rs.	Rs.	Rs.	Rs.
<i>For the year ended 31st March,</i>				
7 Revenue				
Turnover	222,861,068	175,831,188	123,084,852	104,732,416
	222,861,068	175,831,188	123,084,852	104,732,416

The Group entered into Standardized Power Purchase Agreements with the Ceylon Electricity Board (CEB) for the sale of electrical energy from Rathganga and Kurudu Oya Mini-hydro production facilities for a period of 15 years, from the Commercial Operation date of 5th July 2004 and 18th July 2008 for Rathganga and Kurudu Oya respectively. The capacity of Rathganga power plant is 2,000KW and it is situated at Rathganga. The capacity of the Kurudu Oya power plant is 2,400KW which is situated at Walapane.

	Group		Company	
	2014	2013	2014	2013
	Rs.	Rs.	Rs.	Rs.
<i>For the year ended 31st March,</i>				
8 Other operating income/ (expense)				
Loss on disposal of property, plant and equipment	-	(285,150)	-	(285,150)
Dividend income from subsidiary company	-	-	31,716,131	23,787,100
	-	(285,150)	31,716,131	23,501,950
9 Finance income / (expense)				
9.1 Finance income				
Interest income	463,441	3,628,015	240,866	2,337,276
	463,441	3,628,015	240,866	2,337,276
9.2 Finance expense				
Interest on term loan	(11,159,664)	(854,657)	(11,159,664)	(854,657)
Interest on finance lease obligations	(714,020)	(945,949)	(347,245)	(453,936)
	(11,873,684)	(1,800,606)	(11,506,909)	(1,308,593)
Net finance income / (expense)	(11,410,243)	1,827,409	(11,266,043)	1,028,683

<i>For the year ended 31st March,</i>	Group		Company	
	2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.
10 Profit before taxation				
<i>Profit before taxation is stated after charging all the expenses including the following :</i>				
Direct costs				
Staff cost (Note 10.1)	7,571,930	7,367,525	4,752,666	4,742,186
Insurance	2,698,312	1,280,430	1,156,929	680,140
Repairs and maintenance services	1,609,427	538,095	812,044	355,788
Depreciation on property, plant and equipment	13,787,558	13,834,752	4,161,251	4,126,757
Amortisation of intangible assets	1,568,588	1,528,571	1,140,019	1,100,000
Administrative expenses				
Depreciation on property, plant and equipment	2,062,016	2,539,085	2,544,567	2,924,905
Auditors remuneration				
- Statutory audit	415,000	415,000	240,000	240,000
- Non audit services	50,000	50,000	50,000	50,000
Donations	651,636	1,300,874	554,176	1,248,934
Directors' emoluments	6,577,004	10,118,004	6,577,004	10,118,004
Staff cost (Note 10.2)	6,840,097	8,152,630	5,888,233	7,156,428
10.1 Staff Cost - Direct cost				
Salaries and wages	6,472,035	6,321,432	4,033,097	4,044,573
Defined contribution plan cost - EPF and ETF	1,099,895	1,046,093	719,569	697,613
	7,571,930	7,367,525	4,752,666	4,742,186
10.2 Staff cost - Administrative expenses				
Salaries and wages	4,968,041	5,998,065	4,282,285	5,227,303
Defined contribution plan cost - EPF and ETF	1,297,581	1,372,780	1,151,411	1,240,414
Defined benefit plan cost - retiring gratuity	574,475	781,785	454,537	688,711
	6,840,097	8,152,630	5,888,233	7,156,428
Total staff cost	14,412,027	15,520,155	10,640,899	11,898,614
Number of employees at year end	27	28	17	18

Notes to the Financial Statements

<i>For the year ended 31st March,</i>	Group		Company	
	2014	2013	2014	2013
	Rs.	Rs.	Rs.	Rs.
11 Income tax expense				
11.1 Tax recognised in income statement				
Current tax expense				
Taxation on current year's profit	129,764	1,219,039	67,442	768,583
Under/ (over) provision in respect of previous year	(1,266,993)	-	(1,266,993)	-
Tax on dividend paid by subsidiaries	3,524,105	2,643,011	-	-
	2,386,876	3,862,050	(1,199,551)	768,583
Deferred tax expense				
Origination of temporary differences	2,731,169	2,696,780	322,390	310,517
Income tax expense in statement of comprehensive income	5,118,045	6,558,830	(877,161)	1,079,100
Tax reconciliation statement				
Profit before taxation	149,106,732	114,389,987	100,530,444	86,729,754
Non business income	(463,441)	(4,319,680)	(240,866)	(2,569,973)
Aggregate disallowed expenses	19,709,089	22,084,215	9,250,527	11,389,294
Aggregate allowable expenses	(42,623,745)	(41,230,364)	(9,187,858)	(8,134,558)
Exempt income from business	125,728,635	90,924,158	100,352,247	87,453,552
Income from other sources				
Interest income	463,441	4,319,680	240,866	2,337,276
Utilisation of tax losses	-	-	-	-
Taxable income	463,441	4,353,711	240,866	2,337,276
Income tax charged at				
Standard rate of 28%	129,764	1,219,039	67,442	768,583
Taxation on current profits	129,764	1,219,039	67,442	768,583

The Company enjoys a tax holiday of 15 years from the year 2002/2003 under Section 18 A of the Inland Revenue Act 38 of 2000 (subsequently governed by Section 218 (2) of the Inland Revenue Act 10 of 2006), granted by the Department of Inland Revenue. After the expiration on the aforesaid tax exemption period, the profits and income of the enterprise shall be charged at the rate of 10% for a period of two years immediately succeeding the last date of the tax exemption period. After the expiration of the aforesaid concessionary tax rate of 10%, the profit and income of the Company for any year of assessment be charged at the rate of 20%. Income from other sources of the Company will be taxed at the standard rate of 28%.

1.2 Tax recognised in other comprehensive income

	2013/2014			2012/2013		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Group						
Actuarial gains or losses on defined benefit obligations	617,122	(61,712)	555,410	(99,699)	9,970	(89,729)
	617,122	(61,712)	555,410	(99,699)	9,970	(89,729)
Company						
Actuarial gains or losses on defined benefit obligations	731,523	(73,152)	658,371	1,966	(197)	1,769
	731,523	(73,152)	658,371	1,966	(197)	1,769

12 Earnings per share

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

The following reflect the income and share information used in the basic earnings per share computation.

	Group		Company	
	2014	2013	2014	2013
	Rs.	Rs.	Rs.	Rs.
Net profit attributable to ordinary shareholders (Rs.)	143,988,887	107,831,157	101,407,605	85,648,688
Weighted average number of ordinary shares	500,000,000	500,000,000	500,000,000	500,000,000
Earnings per share (Rs.)	0.29	0.22	0.20	0.17

There were no dilutive potential ordinary shares outstanding at any time during the period.

13 Dividend per share

The calculation of dividend per share is based on the dividend attributable to ordinary shareholders and the weighted average number of ordinary shares in issue during the year.

	Group		Company	
	2014	2013	2014	2013
	Rs.	Rs.	Rs.	Rs.
Dividend declared (Rs.)	50,000,000	75,000,000	50,000,000	75,000,000
Number of ordinary shares	500,000,000	500,000,000	500,000,000	500,000,000
Dividends per share (Rs.)	0.10	0.15	0.10	0.15

The company has paid an interim dividend of Rs.0.10/- per share (2012/2013 - 0.15/-) for the year ended 31st March 2013, after the year end.

14 Property, plant and equipment

Company

	Freehold land		Office equipment		Furniture and fittings		Motor vehicles		Intake weir and Headrace channel		De-silting tank and forbay tank		Spillware gate and rest rooms		Pen stock and power house		Turbines and Generators		Transformers and power lines		Voltage panel and crane		Leasehold Motor vehicle		Total			
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Cost																												
Balance as at 1st April 2012	5,950,000	2,923,407	481,757	14,011,019	39,100,000	27,200,000	11,900,000	23,261,346	34,650,000	2,695,000	8,085,000	3,711,966	173,969,495															
Additions	-	31,770	67,059	-	-	-	-	-	-	-	-	-	98,829															
Disposals	-	-	-	(7,270,300)	-	-	-	-	-	-	-	-	(7,270,300)															
Balance as at 31 March 2013	5,950,000	2,955,177	548,816	6,740,719	39,100,000	27,200,000	11,900,000	23,261,346	34,650,000	2,695,000	8,085,000	3,711,966	166,798,024															
Additions	-	194,000	12,450	-	-	-	-	-	770,949	-	-	-	977,399															
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-															
Balance as at 31 March 2014	5,950,000	3,149,177	561,266	6,740,719	39,100,000	27,200,000	11,900,000	23,261,346	35,420,949	2,695,000	8,085,000	3,711,966	167,775,423															
Depreciation																												
Balance as at 1st April 2012	-	2,494,200	222,721	4,215,361	888,636	578,723	290,244	492,614	1,234,163	92,931	299,444	1,933,315	12,742,353															
Depreciation for the year	-	185,311	102,945	1,958,659	888,636	578,723	290,244	492,614	1,234,163	92,931	299,444	927,991	7,051,662															
Accumulated depreciation on disposals	-	-	-	(3,635,150)	-	-	-	-	-	-	-	-	(3,635,150)															
Balance as at 31 March 2013	-	2,679,511	325,666	2,538,870	1,777,273	1,157,447	580,488	985,227	2,468,327	185,862	598,889	2,861,306	16,158,866															
Depreciation for the year	-	181,816	106,361	1,655,730	887,570	579,360	290,240	528,033	1,233,925	92,978	299,145	850,660	6,705,818															
Accumulated depreciation on disposals	-	-	-	-	-	-	-	-	-	-	-	-	-															
Balance as at 31 March 2014	-	2,861,327	432,027	4,194,600	2,664,843	1,736,807	870,728	1,513,260	3,702,252	278,840	898,034	3,711,966	22,864,683															
Carrying amount																												
As at 31-03-2014	5,950,000	287,850	129,239	2,546,119	36,435,157	25,463,193	11,029,272	21,748,086	31,718,697	2,416,160	7,186,966	-	144,910,739															
As at 31-03-2013	5,950,000	275,666	223,150	4,201,849	37,322,727	26,042,553	11,319,512	22,276,119	32,181,673	2,509,138	7,486,111	850,660	150,639,158															
Fully Depreciated Assets																												
As at 31-03-2014	-	3,409,895	759,557	322,015	-	-	-	-	-	-	-	-	8,203,433															
As at 31-03-2013	-	2,693,761	746,447	322,015	-	-	-	-	-	-	-	-	3,762,223															
Revaluation of lands																												

Revaluation of lands

The Company revalued freehold land, electro mechanical equipment and civil construction on 1st April 2011, the Company engaged Mr. S Sivaskantha, Incorporated Valuer, to implement the component depreciation for the mentioned categories. Components were identified as at 01 April 2011.

Notes to the Financial Statements

As at 31st March,	Group		Company	
	2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.
15 Intangible assets				
Right to generate hydro power				
Cost				
At the beginning of the year	17,000,000	17,000,000	11,000,000	11,000,000
On acquisition of subsidiary	-	-	-	-
At the end of the year	17,000,000	17,000,000	11,000,000	11,000,000
Amortisation				
At the beginning of the year	6,114,293	4,585,722	4,400,008	3,300,008
Amortisation charge for the year	1,528,569	1,528,571	1,100,000	1,100,000
At the end of the year	7,642,862	6,114,293	5,500,008	4,400,008
Carrying amount	9,357,138	10,885,707	5,499,992	6,599,992
Software License (SAP)				
Cost				
At the beginning of the year	-	-	-	-
Additions During the year	400,187	-	400,187	-
At the end of the year	400,187	-	400,187	-
Amortisation				
At the beginning of the year	-	-	-	-
Amortisation charge for the year	40,019	-	40,019	-
At the end of the year	40,019	-	40,019	-
Carrying amount	360,168	-	360,168	-
Goodwill on acquisition of subsidiary	288,139,501	288,139,501	-	-
	297,856,807	299,025,208	5,860,160	6,599,992

- (i) The right to generate hydro power represent the amounts paid to purchase exclusive rights to generate hydro power.
- (ii) Goodwill on acquisition of subsidiary represents that arising from the acquisition of equity in Manelwala Hydropower (Pvt) Ltd.
- (iii) There has been no permanent impairment of intangible assets that requires a provision. Methods used in estimating recoverable amount is given below: The recoverable value of Manelwala Hydropower (Pvt) Ltd was based on value in use. Value in use was determined by discounting the future cash flows generated from the continuing use of the unit and key assumptions used there given below,

Business Growth
Inflation

Based on historical growth rate and business plan
Based on the current inflation rate and the percentage of the total cost subjected to the inflation.

Discount rate
Margin

Average market borrowing rate adjusted for risk premium.
Based on current margin and business plan.

(iv) Remaining amortisation amount of rights to generate hydro power and software license is as follows,

Remaining amortisation period	Company	
	Carrying Amount	
	Right to generate hydropower	Software license
	Rs.	Rs.
Due within five year	3,928,566	80,037
Due after five years	1,571,426	280,131
	5,499,992	360,168

As at 31st March,		Group		Company	
		2014	2013	2014	2013
		Rs.	Rs.	Rs.	Rs.
16 Investment in subsidiaries	% Holding				
Manelwala Hydropower (Pvt) Limited	100%	-	-	565,107,184	565,107,184
Panasian Investments (Pvt) Limited	100%	-	-	40,000,000	40,000,000
		-	-	605,107,184	605,107,184
17 Other investments					
Advance to Padiyapelella Hydropower Limited		276,450,000	161,450,000	241,450,000	126,450,000
		276,450,000	161,450,000	241,450,000	126,450,000
Refer note 31 Capital commitments					
18 Capital Work In Progress					
Expansion of Rathganga project by 1 MW		42,849,117	-	42,849,117	-
		42,849,117	-	42,849,117	-

Capital WIP consists of work in progress related to the expansion of Rathganga hydro power plant, situated at Rathganga, Rathnapura. This project is estimated to be completed and commissioned during the first quarter of 2014/15.

As at 31st March,	Group		Company	
	2014	2013	2014	2013
	Rs.	Rs.	Rs.	Rs.
19 Trade and other receivables				
Trade receivable				
Ceylon Electricity Board	29,556,429	34,025,076	8,782,557	10,770,593
Other receivables				
Deposits paid	282,413	558,605	73,331	349,523
Prepayments	2,740,568	3,843,830	1,445,667	2,293,411
Advance paid	8,685,000	544,500	8,609,000	468,500
Other receivable	1,219,498	2,009,947	1,219,498	2,009,947
	42,483,908	40,981,958	20,130,053	15,891,974

Notes to the Financial Statements

<i>As at 31st March,</i>	Group		Company	
	2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.
20 Amount due from related companies				
Power Hub International SDN.BHD	1,320,000	1,320,000	1,320,000	1,320,000
	1,320,000	1,320,000	1,320,000	1,320,000
21 Cash and cash equivalents				
Cash at bank	67,417,751	27,513,060	16,724,705	14,844,371
Cash in hand	360,036	35,708	340,036	34,337
Cash and cash equivalents for the purpose of cash flow statement	67,777,787	27,548,768	17,064,741	14,878,708
<i>As at 31st March,</i>			2014	2013
22 Stated capital				
Issued and fully paid number of shares				
500,000,000 ordinary shares			630,000,000	630,000,000

Rights, Preference and Restrictions of Classes of Capital

The holders of ordinary shares are entitled to receive dividend as declared from time to time and are entitled to one vote per share at meetings of the company.

<i>As at 31st March,</i>	Group		Company	
	2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.
23 Employee benefit obligations				
Present value of unfunded obligations	1,887,949	2,192,446	1,511,636	1,862,872
Total present value of the obligation	1,887,949	2,192,446	1,511,636	1,862,872
As at the beginning of the year	2,192,446	1,368,962	1,862,872	1,234,127
Actuarial (gain) / losses	(617,122)	99,699	(731,523)	(1,966)
Current service cost	333,746	631,199	250,061	552,957
Interest cost	240,729	150,586	204,476	135,754
	2,149,799	2,250,446	1,585,886	1,920,872
Benefit paid during the year	(261,850)	(58,000)	(74,250)	(58,000)
As at end of the year	1,887,949	2,192,446	1,511,636	1,862,872
Expense recognised in profit or loss;				
Interest cost	240,729	150,586	204,476	135,754
Current service cost	333,746	631,199	250,061	552,957
	574,475	781,785	454,537	688,711
Expenses recognised in other comprehensive income				
Actuarial (gains) / losses	(617,122)	99,699	(731,523)	(1,966)
	(617,122)	99,699	(731,523)	(1,966)

Principal actuarial assumptions used

	2014	2013
(i) Rate of discount	10%	11%
(ii) Salary increment rate	9%	10%
(iii) Retirement age of 55 years		
(iv) The company will continue in business as going concern		
(v) Assumption regarding future mortality are based on published statistics and mortality tables.		

Notes to the Financial Statements

23.1 Sensitivity of assumptions employed in actuarial valuation

The following table demonstrates the sensitivity to a reasonable possible change in key assumptions employed with all other variables held constant in the retiring benefit obligations measurement as at 31st March 2014. The sensitivity of the statement of financial position and statement of comprehensive income is the effect of the assumed changes in the discount rate on the profit or loss and retiring benefit obligation for the year.

Increase/(decrease)		Effect on income statement (reduction) / increase in results	Present Value of Defined Benefit Obligation
Discount Rate	Salary Increment Rate		
		Rs.	Rs.
1%	-	178,839	1,332,797
-1%	-	(211,087)	1,722,723
-	1%	(219,676)	1,731,312
-	-1%	188,314	1,323,322

This note indicates the assumptions used and the movement in the employee benefits and is not externally funded. As at 31st March 2014 the gratuity liability was actuarially valued under the projected unit credit (PUC) method by Mr. M. Poopalanathan of Actuarial & Management Consultants (Pvt) Limited. The liability is not externally funded. The valuation is performed annually.

As at 31st March,	Group		Company	
	2014	2013	2014	2013
	Rs.	Rs.	Rs.	Rs.
24 Finance lease obligations				
Balance as at the beginning of the year	4,236,589	6,312,955	1,975,147	3,011,063
Lease rentals paid during the year	(2,186,049)	(2,076,486)	(1,025,287)	(1,035,916)
Balance at the end of the year	2,050,540	4,236,469	949,860	1,975,147
Finance charges unamortised	(156,786)	(603,787)	(68,506)	(280,812)
Balance as at the end of the year	1,893,754	3,632,682	881,354	1,694,335
Due within one year	1,893,734	1,891,192	881,354	878,811
Due after one year and within five years	-	1,741,490	-	815,524
	1,893,734	3,632,682	881,354	1,694,335
25 Long term loan				
Balance as at the beginning of the year	4,398,627	5,219,064	4,398,627	5,219,064
Repayments made during the year	(1,031,894)	(820,437)	(1,031,894)	(820,437)
Balance as at the end of the year	3,366,733	4,398,627	3,366,733	4,398,627
Due within one year	1,657,452	1,657,452	1,657,452	1,657,452
Due after one year and within five years	1,709,281	2,741,175	1,709,281	2,741,175
	3,366,733	4,398,627	3,366,733	4,398,627

This Loan facility has been obtained to purchase of motor vehicle from Commercial Leasing Limited for Rs.5,600,000 on 24th October 2011. Loan period is 60 months and the applicable interest rate is 18.75% p.a.

<i>As at 31st March,</i>	Group		Company	
	2014	2013	2014	2013
	Rs.	Rs.	Rs.	Rs.
26 Deferred tax / liabilities				
Balance as at beginning of the year	22,237,086	19,550,276	9,022,903	8,712,189
Origination and reversal of temporary difference				
- Recognised in profit or loss	2,731,169	2,696,780	322,390	310,517
- Recognised in other comprehensive income	61,712	(9,970)	73,152	197
Balance as at end of the year	25,029,967	22,237,086	9,418,445	9,022,903

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset assets against tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Composition of deferred tax assets and liabilities is as follows

<i>As at 31st March,</i>	Group		Company	
	2014	2013	2014	2013
	Rs.	Rs.	Rs.	Rs.
Property, plant and equipment	25,218,762	22,456,331	9,569,609	9,209,190
Employee benefits	(188,795)	(219,244)	(151,164)	(186,287)
Net deferred tax liability	25,029,967	22,237,086	9,418,445	9,022,903
27 Amount due to related companies				
Manelwala Hydropower (Pvt) Limited	-	-	99,200,000	82,200,000
Hemas Holding PLC	611,044	-	611,044	-
Hemas Corporate Services (Pvt) Ltd	197,555	-	197,555	-
Vishwa BPO (Pvt) Ltd	37,143	-	37,143	-
Diethelm Travel Lanka (Pvt) Ltd	14,062	-	14,062	-
Hemas Travels (Pvt) Ltd	42,100	-	42,100	-
Hemas Power PLC	947,135	-	947,135	-
	1,849,039	-	101,049,039	82,200,000
28 Other payables and accruals				
Other payables	4,039,510	5,299,237	1,070,914	1,175,550
Accruals	852,041	914,933	424,250	362,088
	4,891,551	6,214,170	1,495,164	1,537,638
29 Short term loan				
Short term loan	90,000,000	-	90,000,000	-
	90,000,000	-	90,000,000	-

Short term loan was obtained during May 2013 from Sampath Bank at prevailing AWPLR (payable on monthly basis). The loan was utilised to make part payment for the acquisition of 90% stake of Padiyapelella Hydropower Limited as per the agreement and addendum entered into between the parties.

Notes to the Financial Statements

30 Related party transactions

30.1 Identify of the related parties

The Company acquired 100% of Manelwala Hydropower (Pvt) Limited on 31st August 2010. The company has a related party relationship with Hemas Power PLC and its affiliates.

30.2 Transactions with key management personnel

Key management personnel comprise of directors of the Company.

(i) Loans given to directors

No loans given to the Directors of the Company.

(ii) Key management personnel compensation

Key management personnel comprises Directors of the Company and directors fees paid during the financial year. (Note 10)

(iii) Transactions with affiliate companies

The Company has a related party relationship with its related Group Companies. The following transactions were carried out with related parties during the year ended 31st March 2014.

Name of the Company	Relationship	Nature of Transaction	Transaction Amount Rs.	Outstanding amount as at 31/3/2014
Manelwala Hydropower (Pvt) Limited	Subsidiary	Fund transfer	17,000,000	(99,200,000)
Hemas Holding PLC	Affiliate	IT fees and software license fees	862,474	(611,044)
Hemas Corporate Services (Pvt) Ltd	Affiliate	Secretarial fees	365,155	(197,555)
Vishwa BPO (Pvt) Ltd	Affiliate	Shared service fees	312,172	(37,143)
Diethelm Travel Lanka (Pvt) Ltd	Affiliate	Traveling	14,062	(14,062)
Hemas Travels (Pvt) Ltd	Affiliate	Traveling	358,000	(42,100)
Hemas Power PLC	Affiliate	Office rent & utilities	947,135	(947,135)
Padiyapelella Hydropower Limited	Affiliate	Advance payment on acquisition of 90% stake	115,000,000	241,450,000

The figures in bracket indicate payables.

The above transactions have been taken place on normal terms, in the ordinary course of business during the year. During the year no payments were made to the directors of the affiliate companies.

31 Capital commitments

Consequent the Addendum entered into between Power Hub International Sdn Bhd, Padiyapelella Hydropower Limited and Panasian Power PLC for the acquisition of 90% stake of Padiyapelella Hydropower Limited, an advance payment of Rs 276,450,000 has been paid on behalf of Panasian Power PLC by the end of first quarter of financial year 2013/2014. The Company is liable to pay the balance payment of Rs 633,550,000 on the completion and commencement of operation of Padiyapelella Hydropower Limited, which is currently under construction. Except for the above, payment that is contemplated there are no material capital expenditure committed for the company by the Directors as at 31st March, 2014. No capital commitments by the Subsidiary Companies as at reporting date.

32 Contingent liabilities

There were no material contingent liabilities as at reporting date which require adjustments to or disclosure in the financial statements.

33 Events occurring after reporting date

There has been no material events occurring after the reporting date that requires adjustment or disclosure in the Financial Statements.

34 Financial Risk Management

The Group's principal financial liabilities comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group has trade and other receivables and cash deposits that arrive directly from its operations

34.1 Credit risk

'Credit risk' is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was;

<i>As at 31st March,</i>	2014	2013
	Rs.	Rs.
Trade receivables	8,782,557	10,770,593
Prepayments and deposits	1,518,998	2,642,934
Other receivables	1,219,498	2,009,947
Cash deposits	17,064,741	14,878,708
	28,585,794	30,302,182

34.2 Market risk

'Market risk' is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. Financial instruments affected by market risk include loans, borrowings and deposits.

34.2.1. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in market interest rates.

The table below summarises the maturity profile of the Company's financial liabilities

As at 31 March 2014	Less than 12 months	1 to 5 years	Total
Interest bearing loans	91,657,452	1,709,281	93,366,733
Accruals and other payables	1,495,164	-	1,495,164
Finance lease obligations	881,354	-	881,354
	94,033,970	1,709,281	95,743,251
As at 31 March 2013			
Interest bearing loans	1,657,452	2,741,175	4,398,627
Accruals and other payables	1,537,638	-	1,537,638
Finance lease obligations	878,811	815,524	1,694,335
	4,073,901	3,556,699	7,630,600

Five Years Summary

	2014 Rs.	2013 Rs.	2012 Rs.	2011 Rs.	2010 Rs.
A) Summary of Financial position					
Turnover	123,084,852	104,723,416	110,035,071	141,149,938	118,049,752
Gross Profit	111,397,257	94,086,924	97,494,296	119,102,199	95,757,625
Net Profit before Finance Cost	111,796,487	85,701,071	91,970,347	92,028,781	79,672,127
Profit before Taxation	100,530,444	86,729,754	93,297,014	90,706,700	79,260,424
Taxation	877,161	(1,079,297)	(1,175,419)	(2,058,262)	(1,339,278)
Profit or loss after Taxation	102,065,976	85,650,457	92,121,595	88,648,438	77,921,145
B) Summary of Financial position					
Capital Reserves					
Ordinary Shares	630,000,000	630,000,000	630,000,000	630,000,000	30,000,000
Preference Shares	Nil	Nil	Nil	Nil	85,000,000
Retained Earnings	180,166,306	128,100,330	117,449,873	150,328,278	104,097,285
Other Reserves	59,079,041	59,079,041	59,079,041	59,079,041	Nil
Total Equity	869,245,347	817,179,371	806,528,914	839,407,319	219,097,285
Asset & Liabilities					
Current Assets	38,514,794	32,090,682	71,530,157	130,370,654	113,263,878
Current Liabilities	95,758,246	7,065,171	6,833,298	8,370,495	2,148,526
Net Current Assets	(57,243,452)	25,025,511	48,551,495	122,000,159	111,115,352
Property Plant & Equipment	144,910,739	150,639,158	161,227,142	160,269,389	100,760,078
Other Non Current Assets	895,266,461	738,157,176	613,012,041	574,030,257	10,015,019
Related Party Payables	101,049,039	82,200,000	17,000,000	Nil	Nil
Non Current Liabilities	12,639,362	14,442,474	15,202,263	16,769,509	2,793,164
Net Assets	869,245,347	817,179,371	806,528,914	839,407,319	219,097,285
Total Assets	1,078,691,994	920,887,016	845,564,475	864,547,323	224,038,975
Stated Capital	630,000,000	630,000,000	630,000,000	630,000,000	30,000,000
Dividends Declared / Paid	-	50,000,000	75,000,000	125,000,000	13,200,000

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of **Panasian Power PLC** will be held at the **Auditorium of the Ceylon Chamber of Commerce, No. 50, Nawam Mawatha, Colombo 02** on **Friday, 19th September 2014 at 3.30 p.m** for the following purpose:-

AGENDA

1. To receive and consider the Statements of Accounts of the Company and Group for the year ended 31st March 2014, together with the Report of the Directors and Auditors thereon.
2. To pass the ordinary resolution set out below to re-appoint as a Director Mr.T Someswaran who reached the age of 71 years on 4th August 2014 and vacates office as a Director of the Company in terms of Section 210 (2) of the Companies Act No. 7 of 2007.

“ **RESOLVED** that Mr.T Someswaran who has reached the age of 71 years on 4th August 2014 be and is hereby re-appointed a Director of the Company and it is hereby declared that as provided for in Section 211 (1) of the Companies Act No. 7 of 2007 that the age limit of 70 years referred to in Section 210 of the said Companies Act shall not apply to Mr. T Someswaran”

3. To re-appoint M/s KPMG, Chartered Accountants as Auditors of the Company for the ensuing year and to authorize the Directors to determine their remuneration.
4. To authorize the Directors to determine and make donations to charity for the year 2014/15.

5. Special Business

To consider and if thought fit to pass the following resolution to amend the Articles of Association of the Company.

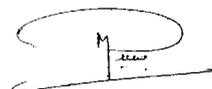
RESOLVED that the Articles of Association of the Company be amended by the deletion of the existing Article 37(2) and the substitution therefor the following Article numbered as 37(2)

“The Board may approve interim and final dividends or any fixed preferential dividend to shareholders where that appears to be justified by the Company’s profits without the need for approval by an ordinary resolution of the shareholders.”

6. To consider any other business of which due notice has been given.

By Order of the Board of

Panasian Power PLC



Hemas Corporate Services (Private) Limited
Secretaries

Colombo
25th August 2014

Note:

1. A member entitled to attend and vote is entitled to appoint a Proxy to attend and vote in his/her place.
2. A Proxy need not be a Member of the Company.
3. A Form of Proxy accompanies this Notice.
4. Shareholders attending the meeting are kindly requested to bring with them their National Identity card or other similar form of identification for production at the reception desk.

Form of Proxy

I/We.....
of.....
being a Member/s of PANASIAN POWER PLC do hereby appoint
of.....or failing him/her

Dr. Prathap Ramanujam	or failing him
Mr. Mohideen Rifky Badurdeen	or failing him
Mr. Mohd Hairol Mohd Shariff	or failing him
Mr. Thirunavukarasu Someswaran	or failing him
Mr. Deepal Sooriyaarachchi	or failing him
Mr. Imtiaz Abidhusein Hassanally Esufally	or failing him
Mr. Godakande Aratchige Kishantha Nanayakkara	or failing him
Mr. Mahmud Riad Ameen	

as*my/our proxy to represent *me/us and to vote on *my/our behalf at the Annual General Meeting of the Company to be held on **Friday, 19th September 2014 at 3.30 p.m** at the **Auditorium of the Ceylon Chamber of Commerce, No. 50 Nawam Mawatha, Colombo 02** and any adjournment thereof and at every poll which may be taken in consequence thereof.

	For	Against
1. To receive and consider the Statement of Accounts for the year ended 31st March 2014 together with the Report of the Directors and Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-appoint Mr. T Someswaran as a Director in terms of Section 211(1) of the Companies Act No. 7 of 2007	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-appoint M/s KPMG, Chartered Accountants, as Auditors of the Company and to authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
4. To authorize Directors to determine and make Contributions to charity.	<input type="checkbox"/>	<input type="checkbox"/>
5. To pass a Special Resolution to amend the Articles of Association of the Company	<input type="checkbox"/>	<input type="checkbox"/>

Signature of Shareholder/sNIC/Passport No.....

Dated this day of 2014.

- (i) *Please delete the inappropriate words.
- (ii) Instructions regarding completion appear on the reverse hereof

INSTRUCTIONS FOR COMPLETION

1. Kindly perfect the form of proxy after filling in legibly your name in full and address and by signing in the space provided. Please fill in the date of signature.
2. Please indicate with an "X" in the space provided how your Proxy is to vote on each resolution. If no indication is given, the Proxy in his/her discretion will vote as he/she thinks fit.
3. In the case of Corporate Members, the Form of Proxy must be completed under the Common Seal, which should be affixed and attested in the manner prescribed by the Articles of Association.
4. If the Form of Proxy is signed by an Attorney, the relevant Power of Attorney should also accompany the completed Form of Proxy.
5. In case of joint holders the Form of Proxy must be signed by the first holder.
6. The completed Form of Proxy should be deposited at the Registered office of the Company, Panasian Power PLC, "Hemas House" , No. 75, Braybrooke Place, Colombo 02 not less than forty eight (48) hours before the appointed time for the meeting.

Corporate Information

Name of the Company

Panasian Power PLC

Legal Form

A Public Quoted Company with limited liability incorporated under the Provision of the Companies Act No 17 of 1982 and reregistered under the Provision of the Companies Act No 07 of 2007. The Company has been registered under Section 17(2) of the BOI Law No 4 of 1978 on 26 November 2008

Date of Incorporation

22 April, 2002

Company Registration Number

PV 9959 PB/PQ

Accounting Year End

31, March

Stated Capital

Rs 630,000,000

Number of shares representing the stated capital

500,000,000 Ordinary Shares

Registered Office and Head Office

"Hemas House" No 75, Braybrooke Place, Colombo 2

Subsidiary Companies

Manelwala Hydropower (Pvt) Limited
Panasian Investments (Pvt) Limited

Nature of business

Generate and supply Hydro Power to the National Grid

Directors

Dr. Prathap Ramanujam
Mr. Mohd Hairol Mohd Shariff
Mr. Mohideen Rifky Badurdeen
Mr. Thirunavukarasu Someswaran
Mr. Deepal Sooriyaarachchi
Mr. Kishantha Nanayakkara
Mr. I A H Esufally
Mr. Riad Ameen

Audit Committee

Mr. Thirunavukarasu Someswaran (Chairman)
Mr. Deepal Sooriyaarachchi
Mr. I A H Esufally

Remuneration Committee

Mr. Deepal Sooriyaarachchi (Chairman)
Mr. Thirunavukarasu Someswaran
Mr. I A H Esufally

Secretaries

Hemas Corporate Services (Pvt) Limited
"Hemas House" No 75, Braybrooke Place
Colombo 2
Tel: +94 11 4 731 731

Registrars

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No 101, Inner Flower Road
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Tel: +94 11 2 573 894

Auditors

Ms KPMG
Chartered Accountants
32A, Sir Mohamed Macan Marker Mawatha
Colombo 3
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Bankers

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Lawyers

Ms. Nithya Partners
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