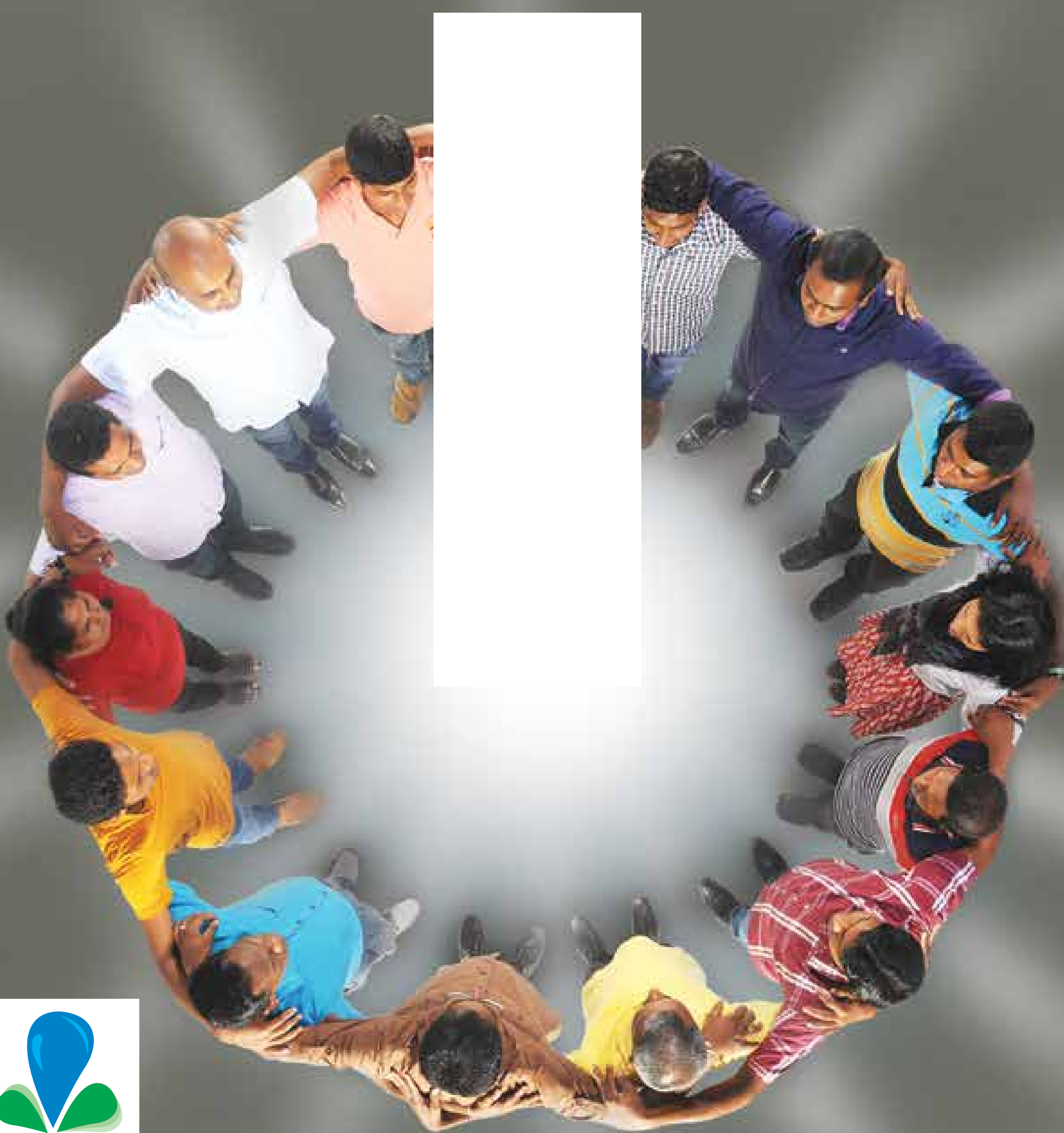
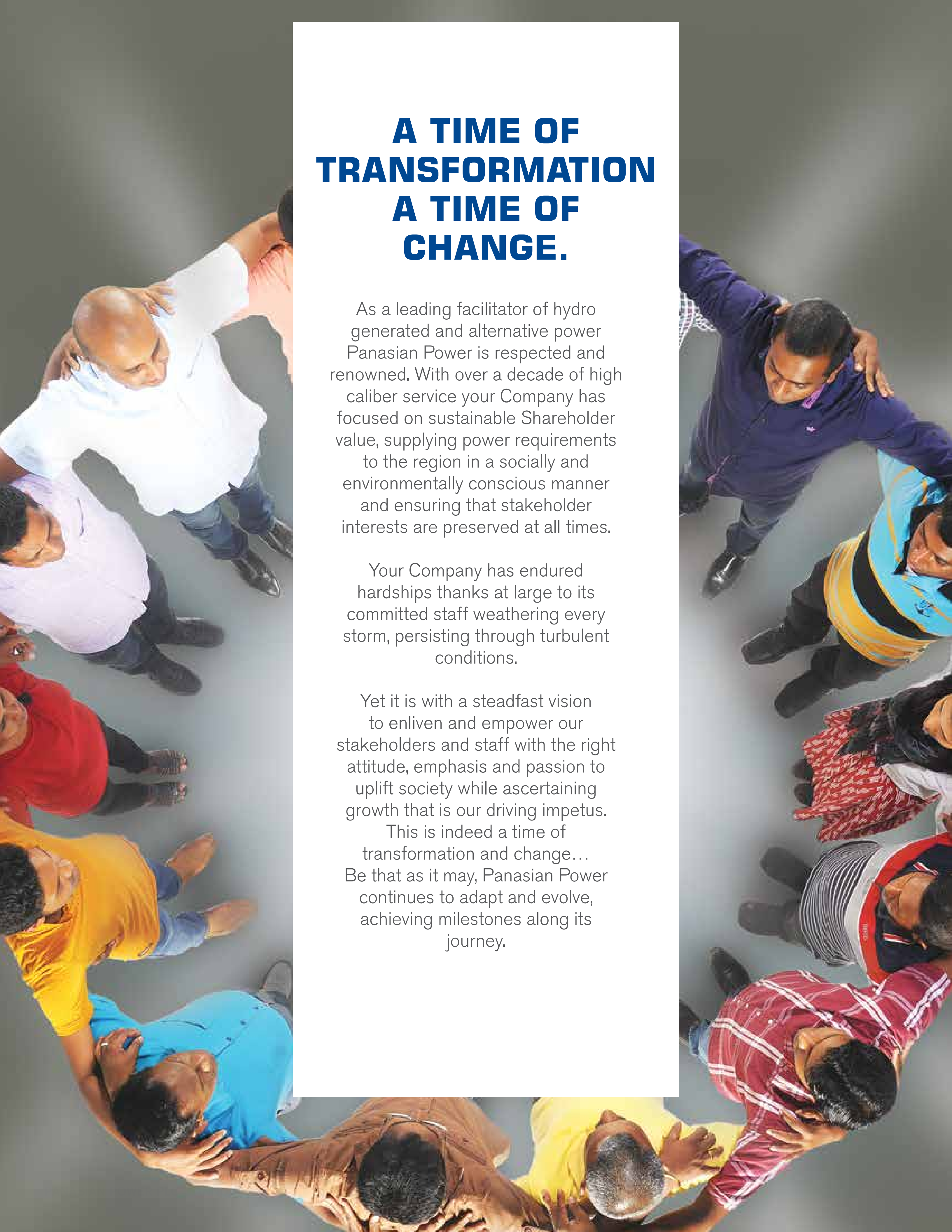
A Time of Transformation A Time of Change.



PANASIAN POWER PLC

PANASIAN POWER PLC . ANNUAL REPORT . 2015/16



A TIME OF TRANSFORMATION A TIME OF CHANGE.

As a leading facilitator of hydro generated and alternative power Panasian Power is respected and renowned. With over a decade of high caliber service your Company has focused on sustainable Shareholder value, supplying power requirements to the region in a socially and environmentally conscious manner and ensuring that stakeholder interests are preserved at all times.

Your Company has endured hardships thanks at large to its committed staff weathering every storm, persisting through turbulent conditions.

Yet it is with a steadfast vision to enliven and empower our stakeholders and staff with the right attitude, emphasis and passion to uplift society while ascertaining growth that is our driving impetus. This is indeed a time of transformation and change… Be that as it may, Panasian Power continues to adapt and evolve, achieving milestones along its journey.

CONTENTS

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.

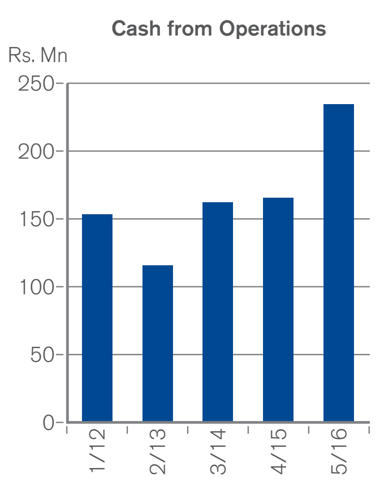
ABOUT THE COMPANY

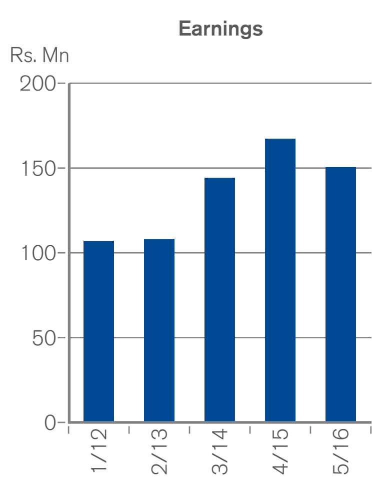
Panasian Power PLC is one of Sri Lanka's leading suppliers of clean, renewable energy to the Sri Lankan national energy grid. Established with support from the Sri Lankan Board of Investment in 2002, PAP has been at the forefront of a pioneering effort to transform the island's energy generation mix onto a path of affordable, sustainable, and reliable energy for all Sri Lankans through the efficient operation of its three Mini-Hydro Power Plants. Our combined expertise has enabled PAP to surge ahead in the hydro-power sector and today we stand ever closer to our stated target of 15 MW of generation capacity.

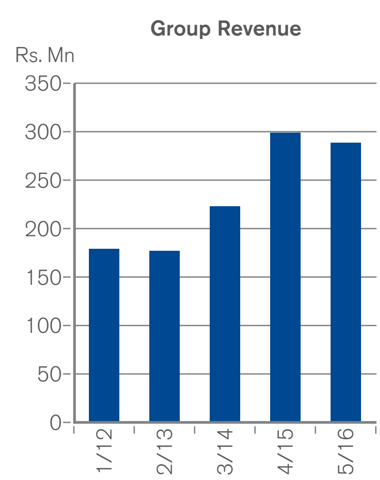
PAP continues to set new benchmarks in the sector through a strategy of continuous, organic expansion and the constant refinement of business processes and technical expertise as it paves the way for a brighter, cleaner and more sustainable future.

FINANCIAL HIGHLIGHTS - GROUP

Year Ended 31 March		2016	2015	Change %
Operating Results				
Group Revenue	Rs. '000	287,187	298,523	(4)
Operating Profit	Rs. '000	200,167	222,561	(10)
Profit Before Taxation	Rs. '000	150,127	190,842	(21)
Profit After Taxation	Rs. '000	134,907	167,270	(19)
Profit Attributable to Parent	Rs. '000	135,276	168,229	(19.6)
Gross Dividend Paid	Rs. '000	75,000	150,000	(50)
Cash From Operations	Rs. '000	233,770	200,005	17
Financial Position				
Total Assets	Rs. '000	1,846,388	1,946,187	(5)
Equity Attributable to Equity Holders of the Parent	Rs. '000	1,118,606	1,208,199	(7)
No. of Ordinary Shares	No. '000	500,000	500,000	0
Gearing	%	59	56	3
Shareholder Information				
Return on equity	%	12.1	13.9	(1.8)
Earning Per Share	Rs.	0.27	0.34	(21)
Dividend Per Share	Rs.	0.15	0.30	(50)
Dividend Payout	%	55.6	88.2	(33)
Net Asset Per Share	Rs.	2.23	2.41	(7)
Market Capitalisation	Rs. '000	160,000	170,000	(6)
Price Earning Ratio	Times	12	10	26
Market Price as at 31 March	Rs.	3.20	3.40	(6)
Interest Cover	Times	3.84	6.69	(42)

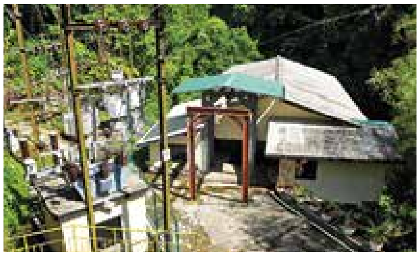






PROJECT HIGHLIGHTS

Rathganga Mini Hydropower Project



Revenue

166.5 Mn

SPPA Signed for
Mega Watts 3

Year of Commission
2004

Net Head
Meters 165

Penstock Length
Meters 1350

Channel Length
Meters 880

EM Plant Supplier
Stamford and Tianjin

Power Generation
10,710,877 KWh (FY 15/16)

Catchment Area
Hapugasthenna

Manelwala Mini Hydropower Project

Revenue

120.6 Mn

SPPA Signed for
Mega Watts 2.4

Year of Commission
2008

Net Head
Meters 280

Penstock Length
Meters 950

Channel Length
Meters 1800

EM Plant Supplier
Global Hydro Electric, Austria

Power Generation
7,595,219 KWh (FY 15/16)

Catchment Area
Kurundu Oya & High Forest

Padiyapalalla Mini Hydropower Project - Phase I

Construction in Progress

SPPA Signed for
Mega Watts 3.5

Year of Commission
Targeted 2016

Net Head
Meters 140

Penstock Length
Meters 470

Channel Length
Meters 2675

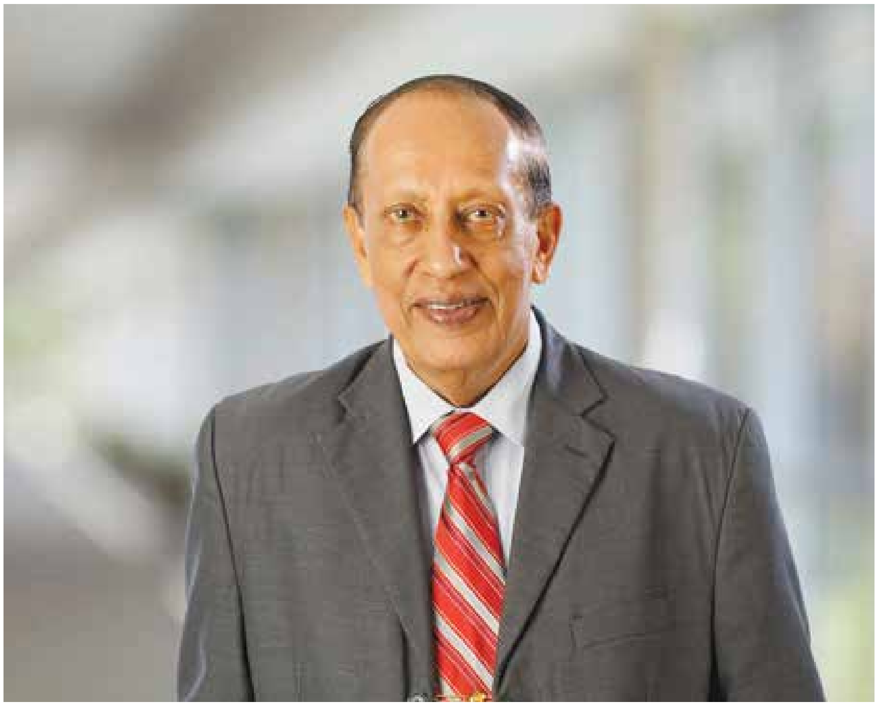
EM Plant Supplier
Global Hydro Electric, Austria

Power Generation
To be commissioned

Catchment Area
Piduruthalagala

We believe in People: Our experienced and seasoned staff are the pivotal, driving force behind our story of success

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S STATEMENT



A New Landscape

It is with great pleasure that I present our valued stakeholders with the Annual Report and Audited Financial Statements of Panasian Power PLC (PAP) for the financial year ended 31st March 2016. The year in review bore witness to notable developments both on the international and from a Sri Lankan perspective; the details of which will be elaborated on more fully in subsequent chapters of this report.

Given our Company's own extensive experience in the field of sustainable, environmentally-friendly energy generation, it is perhaps fitting to commence my review of the past year by first taking note of the rapidly increasing contribution of renewable energy sources across the globe as more advanced and emerging nations move away from fossil fuel-based power generation.

The imperative for nations to switch over to clean energy has been made abundantly clear both in terms of the crucial need to safeguard our climate, but equally importantly, in terms of the long-term economic rationale behind utilising nature's bounty to power our economies, industries, cities and homes. This fact is further evidenced by the record US$ 329 billion invested in the renewable energy sector globally, and the dramatic 30% Year-on-Year (YoY) increase in renewable power capacity installed over the course of 2015.

The notable emphasis being placed on renewable power sources across diverse nations - from the United States to Germany, France, and the Netherlands, to the emerging economic powerhouses of India and China - is part of what we anticipate to be an irreversible trend that will only continue to strengthen in the coming decade.

While Sri Lanka itself still has a long road ahead toward developing effective renewable solutions capable of guaranteeing our nation's energy security, it is encouraging to note that the contribution of non-conventional renewable energy (NCRE) – which includes mini-hydro plants operated by PAP – rose by 4.1% YoY to a total of 458 Megawatts (MW) in 2015.

Demand for energy locally is also on the rise and it remains to be seen what role NCRE will have to play in supporting the continued growth of the Sri Lankan economy. Following on measures taken by the previous Government, the current administration too has sought to rely on coal power to fill this demand, however given the serious and clearly established environmental impact of such forms of energy generation, we remain confident that clean and sustainable energy remains the only feasible long-term solution to meeting the country's energy requirements.

Systemic Challenges

While interactions at the Ministerial level have continued to call upon the industry to complete projects and bring new capacity on-line at an accelerated pace, at a practical level, the approach from authorities still lacks clarity with many of the practical and bureaucratic processes required to establish such projects either not being in place or fragmented across disparate stage regulatory agencies.

Such procedural bottle-necks have posed serious challenges to the expansion of mini-hydro capacity, particularly in terms of attracting and retaining investment in such projects.

Diversification of alternative energy sources remains the other pressing concern from an industry perspective. Presently, Sri Lanka relies primarily on hydro and mini-hydro however moving forward it is evident that other sources have the potential to make a much more substantial contribution to the national grid, particularly in the context of greater uncertainty in weather patterns as the pace of climate change accelerates.

> ***"In terms of our Company's own performance, it has been a challenging yet rewarding year for Panasian Power PLC. Operating through our two mini-hydro facilities situated in Rathganga and Manelwala PAP's ability to generate revenue is intrinsically linked to fluctuations seasonal rainfall patterns in our catchment areas"***

Solar energy in particular shows great promise in the Sri Lankan context given the continuous improvements being made in terms of technology and reductions in price per unit. This is an area which PAP will continue to monitor and explore options for investment in the coming years.

As Sri Lanka continues along its development trajectory, it is crucial that policy makers, regulators and the industry all work together to harness all possible sources of clean energy and it is hoped that all possible assistance will be extended to small producers in order to make this vision a reality.

Optimising Performance

In terms of our Company's own performance, it has been a challenging yet rewarding year for Panasian Power PLC. Operating through our two mini-hydro facilities situated in Rathganga and Manelwala, PAP's ability to generate revenue is intrinsically linked to fluctuations of seasonal rainfall patterns in our catchment areas.

Despite upgrades to our Rathganga plant, which was recently expanded from 2MW to 3MW, sporadic rainfall and generally unfavourable weather conditions resulted in a reduced contribution to the national grid. This in turn had a limited negative impact on the top-line performance of the Group which declined by 4% YoY to Rs. 287.2 million during the period in review.

Taking cognisance of the extended periods of low rainfall during the past year, all efforts were made to optimise efficiency across all PAP facilities, with the Company's Rathganga facility in particular averaging one of the highest plant factors in the industry. Similarly, efforts to optimise efficiency across the internal operations of PAP also helped bolster the bottom-line as evidenced by reduced administrative costs during the period in review. As a result of the factors outlined above, the Group recorded a reduction in profits after tax from Rs. 167.3 million in 2015 down to Rs. 135 million during the past year.

Despite the challenging conditions experienced over the last year and the continuing investments being made by PAP into further projects, we are pleased to be able to declare the interim dividend paid for Rs 0.15 per share as the final dividend for the year under review and give our solemn assurance that we will continue to invest into the further development of PAP and share results of those investments with our esteemed Shareholders.

Transforming today for a sustainable tomorrow

Over the years, Panasian Power PLC has proved itself to be one of the most adaptable and reliable players in the Sri Lankan NCRE sector. We have grown from strength to strength and despite a host of challenges, the outlook for our Company is positive.

Over the course of the coming year, we will work to further consolidate operations across our three plants while laying the foundations for further capacity expansion. During the coming year we are aiming to bring Phase 1 of the Padiyapelella plant into operation. Building on the strong rapport that we have mainlined with relevant line ministries, PAP will also work to secure approvals for Phase 2 of the Padiyapelella facility by 2017. Combined with favourable weather conditions, the increased capacity generated has the potential to place PAP on a stronger footing and bring PAP significantly closer to its goal of building 15 MW of capacity.

In conclusion, I wish to convey my heart-felt appreciation to the team at PAP for their determined and driven performance during the year and I look forward to extending our legacy of success moving forward. I also wish to place on record my sincere appreciation to my fellow Board Members and staff for the great support extended throughout the year. Finally I wish to express our deep gratitude to our valued Shareholders for the trust and confidence vested in myself and my team and we look forward to your continued support as we step together into a brighter, cleaner, sustainable future.

Dr Prathap Ramanujam
Chairman and CEO

Cutting edge equipments: We at Panasian Power PLC trust in only the finest and most reliable equipment and facilities to forge ahead.

BOARD OF DIRECTORS

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 the Public Sector for over a 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 in the Board of Ceylon Agro-Industries Limited and Panasian Investments (Pvt) Limited.

He is currently the Deputy Chairman of Senkadagala Finance PLC. He was appointed as member of the Public Service Commission by the Constitutional Council in August 2015.

Mr Deepal Sooriyaarachchi

Independent Non-Executive Director

Mr Deepal Sooriyaarachchi - Independent Non- Executive Director

Mr Sooriyaarachchi, counts over thirty years of experience in the fields of sales, advertising, marketing to human resource development and strategy. He is a renowned Management Consultant Speaker Trainer and Author. Before embarking on full time consultancy work he was the Managing Director of AVIVANDB Insurance PLC (now known as AIA Insurance).

He is a Fellow member of the Chartered Institute of Marketing (CIM) UK, and holds an MBA from the Post Graduate Institute of Management, University of Sri Jayewardenepura.

Mr Sooriyaarachchi serves as a non-executive independent director of; AIA Insurance Lanka PLC, Sampath Bank PLC, Singer Sri Lanka PLC and Hemas Manufacturing (Pvt) Limited. He is a consulting partner of RBL USA.

He is a Past President of the Sri Lanka Institute of Marketing, and a past Commissioner of the Sri Lanka Inventors Commission. He had served on a number of national bodies such as National Administrative Reforms Commission, Presidential Task Force for English, Councils of Moratuwa and Kelaniya Universities.

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, Esna Power (Pvt) Limited and Serendib Lands (Pvt) Ltd. He also serves on the committee of Equality based Community Support & Training Centre (ECSAT) in Galle, Institute of Commercial Law & Practice (ICLP), Transparency International Sri Lanka (TISL), and Centre for Advancement of Resource Mobilisation (CARM).

He is also a Fellow member of Certified Management Accountants (CMA) and a member of the Governing Council of the Institute of Certified Professional Managers (CPM).

He is a member of the Organisation of Professional Associations SL and the Sri Lanka Institute of Directors.

Currently, he serves as Director on the Boards of CleanCo Lanka Ltd., Serendib Land PLC, Esna Power (Pvt) Ltd., and Centre for Advancement of Resource Mobilisation (CARM).

Mr Riad Ameen

Non-Executive Director

Mr. Ameen 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. Mr. Ameen has been a civil law practitioner for the past 17 years.

Mr Kishantha Nanayakkara

Non-Executive Director

Mr. Nanayakkara is the Managing Director of Resus Energy PLC and has been holding this position since the inception of the Company in 2003. He 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 25 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.

Mr Suren Madanayake

Non-Executive Director

Mr. Suren Madanayake had his education at Royal College, Colombo and qualified as a Mechanical Engineer from the University of Texas at Austin, USA. He was appointed to the Board of ACL Cables PLC in June 1991 and appointed as Managing Director in September 2005. When Kelani Cables PLC was acquired in October 1999, he was appointed as Managing Director of Kelani Cables PLC and Lanka Olex Cables (Private) Ltd which is the holding Company of Kelani Cables PLC. In 2003 he was appointed as Deputy Chairman of Kelani Cables PLC.

He also serves as the Chairman of Resus Energy PLC, Managing Director of ACL Cables PLC and ACL Plastics PLC and Director of ACL Electric (Pvt) Ltd., Ceylon Bulbs & Electricals Ltd., ACL Metals & Alloys (Pvt.) Ltd., ACL Polymers (Pvt.) Ltd., ACL-Kelani Magnet Wire (Pvt.) Ltd., Ceylon Copper (Pvt.) Ltd., SM Lighting (Pvt) Ltd., Fab Foods (Pvt.) Ltd., Ceylon Tapioca Ltd., E-Commerce Technologies (Pvt) Ltd., Destination Ceylon (Pvt.) Ltd., Pan Asia Power PLC and National Asset Management (Pvt) Ltd. He also serves as a Trustee of CCC Foundation of Sri Lanka, which is an approved charity. He also captained the Royal College 1st XV Rugby team in 1987.

Mr Riyaz Mohamed Sangani

Non-Executive Director

Mr Sangani is the Chief Executive Officer of Vidullanka PLC and serves on the Boards of several companies. He is a graduate from the University of Colombo and has also completed his MBA at the Post Graduate Institute of Management (PIM), University of Sri Jayawardenapura. He is a fellow member of Chartered Institute of Management Accountants, UK. He also serves as the President of Small Hydropower Developers Association.

Mr Sangani joined the Board with effect from 1 April 2015.

Mr Amanda Weerasinghe

Non-Executive Director

Mr Amanda Weerasinghe is the Jt. Managing Director of Almar Group of Companies, leading exporter of rubber and tea, with diversified interests in power generation, packaging, injection moulding and mould making, granite and marble flooring.

He holds a BSC in business administration from Pace University, New York and counts over thirty years of management experience. Mr Weerasinghe was former Chairman of Colombo Rubber Traders' Association and Lanka Eastern Europe Business Council. He served as a Committee Member at the Ceylon Chamber of Commerce

Mr Weerasinghe joined the Board with effect from 15 June 2015.

Mr Siddi Mohamed Farook

Non-Executive Director

Mr Farook completed his primary education at Royal College and obtained a BBA in International Trades from Hong Kong.

He has experience in international trade, mobile telecommunication and the renewable energy sector locally and internationally. Former Director / CEO of Padiyapelella Hydropower Limited and currently serves in the boards of Omega Group of Companies, Sky Tel Lanka (Pvt) Limited, Power Hub Green Energy (Pvt) Limited and Azear (Hong Kong) Limited, and promotes foreign Investments into Sri Lanka.

Mr Farook joined the Board with effect from 15 June 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Introduction

This section of the Panasian Power PLC (PAP) Annual Report will outline in greater detail some of the more notable trends and developments being witnessed in the global and domestic operating environment arising over the course of the financial year ended 31st March 2016 and pertinent impacts that such factors may have had on the Non-Conventional Renewable Energy (NCRE) segment generally and on the performance and outlook of the Company during the period in review.

Global Conditions

While it has been nearly a decade since the onset of the global financial crisis (GFC) of 2008, the global recovery continues to proceed at a slow and fragile pace with renewed volatility in commodity prices and sluggish growth in major economies creating a positive feedback loop that in turn has generated downside risks for emerging and frontier markets.

Overall, global GDP was said to have reached 3.1% by the end of 2015 and according to the most recently published projections, is anticipated to continue to increase at a very limited pace to approximately to 3.2% by the end of 2016.

While the East-Asian powerhouse that is China continues to maintain its place as the world's largest economy, large debt and an increasingly complex transition from its previous role as 'the world's factory' to an economy that is focused on generation of services and internal consumption have created many signs of economic instability. While China recorded a GDP of 6.9% in 2015, it is forecast to lose momentum to 6.5% by the end of 2016 which in turn could have serious ramifications for global trade and potentially create downside risks for emerging markets and developing nations.

Similarly, the economies of the European Union (EU) and the United States both tended towards strategies of continued monetary tightening despite limited signs of recovery from a regional perspective. Financial instability, unemployment, rising income inequality and socio-political unrest in both the EU and the US contributed to increased negative sentiments across both markets which in turn generated further potential downside risks for the global economy.

The Green Imperative

Climate change is another factor which is gaining greater prominence on the international stage as the frequency of extreme weather events – from record heatwaves to devastating floods – across the globe increased in 2015 and is expected to continue this trend moving forwards. Nevertheless, 2015 also bore witness to the ratification of important agreements and commitments from both developing and advanced economies towards the reduction of carbon emissions and a renewed focus on the development and implementation of clean and renewable sources of energy to power their economies.

While it is unfortunate that historically low prices of crude oil created greater economic justifications for the continued reliance on fossil fuels to meet national power and energy requirements, particularly in most developing economies, the impact of the green energy uptake –primarily harnessed in the form of solar and wind energy – resulted in a reduced demand for fossil fuels, which also had a limited role to play in the low price regime for crude oil over the past year.

Despite the above-mentioned dynamics and as alluded to in our Chairman's review, 2015 was a landmark year for renewable energy generation as clean energy managed to defy the crash in fossil fuel to attract a record global investment into renewables of US$ 329 billion with 64GW of wind and 57GW of solar PV commissioned during the year, an increase of nearly 30% Year-on-Year (YoY) from 2014.

Moving into the new financial year, many nations, including Germany, France, the Netherlands, India, and the United States are all anticipated to continue investing in increased renewable energy capacity. Similarly, funds are also anticipated to be directed towards research and development with a view to promoting greater efficiency of renewable energy sources. Such technology advancements are expected to further close the gap between clean energy and fossil fuel. The transition to clean energy sources will also potentially create new jobs and promote cost saving across many day-to-day aspects of national economies around the world.

Sri Lankan Economic Climate

In the backdrop of increased outflows of foreign investment and reduced growth across most emerging markets, Sri Lanka saw its own GDP decline marginally from 4.9% in 2014 to 4.8% during the period in review. International headwinds combined with domestic uncertainty in the wake of the conclusion of two key national elections and the resultant slowdown in economic activity.

During the course of the year headline inflation rose slightly from 2.1% up to 2.8% in 2015 while unemployment rates recorded a similar increase from 4.3% up to 4.6%. Meanwhile, despite successful efforts to reverse the downward trend in Government tax and non-tax revenue, an increase in Government expenditure resulted in the national budget deficit widening to 7.4% of GDP, overshooting the Government's target of 4.4% of GDP during the year.

While the low price of international commodities and the resultant decline in fuel import costs during the year did help to ease pressure on the Sri Lankan economy, a slow-down in exports earnings on the back of weaker international trade, declining worker remittances out of the Middle-East, and the exit of foreign funds caused challenges for the country's balance of payments. Despite the low level of net foreign inflows, the current account deficit in 2015 broadly remained unchanged at the 2014 level of US dollars 2.0 billion, but declined marginally to 2.4 per cent of GDP.

Power and Energy Sector

A combination of multiple sources of power generation helped meet increased demand for electricity by increasing the total amount generated from 12,357 Gigawatt hours in 2014 upto 13,090 Gigawatt hours in 2015. In terms of the generation mix, the NCRE sector (which includes mini-hydro power operators like PAP) increased its contribution from 9.9% in 2014 to 11.2%, generating 1,466 Gigawatt hours in 2015, an increase of 20.4% YoY.

Similarly, hydropower stations (excluding the mini-hydro segment) were able to raise their generation by a notable 35% YoY as a result of increased rainfall in the regions surrounding primary catchment areas at the start and end of the last year, increasing their contribution to 4,904 Gigawatt hours.

Enhancements in capacity through the Norochcholai power plant also resulted in an increased contribution of coal power to the national generation mix from 25.9% in 2014 up to 33.9% in 2015. Consequently, coal power accounted for 4,443 Gigawatt hours reflecting a substantial increase of 38.8% YoY.

The cumulative effect of increased hydro and coal power generation helped to lower fuel oil generation by 47.1% to 2,276 Gigawatt hours during the year. The share of power generated by the CEB within total power generation increased to 79% in 2015, compared to 69% in 2014, while the remainder was purchased from Independent Power Producers (IPPs).

While the Government anticipated that once all three units of the Norochcholai coal power plant are operated at full capacity, coal power is being estimated to meet over 40% of total national electricity requirements, questions remain over the long-term feasibility of relying on coal power generation in the backdrop of the significant trend towards the uptake of clean, renewable energy sources as described in prior sections of this report.

Meanwhile, construction on several major power projects recorded progress in 2015 with the 120 MW Uma Oya Hydro Power Plant crossing 53% physical completion during the year and proceeding on schedule for its targeted commissioning in 2017. A further 500 MW of capacity is anticipated to be commissioned in 2020 through the construction of the Sampur Coal Power Plant which is anticipated to start construction by 2016 while Mannar island will see construction on 100MW of wind power commencing by 2018. While concerns over the environmental impact of the Sampur coal power plant remains a source of deep concern, assuming that all projects proceed according to schedule, the medium-long term outlook for Sri Lanka's energy security appears positive.

Moving forward, the Government has also signalled its intent to focus on and facilitate the expansion of the NCRE generation and given Sri Lanka's tropical setting and the immense success that nations like Germany, France and to a lesser extent, India, are currently enjoying through solar power, we are confident that fresh opportunities will emerge in this sector and the Management will focus on developing such opportunities moving forward.

" While major hydro-power plants across the island were able to increase their contribution to the national grid as a result of increased rainfall in their particular catchment area during the start and end of 2015, PAP's contribution was hindered by sporadic fluctuations in weather patterns at PAP's two main facilities – the 3MW mini-hydro plant situated at Rathganga and our 2.4 MW facility at Manelwela."

MANAGEMENT DISCUSSION AND ANALYSIS CONTD.

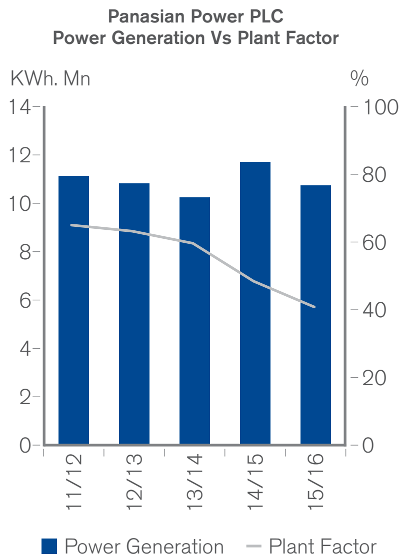
Operational Highlights

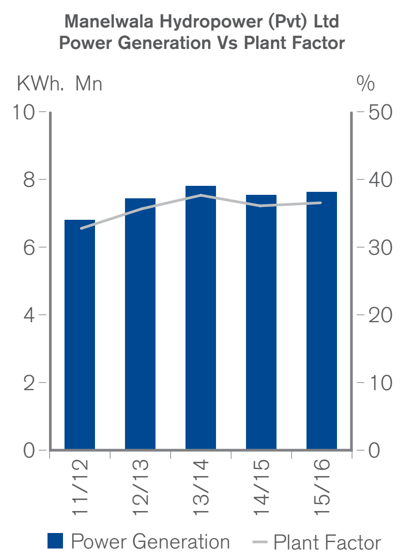
The business model upon which a typical mini-hydro power plant operator in Sri Lanka is built on is unique to this industry. From a supply-side perspective, the ability of companies like PAP to generate revenue is tied primarily to seasonal weather patterns and rainfall levels. Additionally, when considering demand for a product, all companies in the sector deal with a single client – the Ceylon Electricity Board – who determines the rate at which a unit of hydro-electric power will be supplied at. In that context, the differentiating factors between mini-hydro operators tends toward the mechanical efficiency of our mini-hydro plants, the efficiency of internal administrative functions and the ability of such companies to add fresh capacity, either through upgrades to existing facilities, acquisition of other facilities, construction of new mini-hydro plants or diversification into other forms of NCRE.

While major hydro-power plants across the island were able to increase their contribution to the national grid as a result of increased rainfall in their particular catchment area during the start and end of 2015, PAP's contribution was hindered by sporadic fluctuations in weather patterns at PAP's two main facilities – the 3MW mini-hydro plant situated at Rathganga and our 2.4 MW facility at Manelwela.

During the previous financial year, the Rathganga plant successfully completed a 1 MW expansion in capacity however reduced rainfall to the facility during the period in review negated potential impact of the increase to capacity. Consequently, the Rathganga plant generated 10.7 million kWh, leading to a revenue of Rs. 166.5 million during the period in review, as compared with 11.7 million kWh and Rs. 179.5 million in revenue during the previous financial year.

Similarly, PAP's Manelwela facility generated 7.6 million kWh, contributing Rs. 120.6 million in turnover during the financial year ended 31st March 2016, as compared with 7.5 million kWh and Rs. 119 million during the comparative period of the previous year.





Despite the adverse weather conditions and similar challenges described above, it is notable that both the Manewela and Rathganga facilities continued to remain at the forefront in terms of efficiency with the Rathganga facility recording one of the highest plant factors in the industry. This notable achievement stood as a testament to the dedicated and skilful efforts of our cadre of employees and engineers, which at present constitutes a significantly smaller headcount than the industry standard. This ability to make the most of limited resources is one of the crucial strengths behind the success of PAP.

Meanwhile, regulatory challenges continued to hinder progress on the construction of PAP's Padialapalella plant which was acquired by the Company in mid-2014. Phase 1 of construction finally commenced during the final quarter of the financial year. Once completed, the plant will expand PAP's total generation capacity by a further 3.5 MW.

Padiyapelella construction in progress

As noted in the Chairman's review of this report, cumbersome, inefficient and disparate regulatory and approvals procedures continue to act as major roadblocks to the commissioning of fresh capacity in the mini-hydro sector. Streamlining of such processes will prove crucial to any further forward progress that the Padialapalella facility and any other mini-hydro plants are to make. The clearance of such obstacles will greatly expedite such projects for PAP and other players in the sector, the end-result of which will be an increased contribution of clean, renewable energy to the national grid while moving PAP closer to its stated target of 15MW – 5.4 MW of which is currently in operation, with a further 6.5 MW in the pipeline.

Sustainability

Since its incorporation in 2002, Panasian Power PLC has consistently worked to inculcate and incorporate values of sustainability within our organisation and across all of our business and operational processes. From an environmental perspective, being a producer of clean, green, renewable energy, has enabled PAP to make vital and significant contributions towards powering the sustainable development of the Sri Lankan economy for well over a decade.

During this period, the Company has worked tirelessly under the diligent supervision and oversight of state energy and environmental regulatory agencies in order to ensure the strictest compliance with Government regulations. In doing so, PAP has maintained an unblemished record of strict compliance with a view to conservation and preservation of Sri Lanka's rich biodiversity heritage.

The economic sustainability of our operations is another key component in terms of PAP's holistic approach to its operations. Having designed and implemented strategies geared towards the optimal usage of our existing resources, the Company has consistently delivered strong financial results – even in the face of turbulent weather patterns and uncertain economic conditions.

This performance stands as a testament to the powerful top-down strategies adopted by our Management which have been matched with dedication, skill and quality technical expertise of PAP's team.

This dual approach has enabled PAP to maintain optimal performance across our mini-hydro facilities while ensuring timely expansions of capacity to derive optimal levels of production from the abundant wealth of Sri Lanka's natural resources in a sustainable manner. Combined with careful and strategic monitoring and management of the Company's assets, PAP has continued to consistently deliver on economic sustainability of its business model.

Social sustainability is the third key component to PAP's framework for the comprehensive sustainability of its business operations. Part of the continuing success of PAP hinges on the Company's ability to deliver meaningful value to the widest possible group of stakeholders. In that context, PAP has worked to establish and develop relationships with stakeholder communities across the island in order to cultivate a sincere understanding of the needs of such communities and contribute where possible to the social and economic upliftment of these groups.

In that regard, PAP made several investments aimed at developing infrastructure and creating opportunities for communities in Sri Lanka during the year in review commencing with the repair of badly damaged village access road in the Rathurugala area of the Ratnapura District.

Construction of access road in progress

Part of the access road build at Raththurugala

Additionally, the Company made a generous donation to the Ratnapura Divisional Secretariat during the last year in order to fund an overseas trip for children from the local Sunday School in order to enable these children to experience their first time in a foreign land thereby empowering them with the motivation and drive to succeed in their own educational careers.

Handing over cheque for the overseas tour

MANAGEMENT DISCUSSION AND ANALYSIS CONTD.

Contributions were also made towards the funding of festivals in celebration of the Sinhala and Tamil New Year at the Samagi Jestha Puravasi Samithiya Elders' Home in Ratnapura while donations were also extended to the hosting of a soft ball cricket tournament organised by the Ratnapura Grama Niladari Sansadaya and the hosting of a pre-school festival at the Samanala Pre School – Gileemale, Ratnapura.

Given the deep and powerful connection of water to our business model, PAP was also pleased to co-sponsor the Senehasa Diyawara during the past year. The project donated an effective water purification system to provide clean drinking water to students at a rural village school in Kahatagasdigiliya.

Similarly, PAP also made a generous donation towards the important renovation work being carried out at the historic Ridi Viharaya (Silver Temple) in Kandy. Dating back to the 2nd-century BCE, this heritage site and its surrounding caves house ancient paintings and sculptures. PAP was deeply honoured to be able to contribute towards the preservation of this historic heritage site for future generations.

Finally, we would also take time to remember the victims of the devastating earthquake that ravaged the nation of Nepal during the year in review. PAP was among many international donors who extended their support and aid to the victims of this tragic natural disaster during the year under review.

Moving forward into a new financial year PAP is committed towards maintaining and enhancing the economic, social and environmental sustainability of its operations and will continue to undertake and expand its engagement in each of these three fields in a consistent, holistic and effective manner.

FINANCIAL REVIEW

Earnings Before Interest and Tax (EBIT)

EBIT reduced by 10% to Rs. 203 million during the year under review. As a result of the dynamics and weather patterns already discussed in the report, the Group achieved a turnover of Rs. 287,187,421 during the year ended 31st March 2016 constituting a marginal 4% YoY reduction.

While the cost of electricity generated increased from Rs. 33 million in 2015 to Rs. 47.3 million during the period in review mainly due to the repair and maintenance work carried out at the plants, a concerted effort to promote greater internal efficiency resulted in a reduction of the Company's administrative costs down from Rs. 45.7 million to Rs. 42.5 million during the period under review.

Return on Capital Employed (ROCE) and Return on Equity (ROE)

A marginal reduction of 1% Year-on-Year was evidenced with regard to ROCE during the year resulting in a ROCE of 17% during the year, as compared with 18% in previous year. Similarly, ROE also reduced marginally to 12% (2014/15 – 14%) due to the factors discussed above

Net Finance Cost

Increased investments into the construction of new project resulted in the Group's finance costs increasing from Rs. 34 million up to Rs. 53 million while the finance income showed a 57% increase to 2.8 Mn compared to last year.

Taxation

Panasian Power enjoys 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. Manelwala Hydropower (Pvt) Limited which enjoyed a tax holiday of five years pursuant to the agreement entered into with the Board of Investment is liable to tax at a concessionary rate of 10% for two years from the financial year 2014/15. On completion of two years in 2015/16 at the above concessionary rate, the Company is liable to pay taxes at the prevailing tax rate of 12% under section 59E of Inland Revenue Act No. 10 of 2016. The above tax rates are applicable for the income earned from the generation and supply of hydropower to the National Grid. The Group is taxed on the prevailing rates on other income earned.

Liquidity

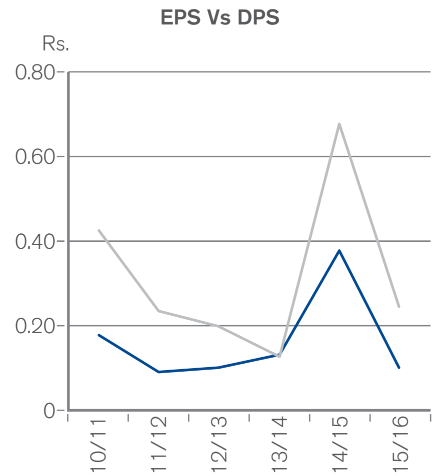
The current ratio increased to 15 times and cash ratio increased to 10 times during the year under review compared to the 9 times and 6 times in previous year. This is mainly due to funds retained for the construction of the balance work of the Padiyapelella Hydropower Project.

Shareholders Return

The Earnings Per Share (EPS) of the Group for the financial year declined marginally from Rs. 0.34 down to Rs. 0.27 per share. However, the Price Earning Ratio (P/E Ratio) at the year-end increased to 12 times as compared to a ratio of 10 times in the previous year.

Net Asset Value per Share decreased from Rs. 2.41 to Rs. 2.23, marking a decrease of 7% during the year under review.

Despite the challenging operating climate, the Company was able to once again deliver meaningful value to its esteemed stakeholders by declaring a dividend per share of Rs. 0.15, as compared with a previous dividend per share of Rs. 0.30



Capital Structure

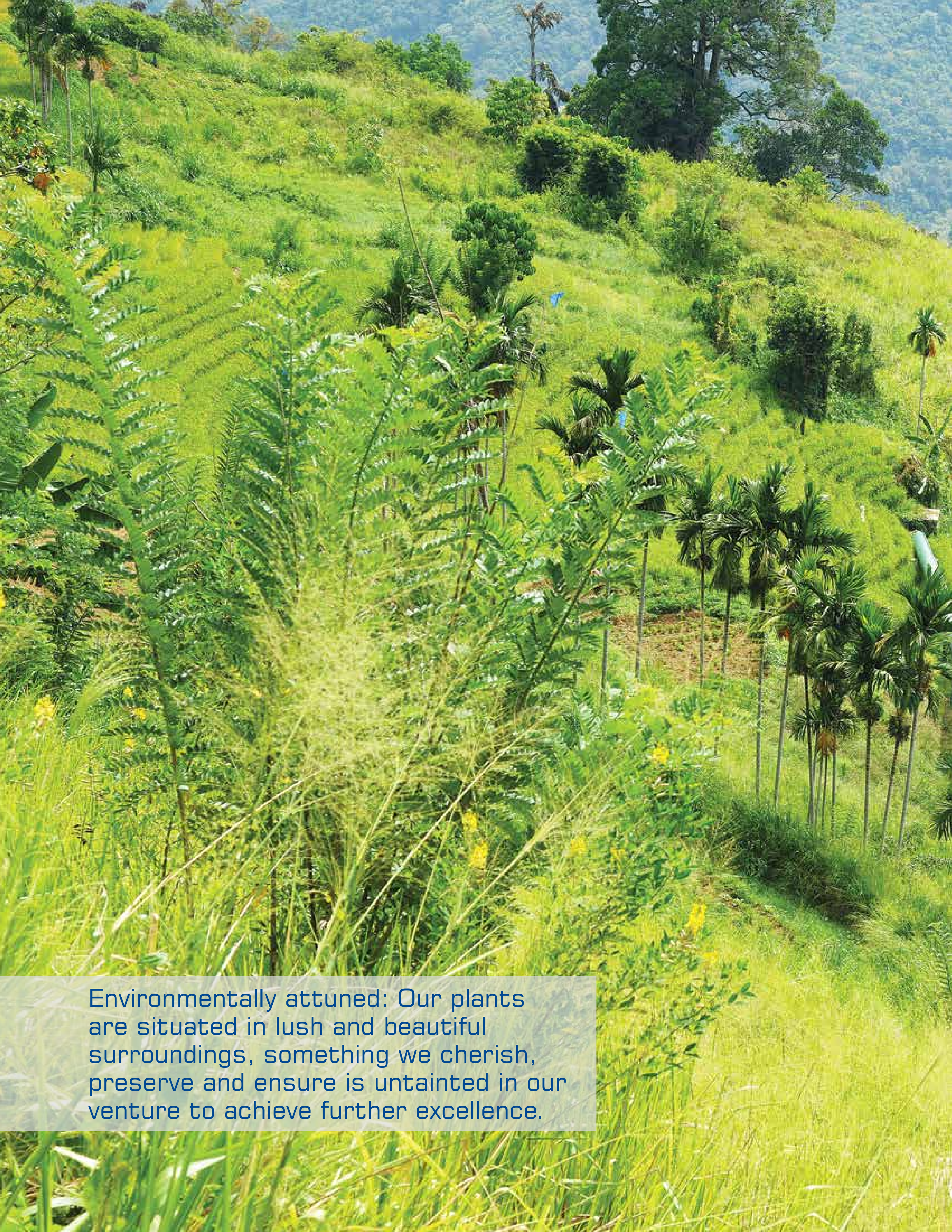
As at the year end, the total shareholders' funds attributable to equity holders of the Company stood at Rs. 1.1 Bn with a 7% decrease compared to the previous year. The gearing of the Group increased during the year as explained under "financial leverage".

Efficiency of Assets Utilisation/Asset Management

The Group assets have been continuously utilised efficiently with a Return of Assets of 7.3% (2014 – 8.6%) while the total asset turnover for the year under review remained constant at 0.15 times. Also, the fixed asset turnover ratio slightly reduces to 0.57 times from 0.59 times compared to the previous financial year.

Financial Leverage

The Debt to Equity ratio increased to 0.59 times (or 59%) in the current year compared to 0.56 times (or 56%) in the previous year; a minimal increase. The term loan secured for the acquisition and construction of balance work of the Padiyapelella Hydropower Project was reflected in these indicators.



Environmentally attuned: Our plants are situated in lush and beautiful surroundings, something we cherish, preserve and ensure is untainted in our venture to achieve further excellence.

CORPORATE GOVERNANCE

Panasian Power PLC has strived to maintain the highest levels of transparency when reporting on information-whether financial and non-financial, a fact which has greatly facilitated the enhancement of trust placed by stakeholders in the Company. The Company has been structured and controlled internally through a process of continuous review in facilitating the observance of the key principles of Corporate Governance.

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

Corporate Governance Principle	Principle No	Level of Compliance
Directors		
Frequency of Board Meetings	A.1.1	Monthly Board meetings are scheduled to determine the Company's strategic direction, review the operational and financial performance, and to provide oversight. The Board met frequently to monitor the balance construction work of Padiyapelella Hydropower Limited. Apart from Board meetings, the Board also takes decisions via circular resolutions, which are required to be signed by all the Directors. The attendance of Directors at the Board and Committee meetings held during the year is depicted below:

Name of Director	Board Meetings Attended
Dr P Ramanujam	12/12
Mr T Someswaran	9/12
Mr D Sooriyaarachchi	10/12
Mr K Nanayakkara	8/12
Mr R Ameen	9/12
Mr S Madanayake	10/12
Mr K Jayawardena (Ceased to be Director w.e.f. 28 September 2015)	4/5
Mr R Sangani	9/12
Mr A Weerasinghe (Joined w.e.f. 15 June 2015)	8/11
Mr S Farook (Joined w.e.f. 15 June 2015)	8/11

Sub Committees

Name of Director	Audit Committee Meeting		Remuneration Committee Meeting		Related Party Transaction Review Committee Meeting	
	Capacity	No. of meetings attended	Capacity	No. of meetings attended	Capacity	No. of meetings attended
Mr T Someswaran	Chairman	4/5	Member	3/3	Chairman	1/1
Mr D Sooriyaarachchi	Member	4/5	Chairman	3/3	Member	1/1
Mr R Ameen	NA		Member	1/3	Member	1/1
Mr K Jayawardena	Member	3/3	NA		NA	
Mr A Weerasinghe	Member	1/2	NA		NA	

Corporate Governance Principle	Principle No	Level of Compliance
Responsibilities of the Board	A.1.2	The Board of Directors is responsible for ensuring: ▪ The formulation, implementation & monitoring of strategy. ▪ Effective systems are in place to secure the integrity of information, internal controls and risk management. ▪ Compliance with laws, regulations and ethical standards. ▪ All stakeholder interests are considered in corporate decisions. The Board has delegated several functions to Board Committees, while retaining final decision rights pertaining to matters under the purview of the Committees. The composition and the functions of these sub–committees are discussed in detail under the relevant sections of this Report.
Compliance with Laws and Independent Professional Advice	A 1.3	The Directors individually and collectively as a Board act in accordance with the laws applicable to the business enterprise. In discharging their duties the Directors seek independent professional advice from external parties when necessary at the expense of the Company.
Company Secretary	A 1.4	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.
Independent judgment	A1.5	All Directors exercise independent judgment in all decisions pertaining to strategy, performance, resource allocation and standards of business conduct.
Dedication of adequate time and effort	A 1.6	Board members dedicate adequate time and effort to fulfill their duties and responsibilities as Directors of the Company and ensure that they are satisfactorily discharged.
Separation of roles of the Chairman and 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	A 3.1	The Chairman is responsible for preserving order and facilitating the effective discharge of Board functions. The Chairman in running of the Board facilitates the effective discharge of board proceedings and ensures: ▪ The effective participation of both executive and non- executive directors. ▪ Effective contributions by all Directors at proceedings. ▪ The views of directors on issues under consideration are ascertained. ▪ Board control on the affairs of the company and its obligations to all stakeholders.
Financial Acumen	A 4	The Board comprises of members who possess the necessary knowledge and competence to offer guidance on matters of finance.

CORPORATE GOVERNANCE CONTD.

Corporate Governance Principle	Principle No	Level of Compliance
Board Balance	A 5.1	As at 31st March 2016, eight Directors out of the nine Directors were considered as Non Executive Directors.
Independent Directors	A 5.2	As at 31st March 2016, two Directors out of the eight Non Executive Directors were 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 judgement. Mr D Sooriyaarachchi, an Independent Non – Executive Director is also an Independent Non - Executive Director of Sampath Bank PLC, Bankers to the Group. Mr Sooriyaarachchi has declared at the Board and has refrained from discussion and voting on transactions with common interest.
	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	The Board annually determines the independence of each Non-Executive Director based on the Declarations submitted by them. 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.
Alternate Directors	A 5.6	The following Directors were appointed as alternate directors with effect from 11 November 2014 Mr T Someswaran is an alternate Director for Mr D Sooriyaarchchi Mr D Sooriyaarchchi is an alternate Director for Mr T Someswaran
Recording of concerns in Board Minutes	A 5.9	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 and timely information	A 6.1	The Board is provided with timely information in an appropriate manner enabling it to discharge it 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 A 7.2	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	The Colombo Stock Exchange is informed upon the appointment of a new Director to the Board, along with a brief resume of the Director which includes; ▪ The nature of his expertise in relevant functional area. ▪ Other Directorships or memberships in Board sub committees. ▪ Whether the Director is considered an Independent Director.

Corporate Governance Principle	Principle No	Level of Compliance
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 year 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' are set out on pages 12 and 13 of this Annual Report. Their qualifications, nature of expertise in relevant functional areas, memberships in Board – sub committees, attendance at Board and sub Committees, other directorships and Directors Interest in Contracts are set out under the relevant sections of this Report.
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 Non-Executive 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 the 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 8 to the Financial statement
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, Remuneration and Related Party Transaction Review Committees are present at the AGM to answer any questions raised by the Shareholders if so requested by the Chairman.

CORPORATE GOVERNANCE CONTD.

Corporate Governance Principle	Principle No	Level of Compliance
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	C 1.5	The procedure governing votes at the General Meeting is circulated with the Notice of Meeting.
Major transaction	C 2	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 approvals are obtained in accordance with the statues.
Accountability and 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 are given in the Annual Report of the Board of Directors.
Statement of Directors and Auditors responsibility for the Financial Statement	D 1.3	The statement of Directors' responsibility in preparation of the Financial Statements is given on page 40 while the Independent Auditors report on page 41 state the Auditors responsibility for the Financial Statements.
Management Discussion Analysis	D 1.4	Management discussion and analysis and Financial Review are given on pages14 to 19 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 the related parties are disclosed on Note 28 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.
Composition of the Audit Committee	D 3.1	The Audit Committee consists of two Independent Non- Executive Directors and one Non Executive Director. The Chairman of the Committee is an Independent Director appointed by the Board

Corporate Governance Principle	Principle No	Level of Compliance
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 and is given in the Audit Committee Report on page 30.
Disclosures	D 3.4	The Audit Committee Report set on page 30 to Annual Report .
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.
Institutional Investors		
Shareholder Voting	E 1	The Company is committed to maintaining good communications with investors. 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 a whole.
Evaluation of Governance Disclosures	E 2	When evaluating the governance arrangements particularly, in relation to the Board structure and composition, institutional investors are encouraged to give due weight to all relevant factors drawn to their attention.
Other Investors		
Investing and Divesting Decisions	F 1	Individual shareholders, investing or divesting directly in shares of the Company are encouraged to carry out adequate analysis and seek the independent advice in such decisions.
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 CONTD.

The following table presents the Company's compliance with Section 7.10 of 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)	One – third of the total number of Directors subject to a minimum of two.	Complied
7.10.2 (a)	Independent Directors	One – third of the Non – Executive Directors subject to a minimum of two.	Complied
7.10.2 (b)		Each Non-Executive Director should submit a declaration of independence/ non-independence.	Complied
7.10.3 (a) and (b)	Disclosure relating to Directors' Independence	Names of Independent Directors should be disclosed in the Annual Report and the basis for determination of independence of NEDs, if criteria for independence is not met.	Complied
7.10.3 (c)		A brief resume of each Director should be included in the Annual Report, including his area of expertise.	Complied
7.10.3 (d)		Upon appointment of a new Director a brief resume of the Director is to be submitted to the Exchange.	Complied
Remuneration Committee			
7.10.5 (a)	Composition	The Committee shall Comprise of Non–Executive Directors, a majority of whom shall be independent. The Chairman of the Committee shall be a Non-Executive Director.	Complied
7.10.5 (b)	Functions of the Remuneration Committee	The Committee shall recommend the remuneration payable to the Executive Directors and Chief Executive Officer or an equivalent role.	Complied
7.10.5 (c)	Disclosure in the Annual Report	The Annual Report should set out the names of the members of the Remuneration Committee, a statement of Remuneration Policy and the aggregate remuneration paid to Executive and Non - Executive Directors.	Complied
Audit Committee			
7.10.6 (a)	Composition	The committee shall comprise of Non Executive Directors, a majority of whom shall be independent. The Chairman shall be a Non-Executive Director. The Chairman or a member should be a member of a recognised professional accounting body.	Complied

CSE Rule No.	Applicable Rule	Requirement	Status of compliance
7.10.6 (b)	Functions	▪ Overseeing the preparation , presentation and adequacy of the disclosures in the financial statements in accordance with the SLFRSs/LKASs. ▪ 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.	Complied
7.10.6 (c)	Disclosure in the Annual Report	The names of the members of the Audit Committee should be disclosed in the Annual Report The Committee to determine the independence of Auditors and disclose the basis of such determination in the Annual Report. The Annual Report is to contain a report by the Audit Committee setting out the manner of compliance in relation to their functions.	Complied

AUDIT COMMITTEE REPORT

The members of the Audit Committee ("the Committee")of the Company are 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 is comprised of Mr Thirunavukarasu Someswaran, an Independent Non-Executive Director as the Chairman, and Mr Deepal Sooriyaarachchi, an Independent Non-Executive Director as a member who served the Committee for the full term. Mr K A H Jayawardena, a Non – Executive Director ceased his directorship from the Board and the Committee with effect from 28 September 2015 and Mr Amanda Weerasinghe, a Non-Executive Director was appointed on 15 October 2015 as a replacement to Mr K A H Jayawardena. The composition of the Committee members is in accordance with the Standard recommended by the Colombo Stock Exchange and brief profile of the members of the Committee are included in pages 12 to 13.

The Committee met five times during the year under review. The Chairman / CEO, Dr Prathap Ramanujam and the Financial Controller, Mrs Koshala Kalaichevan were invited to attend its meetings. The Committee discharged its duties based on the following Terms of References

- To review the effectiveness of company's internal risk controls and risk management systems to ensure the procedures are adequate to meet the requirements of the Sri Lanka Auditing Standards;
- To monitor the integrity of annual and interim financial statements of the company, the clarity of disclosure and the context in which statements are made In accordance with SLFRSs / LKSAs and requirement of the Companies Act No.7 of 2007 and discuss with the Management and the Auditor;
- Review of the annual financial statements presented to shareholders;
- To review and challenge where necessary the consistency of, and any changes to, accounting policies with the introduction of new accounting standards;
- To investigate any matter within its terms of reference, full access to and co-operation by Management and full discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly;
- To review the internal and external audit functions;
- To evaluate the independence and effectiveness of the work of the External Auditors;
- Receiving and dealing with external auditors' criticism of management, and ensuring that recommendations of internal and external auditors have been implemented;
- Recommending appointment, re-appointment, removal, remuneration and terms of engagement of the external auditors;
- Ensuring compliance with codes of best practice on corporate governance set out jointly by the Colombo Stock Exchange and The Institute of Chartered Accountants of Sri Lanka or other similar institutions;
- Assessing the Company's ability to continue as a going concern in the foreseeable future;
- Establishing mechanisms for the confidential receipt, retention and treatment of complaints alleging fraud, received from internal/external sources and pertaining to accounting, internal controls or other such matters;
- Meeting separately, periodically with management, auditors and internal auditors;
- Discussion of the Company's earnings press releases and financial information and earnings guidance provided to analysts and rating agencies;
- Providing a reporting channel for "whistle blowing" and assuring confidentiality to whistle blowing employees;
- Setting clear hiring policies for employees or former employees of the auditors; and
- Reporting regularly to the Board of Directors.

The Committee reviewed the Risk Analysis process adopted by the management in identifying, evaluating and managing the risks faced by the Company and its subsidiaries and recommended for improvements. 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.

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, Firm of Chartered Accountants, be re-appointed for the financial year ending 31 March 2017, subject to the approval of shareholders at the next Annual General Meeting.

Mr Thirunavukarasu Someswaran
Chairman

REMUNERATION COMMITTEE REPORT

Composition

The Remuneration Committee ("the Committee") comprises of Non – Executive members of the Board of Directors including two Independent Directors. The Committee Chaired by Mr Deepal Sooriyaarachchi, Independent Non – Executive Director and Mr Thirunavukarasu Someswaran who is also an Independent Non-Executive Director and Mr Riad Ameen, a Non – Executive Director served the full term. Brief profiles of the Members of the Committee are given on pages 12 to 13.

Dr Prathap Ramanujam, Chairman / CEO and Mrs Koshala Kalaichelvan attended the meetings on invitation.

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 of the terms of any compensation package in the event of early termination of the contract of any Executive Director.

The remuneration paid to the Directors is disclosed in Note 8 to the financial statements.

Meetings

The Committee met thrice 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

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

Composition of the Committee

The Company established the Related Party Transactions Review Committee (RPTRC) on 15 December 2015 as per the directive issued by the Securities and Exchange Commission of Sri Lanka (SEC). The RPTRC is comprised of Mr Thirunavukarasu Someswaran, an Independent Non-Executive Director as the Chairman, Mr Deepal Sooriyaarchchi, an Independent Non-Executive Director and Mr Riad Ameen, a Non- Executive Director as members. Brief profiles of each member of the Committee are given on pages 12 to 13.

Terms of Reference of the Committee

The RPTRC was formed by the Board to assist the Board in reviewing all related party transactions carried out by the Company and its subsidiaries in accordance with the Code of Best Practice on Related Party Transactions as issued by the SEC, LKAS 24 and Section 9 of the Listing Rules issued by the Colombo Stock Exchange (CSE)

The terms of reference of the Committee includes inter-alia the following:

- Developing, and recommending for adoption by the Board of Directors, a Related Party Transaction Policy consistent with that proposed by the SEC;
- Updating the Board of Directors on the related party transactions of each of the Group of Companies on a quarterly basis;
- Making immediate market disclosures on applicable related party transactions as required by Section 9 of the Continuing Listing Requirements of the CSE; and
- Making appropriate disclosures on related party transactions in the Annual Report as required by Section 9 of the Continuing Listing Requirements of the CSE.

Committee Meetings

The Committee met once during the year under review in the fourth quarter. Related Party Transaction Policy was adopted by the Committee at the initial meeting and the Committee reviewed the related party transactions carried out during the year under review set out in Note 27 to the financial statements. Attendance of the Committee members at the meeting is given on page 22 Proceedings of the Committee meetings are reported to the Board of Directors.

Methodology adopted by the Committee

The Committee endeavours to meet at least quarterly, review and report to the Board on matters involving related party transactions falling under its Terms of Reference.

Mr Thirunavukarasu Someswaran
Chairman

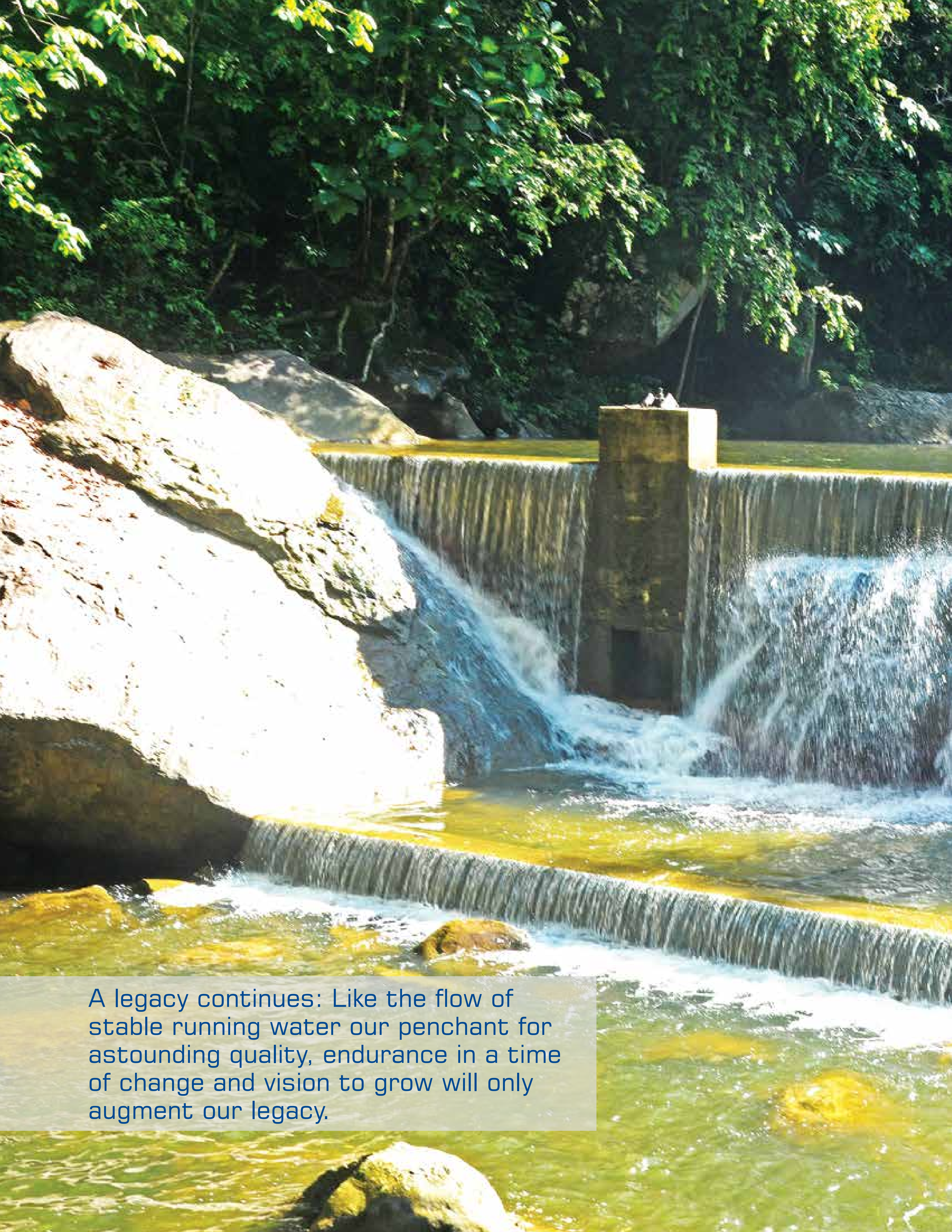
RISK MANAGEMENT

Panasian Power is committed in implementing an effective Risk Management process which comprises of identification of risks, assessing the impact and likelihood and responding with appropriate strategy.

The Group identifies the potential risks, internal or external that may negatively impact the set objectives and a smooth run of the operations. The significance is measured in terms of impact and likelihood of occurrence.

The Audit Committee closely work with the management to ensure that risk management complies with the relevant standards and that it is working effectively. As an integral part of risk management the Audit Committee overlooks the adequacy and the efficiency of internal controls of the Group through internal audits, recommendation of External Auditors and compliance reports submitted by the Management.

Risks		Responses
Environmental Risk	Probability of business operations creating negative consequences in the environment and creating non – compliance or reputational risk	Necessary steps taken to mitigate any adverse environmental impacts and compliance with industry requirements.
Credit Risk	Delays in payments by the CEB.	Transactions executed in line with the Standard Power Purchase Agreement entered into with the CEB.
HR Risk	Risk arising as a result of failure to attract, develop and retain a skilled work force.	Implementation of good HR practices.
Interest rate Risk	Potential losses as result of adverse movement of interest rate.	Negotiations with the financial institutions with a clear track record in the past.
Operational Risks	Potential losses due to inadequate internal controls, failures on internal processes, people, and systems, natural and man-made disasters.	Close supervision of all plants by the management. Review by the Internal Auditors. Overlooked by the Audit Committee.
Regulatory and compliance Risk	Potential losses due to violations of or non-compliance with laws, rules, regulations, internal policies and procedures or ethical standards.	Internal control procedures in place and close monitoring by the Audit Committee.
New project overrun Risk	Adverse impact on estimated project returns.	Prudent cost estimation with the assistance of experts.



A legacy continues: Like the flow of stable running water our penchant for astounding quality, endurance in a time of change and vision to grow will only augment our legacy.

FINANCIAL INFORMATION 2015/16

REPORT OF THE DIRECTORS ON THE STATE OF AFFAIRS OF THE COMPANY

The Board of Directors are pleased to present their Report and the Audited Financial Statements of the Company and Group for the year ended 31st March, 2016. The details set out herein provide pertinent information required by the Companies Act, No.7 of 2007 and the Colombo Stock Exchange Listing Rules and are guided by recommended best accounting practices.

Review of the year

The Chairman / CEO's Statement, Management Discussion and Analysis and Financial Review describes the Company and the Group's financial and operational performance and mentions important events of the year. These reports together with the Audited Financial Statements reflect the state of affairs of the Company and the Group.

Principal Activity

Power Generation continues to be the principal activity of the Company.

Going Concern

The Board of Directors after considering the financial position, operating conditions, regulatory and other factors and such other 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' in preparing the financial statements.

Financial Statements and Auditor's Report

The Financial Statements of the Group and the Company as at 31 March 2016 are given in pages 42 to 75 while the Auditor's Report on the Financial Statements is given on page 41 to this report.

Accounting Policies

The Accounting Policies adopted in preparation of Financial Statements are given on pages 46 to 55 There were no material changes in the Accounting Policies adopted.

Director's Interests in contracts

None of the Directors had a direct or indirect interest in any contracts or proposed contracts with the Group or Company other than as disclosed in Notes 27 to the Financial Statements.

Directors Remuneration and Other Benefits

Directors remuneration in respect of the Group and the Company for the financial year ended 31st March 2016 is given in Note 8 to the Financial Statements.

Corporate Donations

Donations made by the Group and the Company during the year under review amounted to Rs. 903,600 (2015 – Rs1,267,046) And Rs. 675,100 (2015 – Rs. 1,147,046) respectively. No donations were made for political purposes.

Directors of the Company and their respective shareholding in compliance with Section 200 of the Companies Act No 7 of 2007, as at 31st March, is disclosed below:

Shareholding	As at 31.03.2016	As at 31.3.2015
Dr P Ramanujam	2,350,000	2,350,000
Mr D Sooriyaarachchi	Nil	Nil
Mr M R Ameen	Nil	Nil
Mr H A S Madanayake	400,000	400,000
Mr T Someswaran	Nil	Nil
Mr G A K Nanayakkara	Nil	Nil
Mr R M Sangani	Nil	Nil
Mr S M Farook	175,000	Nil
Mr A L Weerasinghe	Nil	Nil
Mr W P K Jayawardana	Ceased to be a Director w.e.f. 28.09.2015	Nil

Board Committees

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

Audit Committee

Mr T Someswaran – Chairman
Mr D Sooriyaarachchi
Mr W P K Jayawardena (Ceased to be Director w.e.f. from 28 September 2015)
Mr A L Weerasinghe (appointed w.e.f. 15 October 2015)

Remuneration Committee

Mr D Sooriyaarachchi – Chairman
Mr T Someswaran
Mr R Ameen

Related Party Transaction Review Committee (Formed w.e.f. 15 December 2015)

Mr T Someswaran – Chairman
Mr D Sooriyaarachchi
Mr R Ameen

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 31 March 2016

Internal Controls

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

The Financial Statements for the year ended 31st March 2016 have been audited by Messrs.' KPMG, Chartered Accountants, who express their willingness to continue in office. In accordance with the Companies Act No.07 of 2007, a resolution relating to their re-appointment and authorizing the Directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting.

The Auditors KPMG, Chartered accounts were paid Rs. 290,000 (2015 – Rs. 270,000) as audit fees and Rs. 245,000 (2015 – Rs. Nil) as non-audit fees during the year under review.

As far as the Directors are aware, they have confirmed that to the best of their knowledge the Auditors do not have any interest or relationship (other than that of an External Auditor) with the Company and its subsidiaries other than those disclosed above. The Auditors also have confirmed that they are independent in accordance with the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka.

Shareholders

The Company had made all endeavors to ensure equitable treatment to all shareholders.

Dividends

The Directors paid an Interim Dividend of Rs.0.15 per share for the Financial Year ended 31st March, 2016 (2015 – Rs 0.30)

Investments

Details of investments held by the Company are disclosed in Notes 15 to the Financial Statements.

Property, Plant and Equipment

An Analysis of the Property, Plant and Equipment of the Group and the Company, additions and disposals made during the year and depreciation charged during the year are set out in Note 12 to the Financial Statements.

The capital expenditure incurred by the Group and the Company during the year amounted to Rs. 15,519,011 (2015 – Rs 81,517,730) and Rs. 6,304,160 (2015 - 81,517,730) respectively.

Details of land held by the Group and the Company are given below:

	Extent	
Location	**Freehold**	**Leasehold**
Ratnapura	3A 2R 20P	1A 28.3P
Walapane	3A 2R 29P	2A 2R 4.9P
Padiyapelella	6A 3R 37.2P	27.1P

Stated Capital

The Stated Capital of the Company amounted to Rs 630,000,000 divided into 500,000,000 ordinary shares. There were no changes to the stated capital during the year under review.

Reserves

Total Group reserves as at 31st March 2016 amount to Rs. 400,581,182 comprising of retained earnings. Movements are shown in the Statement of Changes in Equity in the Financial Statements.

Capital Commitments

Capital commitment as at 31st March 2016, has been disclosed in Note 28 to the financial statements.

REPORT OF THE DIRECTORS ON THE STATE OF AFFAIRS OF THE COMPANY Contd.

Contingent Liabilities

There are no material contingent liabilities as at the year ended 31 March 2016 except for those shown in Note 29 of the financial statements

Events Occurring after the Reporting date

No circumstances have arisen since the reporting date that would require adjustments to or disclosure other than those included in Note 30 to the Financial Statements

Employment Policies

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 all decisions are based on merit.

The total number of employees of the Group and the Company as at the year- end were 35 and 21 respectively (2015 – 30 and 19).

There had been no material issues affecting employees or industrial relationship during the year under revive.

Taxation

The tax position of the Group and the Company is given in Note 9 of the Financial Statements.

Disclosure as per Colombo Stock Exchange Rule No.7.6

	31.03.2016	31.03.2015
Market price per shares as at 31st March 2016	3.20	3.40
Highest share price during the year	4.00	3.80
Lowest share price during the year	2.90	2.20

Related Party Transactions

The Related Party Transactions Review Committee was appointed by the Board with effect from 15 December 2015 in accordance with the Directive Issued by the Security and Exchange Commission and Section 9 of the Listing Rules issued by The Colombo Stock Exchange (CSE). There were no other related party transaction effected during the year other than that disclosed in Note 27 to the financial statements.

Disclosure required by Section 9.3.2 (b) of the CSE Listing Rules

Name of the Related Party	Relationship	Nature of the Transaction	Aggregate value of Related Party Transactions entered in to during the financial year	Aggregate value of Related Party Transactions as a % of Net Revenue / Income	Terms and conditions of the Related Party Transaction
Manelwala Hydropower (Pvt) Ltd.	Subsidiary	Fund transfer and Expense reimbursement	(71,337,690)	42.83%	Re payable
Padiyapalla Hydropower Limited	Subsidiary	Fund transfer and Expense reimbursement	38,475,958	23.10%	Receivable

Shareholding

The number of registered shareholders of the Company as at 31st March, 2016 was 6,322. The distribution and analysis of shareholdings are given on pages 76 and 77.

Major Shareholders

The twenty largest shareholders/option holders of the Company as at 31st March 2016, together with an Analysis are given on pages 76 and 77.

Statutory Payments

The Directors to the best of their knowledge and belief are satisfied that all statutory payments in relation to the government and the employees have been made on time or where relevant provided for in the financial statements by the Company and its subsidiaries.

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

Environment, Health and Safety

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

Corporate Governance

The Company has put in place systems and procedures to ensure the implementation of sound corporate governance principles. The Audit Committee Report Remuneration Committee Report and the Related of Party Transactions Review Committee Report are given in pages 30, 31 and 32 respectively.

Annual General Meeting

The Annual General Meeting of the Company will be held at the Auditorium of the Ceylon Chamber of Commerce, Colombo 02 on 27th June 2016 at 9.30 A.M.

For and on behalf of the Board of Directors of
PANASIAN POWER PLC

Dr Prathap Ramanujam
Chairman / CEO

Mr Thirunavukarasu Someswaran
Director

S S P Corporate Services (Private) Limited,
Secretaries

30 May 2016

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Companies Act No.7 of 2007 stipulates that the Directors to prepare and circulate amongst the shareholders the Financial Statements which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and the profit or loss of the Company and the Group for the financial year (refer pages 43 and 42 respectively).

The Board of Directors of the Company are responsible for the adequacy of the company's system of internal control and for reviewing its design and effectiveness regularly. The Board is of the view that the prevalent internal control systems instituted by them and which comprise internal checks, internal audit, risk management policies and financial and other controls are so designed that, there is reasonable assurance that all assets are safeguarded and transactions properly authorised and recorded, so that material misstatements and irregularities are either prevented or detected within a reasonable period of time.

The Audit Committee, the Remuneration Committee and the Related Party Transaction Review Committee established by the Board strengthen the process of identifying and reviewing the adequacy and integrity of the system of internal controls and risk management.

In the above process, the directors are responsible for:

- Preparing the Annual Report and the Group and Company Financial Statements in accordance with applicable laws and regulations;
- Preparing the Financial Statements which give a true and fair view of the state of affairs at the financial year end and profit or loss for the period then ended of the Company and the Group in accordance with SLFRSs/ LKASs;
- Keeping proper accounting records which disclose with reasonable accuracy, at any time the financial positions of the Group and the Company and enable them to ensure that the Group financial statements comply with applicable laws and regulations;
- Establishing an ongoing process for identifying, evaluating and managing the significant risks faced by the Group and the Company, and to regularly review the effectiveness of such a process;
- Taking such steps as are reasonably open to them to safeguard the assets of the Group and the Company, and to prevent and detect fraud and other irregularities; and
- Preparing the financial statements and to provide the Auditors with every opportunity to take whatever steps and undertake whatever inspection they consider to be appropriate, to express their opinion on the financial statements given on page 41.

Further, the Directors are required to ensure that in preparing the Financial Statements:

- Suitable accounting policies have been selected and applied consistently;
- Judgements and estimates made have been reasonable and prudent; and
- the Group and Company financial statements have been prepared on a "Going Concern" basis, after reviewing the Group and Company future financial projections, cash flows and current performance and is satisfied that the Group and the Company have adequate resources to continue its operations in the foreseeable future.

Further, as required by Section 56 (2) of the Companies Act No 7 of 2007, the Directors have confirmed that the Company, based on the information available, satisfied the solvency test immediately after the distribution of dividends, in accordance with Section 57 of the Companies Act No 7 of 2007, and has obtained a certificate of solvency from the Auditors, prior to the payment of an interim dividend of Rs. 0.15 per share for the year under review.

The Directors are of the view that they have discharged their responsibilities as set out in this statement.

Compliance Report

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company, and all other known statutory dues as were due and payable by the Company as at the financial year end have been paid or, where relevant provided for in evaluating the financial results of the year under review

For and on behalf of the Board of
Panasian Power PLC

Dr Prathap Ramanujam
Chairman / CEO

Mr Thirunavukarasu Someswaran
Director

INDEPENDENT AUDITORS' REPORT

KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
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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 ("Group"), which comprise the statement of financial position as at March 31, 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and, cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information set out on pages 42 to 75 of the Annual Report.

Board's Responsibility for the Financial Statements

The Board of Directors ("Board") is responsible for the preparation of these financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at March 31, 2016, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we state the following:

a) The basis of opinion and scope and limitations of the audit are as stated above.

b) In our opinion:

- we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company,
- the financial statements of the Company give a true and fair view of its financial position as at March 31, 2016, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards,
- and the financial statements of the Company, and the Group comply with the requirements of sections 151and 153 of the Companies Act No. 07 of 2007.

KPMG

CHARTERED ACCOUNTANTS
Colombo

30th May 2016

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March,	Note	Group 2016 Rs.	Group 2015 Rs.	Company 2016 Rs.	Company 2015 Rs.
Revenue	5	287,187,421	298,522,878	166,548,590	179,487,184
Cost of electricity generated		(47,277,087)	(33,048,600)	(27,883,311)	(17,134,880)
Gross profit		239,910,334	265,474,278	138,665,279	162,352,303
Administrative expenses		(42,536,064)	(45,663,745)	(28,550,140)	(31,518,719)
Other income	6	2,792,793	2,750,595	38,949,183	126,864,526
Finance income	7.1	2,757,689	1,822,030	1,067,344	767,796
Finance expenses	7.2	(52,797,371)	(33,540,704)	(52,689,681)	(33,333,185)
Net finance expenses		(50,039,682)	(31,718,674)	(51,622,337)	(32,565,389)
Profit before taxation	8	150,127,381	190,842,454	97,441,984	225,132,720
Income tax expense	9	(15,220,196)	(23,572,012)	(3,750,500)	(1,346,795)
Profit for the year		134,907,186	167,270,442	93,691,485	223,785,925
Other comprehensive income for the year					
Items that will not be reclassified to profit or loss					
- Actuarial gain/(loss) on defined benefit obligation		145,657	(245,604)	125,710	(426,649)
- Deferred tax effect on actuarial gain/(loss)		(14,965)	24,561	(12,571)	42,665
Items that are or may be reclassified to profit or loss		-	-	-	-
Other comprehensive income for the year		130,692	(221,043)	113,139	(383,984)
Total comprehensive income for the year		135,037,878	167,049,398	93,804,624	223,401,941
Profit Attributable to:					
Equity holders of the parent		135,275,605	168,229,304	93,691,485	223,785,925
Non-Controlling Interest		(368,419)	(958,862)	-	-
		134,907,186	167,270,442	93,691,485	223,785,925
Total comprehensive income Attributable to:					
Equity holders of the parent		135,406,297	168,008,261	93,804,624	223,401,941
Non-Controlling Interest		(368,419)	(958,862)	-	-
		135,037,878	167,049,398	93,804,624	223,401,941
Earnings per share (Rs.)	10	0.27	0.34	0.19	0.45

The accounting policies and notes on pages 46 to 75 form an integral part of these financial statements.
The figures in brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION

As at 31st March,	Note	Group 2016 Rs.	Group 2015 Rs.	Company 2016 Rs.	Company 2015 Rs.
Assets					
Non-current assets					
Property, plant and equipment	12	507,272,236	508,893,170	217,310,713	219,740,731
Capital work in progress	13	710,653,427	682,276,323	-	-
Intangible assets	14	468,214,885	470,164,081	3,696,297	5,216,922
Investment in subsidiaries	15	-	-	1,142,177,694	1,142,177,694
		1,686,140,548	1,661,333,574	1,363,184,704	1,367,135,346
Current assets					
Financial assets	16	65,705,848	-	20,217,184	-
Trade and other receivables	17	55,367,034	89,962,011	11,651,132	29,119,601
Amount due from related companies	18	-	-	330,569,731	292,093,773
Cash and cash equivalents	19	39,174,988	194,891,682	11,332,808	109,394,267
		160,247,870	284,853,693	373,770,855	430,607,641
Total assets		1,846,388,418	1,946,187,267	1,736,955,559	1,797,742,986
Equity and liabilities					
Equity					
Stated capital	20	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		400,581,182	490,174,886	272,372,871	403,568,247
Total equity attributable to equity holders of the Company		1,118,605,723	1,208,199,427	961,451,912	1,092,647,288
Non Controlling Interest		39,082,878	39,451,297	-	-
Total Equity		1,157,688,601	1,247,650,723	961,451,912	1,092,647,288
Non-current liabilities					
Retirement benefit obligations	21	3,502,078	2,865,586	3,194,597	2,571,913
Finance lease obligation	22	-	-	-	-
Interest bearing loans and borrowings	23	639,104,245	635,611,308	635,000,000	635,611,308
Deferred tax liabilities	24	35,771,324	28,554,041	14,032,620	10,507,594
		678,377,647	667,030,935	652,227,217	648,690,815
Current liabilities					
Finance lease obligations	22	-	-	-	-
Interest bearing loans and borrowings	23	775,913	1,472,428	-	1,472,428
Amount due to related companies	25	568,281	378,854	120,824,454	49,297,328
Other payables and accruals	26	5,168,927	23,488,064	1,809,655	5,092,648
Income tax payable		3,809,049	6,166,263	642,322	542,479
		10,322,170	31,505,609	123,276,431	56,404,883
Total liabilities		688,699,817	698,536,544	775,503,647	705,095,698
Total equity and liabilities		1,846,388,418	1,946,187,267	1,736,955,559	1,797,742,986

The accounting policies and notes on pages 46 to 75 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 /CEO

Mr Thirunavukarasu Someswaran
Director

Colombo
30th May 2016

STATEMENT OF CHANGES IN EQUITY

Group	Stated capital Rs.	Revaluation reserve Rs.	Retained earnings Rs.	Total Rs.	Non-Controlling Interest Rs.	Total equity Rs.
	Attributable to equity holders of the company					
Balance as at 31st March, 2014	630,000,000	88,024,541	322,166,625	1,040,191,166	-	1,040,191,166
Non controlling interest	-	-	-	-	40,410,159	40,410,159
Total comprehensive income for the year						
- Profit	-	-	168,229,304	168,229,304	(958,862)	167,270,442
- Other comprehensive income	-	-	(221,043)	(221,043)	-	(221,043)
Balance as at 31st March 2015	630,000,000	88,024,541	490,174,886	1,208,199,427	39,451,297	1,247,650,723
Total comprehensive income for the year						
- Profit	-	-	135,275,605	135,275,605	(368,419)	134,907,186
- Other comprehensive income	-	-	130,692	130,692	-	130,692
Transaction with owners						
- Dividend to Equity Holders	-	-	(225,000,000)	(225,000,000)	-	(225,000,000)
Balance as at 31st March 2016	630,000,000	88,024,541	400,581,182	1,118,605,723	39,082,878	1,157,688,601

Company	Stated capital Rs.	Revaluation reserve Rs.	Retained earnings Rs.	Total Rs.
Balance as at 01st April 2014	630,000,000	59,079,041	180,166,306	869,245,347
Total comprehensive income for the year				
- Profit	-	-	223,785,925	223,785,925
- Other comprehensive income	-	-	(383,984)	(383,984)
Transaction with owners				
- Dividend to Equity Holders	-	-	-	-
Balance as at 31st March 2015	630,000,000	59,079,041	403,568,247	1,092,647,288
Total comprehensive income for the year				
- Profit	-	-	93,691,485	93,691,485
- Other comprehensive income	-	-	113,139	113,139
Transaction with owners				
- Dividend to Equity Holders	-	-	(225,000,000)	(225,000,000)
Balance as at 31st March 2016	630,000,000	59,079,041	272,372,871	961,451,912

For the year ended 31st March,	Note	Group 2016 Rs.	Group 2015 Rs.	Company 2016 Rs.	Company 2015 Rs.
Dividend per share (Rs.)	11	0.45	-	0.45	-

The accounting policies and notes on pages 46 to 75 form an integral part of these financial statements.
The figures in brackets indicate deductions.

STATEMENT OF CASH FLOWS

For the year ended 31st March,	Group		Company	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Cash flows from operating activities				
Profit before tax	150,127,381	190,842,454	97,441,984	225,132,720
Adjustments for,				
Depreciation of property, plant and equipment	17,139,943	14,738,227	8,734,178	6,687,738
Amortisation of intangible asset	1,670,732	1,711,709	1,242,161	1,283,138
Provision for retiring gratuity	841,401	732,033	748,394	633,628
Dividend income	-	-	(36,156,390)	(126,864,526)
Intangible assets written off	278,464	128,877	278,464	-
Creditors written back	-	(2,750,595)	-	-
Profit on sale of property plant and equipment	(2,792,793)	-	(2,792,793)	-
Interest income	(2,757,689)	(1,822,030)	(1,067,344)	(767,796)
Interest expense	52,797,371	33,540,704	52,689,681	33,333,185
Operating profit before working capital changes	217,304,810	237,121,380	121,118,336	139,438,088
(Increase) / Decrease in receivables	34,594,977	(22,731,094)	17,468,469	(8,989,548)
(Increase) / Decrease in related company receivables	-	1,320,000	(30,475,958)	(290,773,773)
Increase / (Decrease) in payables	(18,319,137)	(14,235,457)	(3,282,993)	3,528,978
Increase /(Decrease) in related company payables	189,427	(1,470,185)	(3,972,874)	(9,751,711)
Cash generated from operations	233,770,077	200,004,644	100,854,979	166,547,966
Interest expense paid	(52,797,371)	(33,383,918)	(52,689,681)	(33,264,679)
Income tax paid	(6,664,920)	(1,502,200)	(445,409)	(1,396,777)
Retiring gratuity paid	(59,252)	-	-	-
Net cash generated from operating activities	174,248,534	165,118,527	47,719,888	(201,209,422)
Cash flows from investing activities				
Purchase of property, plant and equipment	(15,519,011)	(13,326,016)	(6,304,160)	(13,326,016)
Investment in intangible asset	-	(639,900)	-	(639,900)
Investment in unit trust	(65,000,000)	-	(20,000,000)	-
Investment in capital work in progress	(28,377,104)	(54,560,564)	-	(25,342,587)
Acquisition of subsidiary company	-	(513,123,450)	-	-
Proceeds from sale of property plant and equipment	3,100,000	-	3,100,000	-
Investment in subsidiary company	-	-	-	(295,620,510)
Dividend income received	-	-	36,156,390	126,864,526
Interest income received	2,051,841	1,822,030	850,160	767,796
Net cash flows (used in)/generated from investing activities	(103,744,273)	(579,827,900)	13,802,390	(207,296,701)
Cash flows from financing activities				
Interest bearing loans and borrowings obtained during the year	5,000,000	635,000,000	-	635,000,000
Repayment of interest bearing loans and borrowings	(2,203,578)	(91,282,997)	(2,083,736)	(91,282,997)
Fund transfers	-	-	67,500,000	(42,000,000)
Dividend paid	(225,000,000)	-	(225,000,000)	-
Tax on dividend paid by subsidiaries	(4,017,377)	-	-	-
Payment of finance lease liabilities	-	(1,893,734)	-	(881,354)
Net cash flows from / (used in) financing activities	(226,220,955)	541,823,269	(159,583,736)	500,835,650
Net increase / (decrease) in cash & cash equivalents	(155,716,694)	127,113,895	(98,061,459)	92,329,526
Cash and cash equivalents at the beginning of the year	194,891,682	67,777,787	109,394,267	17,064,741
Cash and cash equivalents at the end of the year (Note 19)	39,174,988	194,891,682	11,332,808	109,394,267

The accounting policies and notes on pages 46 to 75 form an integral part of these financial statements.
The figures in brackets indicate deductions.

NOTES TO THE FINANCIAL STATEMENTS

1 General information

1.1 Reporting entity

(a) Panasian Power PLC ("the Company") is a public limited liability Company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The registered office of the Company and principal place of business is located at No.03, Elibank Road, Colombo 05.

(b) The fully owned subsidiary companies, Manelwala Hydropower (Pvt) Ltd and Panasian Investment (Private) Limited are private companies with limited liability incorporated in Sri Lanka under the provisions of the Companies Act No 7 of 2007. The immediate parent of the Company is Panasian Power PLC.

(c) 90% owned subsidiary company, Padiyapelella Hydropower Limited is a limited liability company with limited liability incorporated in Sri Lanka under the provisions of the Companies Act No 7 of 2007. The immediate parent of the Company is Panasian Power PLC.

1.2 Consolidated Financial Statements

The consolidated financial statements of the Company as at, and for the year ended 31st March 2016 comprise of the financial statements of Company and its subsidiaries (together referred to as the "Group")

1.3 Date of authorisation for issue

These consolidated financial statements were authorised for issue by the Board of Directors on May 30, 2016.

1.4 Principal activities and nature of operations

The principal activity of the Company and its Subsidiaries Manelwala Hydropower (Pvt) Limited and Padiyapelella Hydropower Limited are to produce hydro power. The ultimate parent of the Company is Resus Energy PLC.

The Company entered into a Standardised agreement for purchase of energy with the Ceylon Electricity Board (CEB) for the sale of electrical energy from Rath Ganga 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 3000 KW and situated at Rath Ganga, Ratnapura.

The Subsidiary, Manelwala Hydropower (Pvt) Limited entered into Standardised agreement for purchase of energy 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 2400 KW and situated at Walapane.

The Subsidiary, Padiyapelella Hydropower Limited entered into a Standardised agreement for the purchase of energy with the Ceylon Electricity Board (CEB) for the sale of electrical energy from Beliul Oya. Mini-Hydro Production Facilities for a period of 20 years and still construction is in progress. The capacity of power potential of Phase 1 is 3500KW and situated at Padiyapelella

1.5 Parent enterprise and ultimate parent enterprise

The Company's immediate and ultimate parent is Resus Enegy PLC,which is incorporated in Sri Lanka.

2 Basis of preparation

2.1 Statement of compliance

The financial statements of the Group and the separate financial statements of the Company have been prepared in accordance with the Sri Lanka Accounting Standards (herein referred to as SLFRSs/LKASs) effective from 1st January 2012, laid down by The Institute of Chartered Accountants of Sri Lanka (ICASL) and the requirements of the Companies Act No. 07 of 2007.

2.2 Responsibility for financial statements

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

2.3 Basis of measurement

The consolidated and separated financial statements have been prepared on the historical cost basis, except that the retirement benefit obligations are measured at the present value of the defined benefit obligation and land under property, plant and equipment is measured at cost on initial recognition and subsequently at fair value as explained in the respective notes to the financial statements.

These financial statements have been prepared on the basis that the Company and the Group would continue as a going concern for the foreseeable future.

2.4 Functional and presentation currency

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

2.5 Use of estimates, judgments and assumptions

The preparation of financial statements of the Group in conformity with Sri Lanka Accounting Standards requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported values of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making a judgment about the carrying values of assets and liabilities that are not readily apparent from other sources. 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 stated below:

2.5.1 Fair value of non-financial assets
The fair value used by the Group in the measurement of non-financial assets is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market in the most advantageous market that is accessible by the Group for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would act in their market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2.5.2 Useful lives of depreciable assets
The Management reviews its estimation of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the useful life of certain property, plant and equipment.

2.5.3 Business combinations
Management uses valuation techniques in determining the fair values of the various elements of a business combination. The fair value of contingent consideration is dependent on the outcome of many variables that affect future profitability.

2.5.4 Defined benefit obligation
Management's estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as mortality rates, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the defined benefit obligation amount and the annual defined benefit expense.

2.5.5 Fair value of financial instruments
Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

2.5.6 Recognition of deferred tax liabilities
Management applies significant judgment to the extent the deferred tax assets can be recognised based on an assessment of the probability of the Group's future taxable income against which the deferred tax liabilities can be utilised. In addition, significant judgment is required in assessing the impact of any legal or economic limits or uncertainties in various future tax jurisdictions.

2.5.7 Measurement of fair values
A number of the Group's accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1 - quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Further information about assumptions made in measuring fair values is included in the respective notes to the consolidated financial statements.

2.6 Materiality and Aggregation
Each material class of similar items is presented separately in the consolidated financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

2.7 Comparative information
The comparative information has been reclassified where necessary to conform to the current year's presentation.

Notes to the Financial Statements Contd.

2.8 Going Concern

The Directors have made an assessment of the Group's ability to continue as a going concern, and being satisfied that it has the resources to continue in business for the foreseeable future confirm that they do not intend either to liquidate or to cease operations of any business unit of the Group. The financial statements are prepared on the going concern basis.

3 Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently for all periods presented in the financial statements by the Group and the Company unless otherwise indicated.

3.1 Basis of consolidation

3.1.1 Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

3.1.2 Subsidiary

Subsidiary is an entity controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

The Group considers all relevant facts and circumstances in assessing whether it has power over an investee which includes; The contractual arrangement with the other vote holders of the investee, Rights arising from other contractual arrangements and the Group's voting rights and potential voting rights over the investee.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

The financial statements of subsidiary are included in the consolidated financial statements from the date of acquisition, being the date on which the Group obtains control, and continues to be consolidated until the date when such control ceases.

The accounting policies of subsidiary has been changed when necessary to align them with the policies adopted by the Group.

3.1.3 Non-controlling interest

For each business combination, the group elect to measure any non-controlling interest in the acquiree either,

- At fair value
- At their proportionate share of the acquiree's identifiable assets, which are generated at fair value.

Change in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners.

Adjustment to non-controlling interests are based on a proportionate amount or the net amount of the subsidiary.

3.1.4 Loss of control

On the loss of control, the Group immediately derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit and loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available–for-sale financial asset depending on the level of influence retained.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

3.1.5 Reporting date

The Group's subsidiaries have the same reporting period as the parent Company.

3.1.6 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

3.2 Foreign currencies

3.2.1 Foreign currency transactions

The financial statements of the Group are presented in Sri Lankan Rupees, which is the functional and presentation currency of the Group.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of transaction.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the reporting currency at the exchange rate that prevailed at the date the fair value was determined.

Foreign currency differences arising on retranslation are recognised in the income statement, except for differences arising on the retranslation of available for sale equity investments, a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognised in other comprehensive income.

Foreign currency gains and losses are reported on a net basis in the income statement.

3.3 Financial instruments

Financial assets and financial liabilities are recognised when a Group company becomes a party to the contractual provisions of the instrument.

The classification of financial instruments at initial recognition is dependent on their purpose and characteristics and the management's intention in acquiring them.

Financial instruments are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets or financial liabilities other than financial instruments recognised as fair value through profit and loss, are added to or deducted from the fair value of the financial instruments. Transaction costs, which are insignificant are expensed immediately to the income statement.

3.3.1 Non-derivative financial assets

3.3.1.1 Initial recognition and measurement

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity financial assets and available-for-sale financial assets.

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets including assets 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 determines the classification of its financial assets at initial recognition.

3.3.1.1.1 Financial assets at fair value through profit or loss

A financial asset is recognised at fair value through profit or loss, if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are classified as held for trading if they are acquired for the purpose of trading in the near term. Financial assets at fair value through profit or loss are measured at fair value, and any changes therein, are recognised in the income statement.

Attributable transaction costs of fair value through profit or loss financial assets are recognised in the income statement when incurred.

Financial assets at fair value through profit or loss comprise of its portfolio of investments in treasury bills and treasury bonds.

The Group has not designated any equity instruments in fair value through the profit and loss category.

3.3.1.1.2 Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market.

Such assets are recognised initially at fair value plus any directly attributable transaction costs, if the transaction costs are significant. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest rate method (EIR) less any impairment losses.

Loans and receivables comprise cash and cash equivalents, trade and other receivables.

3.3.1.1.3 Held-to-maturity financial assets

If the Group has the positive intent and ability to hold debt securities until maturity, then such financial assets are classified as held-to–maturity.

Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs if the transaction costs are significant. Subsequent to initial recognition held-to maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

During the financial year the Group has not designated any financial assets as held-to-maturity investments.

3.3.1.1.4 Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the previous categories of financial assets. Available for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at fair value and any changes therein, other than impairment losses and foreign currency differences

Notes to the Financial Statements Contd.

on available for sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised the gain or loss accumulated in equity is reclassified to the income statement.

During the financial year the Group has not designated any financial assets as available for sale financial assets.

3.3.1.2 Impairment of financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that is impaired. A financial asset is impaired if, there is objective evidence as a result of one or more events that has occurred after the initial recognition of the financial asset (an incurred 'loss event') and the estimated future cash flows of the investment have been affected.

3.3.1.2.1 Loans and receivables

The objective evidence of impairment could include significant financial difficulty of the issuer or counter party, breach of contract such as default in interest or principal payments, or it becomes probable that the borrower will enter bankruptcy or financial re organisation.

The Group considers impairment of trade receivables at both a specific significant individual debtor level and collectively. Any Group company which has any individually significant debtors assesses them for specific impairment.

All individually insignificant debtors that are not specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified by grouping them together based on similar risk characteristics. In assessing collective impairment the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred and adjusted for the management's judgment. The carrying amount of the trade receivables is reduced through the use of the bad debt provision account and the amount of the loss is recognised in the income statement. If there is no realistic prospect of future recovery of a debt, the amount is written off.

An impairment loss in respect of other financial assets measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the income statement to the extent that the carrying amount of the financial asset at the date the impairment is reversed, does not exceed what the amortised cost would have been had the impairment not been recognised.

3.3.1.3 Derecognition of financial assets

The Group derecognises a financial asset when;

- The right to receive cash flows from the asset have expired or the entity has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and either
- The entity has transferred substantially all the risks and rewards of the asset, or
- The entity has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset or the carrying amount allocated to the portion of the asset transferred and the sum of the consideration received together with receivable and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in the income statement.

3.3.2 Non–derivative financial liabilities

3.3.2.1 Initial recognition and measurement

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

3.3.2.1.1 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 at fair value through profit loss.

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

3.3.2.1.2 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 recognised initially at fair value plus directly attributable transaction costs.

Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method. The financial liabilities include trade and other payables, bank overdrafts, loans and borrowings, financial guarantee contracts.

3.3.2.2 Derecognition of financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

3.3.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter party.

3.3.4 Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value on the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period.

3.3.5 Stated capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

3.4. Property, plant and equipment

3.4.1 Recognition and measurement

Items of property, plant and equipment other than land and buildings, are measured at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment comprises of its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. The cost of self-constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the asset to the working condition for its intended use, and borrowing costs if the recognition criteria are met. This also includes cost of dismantling and removing the items and restoring them in the site on which they are located.

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

3.4.2 Significant components of property plant and equipment

When parts of an item of property, plant and equipment have different useful lives than the underlying asset, they are identified and accounted separately as major components of property, plant and equipment and depreciated separately based on their useful life.

3.4.3 Subsequent cost

The Group recognises in the carrying amount of property, plant and equipment the cost of replacing a part of an item, when it is probable that the future economic benefits embodied in the item will flow to the Group and the cost of the item can be measured reliably. The carrying amounts of the parts that are replaced are derecognised from the cost of the asset. The cost of day-to-day servicing of property, plant and equipment are recognised in the income statement as and when incurred.

3.4.4 Depreciation

Depreciation is based on the cost of an asset less its residual value.

Depreciation is recognised in the income statement on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment. 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 on the date that the asset is disposed. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives of property plant and equipment are as follows:

Office equipment	4 years
Furniture and fittings	4 years
Motor vehicles	4 years
Civil construction	
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
Electro Mechanical Equipment	
Turbines	27-37 years
Generators	29-37 years
Transformers and Power Lines	29-32 years
Voltage Panel	27-32 years
Crane	27-32 years

The cost of replacement of components of assets recognised in the carrying amount of property, plant and equipment is depreciated over the balance useful life of the asset.

Depreciation methods, useful lives and the residual values are reviewed at each reporting date and adjusted accordingly.

3.4.5 De-recognition

The carrying amount of an item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is de recognised.

3.4.6 Capital work-in-progress

Capital work-in-progress is stated at cost. These are the expenses of a capital nature directly incurred in the construction of buildings, awaiting capitalisation.

Notes to the Financial Statements Contd.

3.5 Intangible assets

3.5.1 Initial Recognition and measurement

The Group recognises intangible assets if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

Separately acquired intangible assets are measured on initial recognition at cost. The cost of such separately acquired intangible assets include the purchase price, import duties, non-refundable purchase taxes and any directly attributable cost of preparing the asset for its intended use.

The cost of intangible assets acquired in a business combination is the fair value of the asset at the date of acquisition.

The cost of an internally generated intangible asset arising from the development phase of an internal project which is capitalised includes all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by the Management. Other development expenditure and expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding is expensed in the income statement as and when incurred.

3.5.2 Subsequent costs

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

3.5.3 Subsequent measurement

After initial recognition an intangible asset is stated at its costs less any accumulated amortisation and any accumulated impairment losses.

The useful economic life of an intangible asset is assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life of the asset. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement.

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

3.5.4 Intangible assets recognised by the Group

3.5.4.1 Computer software

All computer software cost incurred and licensed for use by the Group, which does not form an integral part of related hardware, which can be clearly identified and reliably measured with the probability of leading to future economic benefits, are capitalised under intangible assets.

The Group amortises computer software over a period of 4 years.

3.5.4.2 Right to generate hydropower

Right to generate hydropower, which can be clearly identified and reliably measured with the probability of leading to future economic benefits, are capitalised under intangible assets

The Group amortises the intangible asset over 14 years on a straight line basis in Manelwala Hydropower Limited and 10 years in Panasian Power PLC.

3.6 Impairment – Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amounts of such assets are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units on acquisition of subsidiaries are allocated first to reduce the carrying amount of any goodwill allocated to the unit, and then to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis.

3.6.1 Calculation of recoverable amount

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

3.6.2 Reversal of impairment

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Reversals of impairment losses are recognised in the income statement.

3.7 Liabilities and provisions

Liabilities classified as current liabilities in the statement of financial position are those which fall due for payment on demand of the creditor or within one year of the reporting date. Non-current liabilities are those balances that become repayable after one year from the reporting date.

All known liabilities have been accounted for in preparing the financial statements.

3.8 Provisions

A provision is recognised if, as a result of past events, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Restructuring provisions comprise lease termination penalties and employee termination payments. 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."

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.9 Employee benefits

3.9.1 Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid in cash as exgratia in the short term, if the Group has a present legal or constructive obligation to pay this amount as a result of past service rendered by the employee, and the obligation can be measured reliably.

3.9.2 Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays a fixed employee benefit contribution into a separate entity and will have no further legal or constructive obligations to pay any additional amounts. Obligations for contributions to a defined contribution plan are recognised as an employee benefit expense in the income statement in the periods during which services are rendered by employees.

3.9.2.1 Employee provident fund and Employee trust fund

The Group contributes a sum not less than 12% of the gross emoluments of employees employed in Sri Lanka as provident fund benefits and 3% as trust fund benefits.

3.9.3 Defined benefit plan – retiring gratuity

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 by qualified actuary as recommended by LKAS-19. 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 recognises all actuarial gains and losses arising from defined benefit plans immediately in the statement of other comprehensive income as they occur.

3.10 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payments being received. Revenue is measured at the fair value the consideration received or receivable, taking in to account contractually defined terms of payment.

3.11.1 Revenue for Supply of Electricity

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

3.11.2 Interest income

Interest income is recognised as it accrues in the income statement. For all financial instruments measured at amortised cost interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating effective interest rate, the Group estimates the future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the EIR includes all transaction costs and fees and points paid or received that are an integral part of the effective interest rate.

Notes to the Financial Statements Contd.

Interest income is included under finance income in the income statement.

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

3.12 Expenditure
All expenditure incurred in the running of the business and in maintaining the capital assets in a state of efficiency has been charged to income statement in arriving at the profit for the year.

3.13 Income tax expense
Income tax expense comprises of current tax and deferred tax. The income tax expense is recognised in the income statement except to the extent that it relates to the items recognised directly in the statement of other comprehensive income or statement of changes in equity, in which case it is recognised directly in the respective statements.

3.13.1 Current Tax
The 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 years.

Provision for taxation is based on the profit for the year adjusted for taxation purposes in accordance with the provisions of the Inland Revenue Act No 10 of 2006 and the amendments thereto.

Taxation for the current and previous periods to the extent unpaid is recognised as a liability in the financial statements. When the amount of taxation already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset in the financial statements.

3.13.2 Deferred tax
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 assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same authority on the same taxable entity.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences will 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.

3.14 Statements of cash flows
The statement of cash flows has been prepared using the “indirect method” in accordance with LKAS 7-“ Statement of cash flows”.

Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The cash and cash equivalents include cash in-hand, balances with banks and short term deposits with banks.

Interest paid is classified as operating cash flows, interest received are classified as investing cash flows, while dividends paid are classified as financing cash flows for the purpose of presenting the cash flow statement.

3.15 Contingencies and capital commitments
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 not wholly within the control of the Group.

Commitments and Contingent liabilities are disclosed in Note 29 and 30 to the financial statements.

3.16 Related party transactions
Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies and decisions of the other, irrespective of whether a price is being charged.

3.17 Earnings per share
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 shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.18 Events occurring after the reporting date
All material post reporting date events have been considered and where appropriate adjustments or disclosures have been made in the respective notes to the financial statements.

4. New and amended standards issued but not effective as at the reporting date
The Institute of Chartered Accountants of Sri Lanka has issued the following standards which become effective for annual periods beginning after the current financial year. Accordingly these standards have not been applied in preparing theses financial statements. The Company is currently in the process of evaluating the potential effect of adoption of these standards and amendments on its financial statements. Such impact has not been quantified as at the reporting date. The Company will be adopting these standards when they become effective.

4.1 Standards issued but not yet adopted which may have a significant impact

SLFRS 9– Financial Instruments
effective for annual periods beginning on or after the 1st of January 2018

This standard replaces the existing guidance in LKAS 39 – 'Financial Instruments: Recognition and Measurement' SLFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements. SLFRS 9 is effective for annual reporting periods beginning on or after the 1st January 2018, with early adoption is permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of SLFRS 9.

4.2 Standards issued but not yet adopted which may not have a significant impact

SLFRS 15 – Revenue from Contracts with Customers– effective for annual periods beginning on or after the 1st of January 2018.

This standard establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including LKAS 18 – 'Revenue', LKAS 11 – 'Construction Contracts' and IFRIC 13 – 'Customer Loyalty Programmes'. SLFRS 15 is effective for annual reporting periods beginning on or after 1st January 2018, with early adoption permitted.

4.3 Standards issued but not yet adopted which is not expected to have an impact

SLFRS 14 –Regulatory Deferral Accounts
effective for annual periods beginning on or after 1st of January 2016.

Amendments to SLFRS 10, SLFRS 12 and LKAS 28
Investment Entities: Applying the Consolidation Exception - effective for annual periods beginning on or after the 1st of January 2016.

Amendments to LKAS 27 – Equity
Method in Separate Financial Statements - effective for annual periods beginning on or after the 1st of January 2016.

Amendments to SLFRS 10 and LKAS 28
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - effective for annual periods beginning on or after the 1st of January 2016.

Amendments to SLFRS 11
Accounting for Acquisitions of Interests in Joint Operations - effective for annual periods beginning on or after the 1st of January 2016.

Notes to the Financial Statements Contd.

For the year ended 31st March,	Group 2016 Rs.	Group 2015 Rs.	Company 2016 Rs.	Company 2015 Rs.
5. Revenue				
Supply of electricity	287,187,421	298,522,878	166,548,590	179,487,184
	287,187,421	298,522,878	166,548,590	179,487,184
6. Other income				
Dividend income from subsidiary company	-	-	36,156,390	126,864,526
Profit on disposal of property plant and equipment	2,792,793	-	2,792,793	-
Creditors Written Back	-	2,750,595	-	-
	2,792,793	2,750,595	38,949,183	126,864,526
7. Finance income / (expense)				
7.1 Finance income				
Interest income - cash at bank and financial assets	2,757,689	1,822,030	1,067,344	767,796
	2,757,689	1,822,030	1,067,344	767,796
7.2 Finance expense				
Interest on loans and borrowings	(52,797,371)	(33,108,066)	(52,689,681)	(33,108,066)
Interest on finance lease obligations	-	(432,638)	-	(225,119)
	(52,797,371)	(33,540,704)	(52,689,681)	(33,333,185)
Net finance expenses	(50,039,682)	(31,718,674)	(51,622,337)	(32,565,389)

8. Profit before taxation

Profit before taxation is stated after charging all the expenses including the following :

	Group 2016 Rs.	Group 2015 Rs.	Company 2016 Rs.	Company 2015 Rs.
Direct costs				
Staff cost (Note 8.1)	10,364,398	8,102,351	6,223,281	5,057,215
Insurance	2,314,047	3,807,231	1,008,963	1,576,491
Repairs and maintenance services	15,666,196	3,937,917	10,770,842	2,445,554
Depreciation on property, plant and equipment	14,443,416	12,970,278	6,434,776	4,973,652
Amortisation of intangible assets	1,650,757	1,610,030	1,222,186	1,181,459
Administrative expenses				
Depreciation on property, plant and equipment	2,696,527	1,767,950	2,299,402	1,714,086
Amortisation of intangible assets	19,975	101,679	19,975	101,679
Donations	903,600	1,267,046	675,100	1,147,046
Audit fees- Statutory	675,000	640,000	290,000	270,000
Non statutory	245,000	-	245,000	-
Directors' fees	8,994,756	7,771,250	4,126,427	5,973,125
Staff cost (Note 8.2)	12,365,206	8,333,884	6,075,822	5,789,613
8.1 Staff Cost - Direct cost				
Salaries and wages	9,349,318	7,290,297	5,619,398	4,517,052
Defined contribution plan cost - EPF and ETF	1,015,080	812,054	603,883	540,163
	10,364,398	8,102,351	6,223,281	5,057,215

For the year ended 31st March,	Group 2016 Rs.	Group 2015 Rs.	Company 2016 Rs.	Company 2015 Rs.
8.2 Staff cost - Administrative expenses				
Salaries and wages	9,561,445	6,652,345	4,051,533	4,357,419
Defined contribution plan cost - EPF and ETF	1,962,360	949,506	1,275,895	798,566
Defined benefit plan cost - retiring gratuity	841,401	732,033	748,394	633,628
	12,365,206	8,333,884	6,075,822	5,789,613
Total staff cost	22,729,604	16,436,235	12,299,103	10,846,828
Number of employees at year end	35	30	21	19

9. Income tax expense

	Group 2016 Rs.	Group 2015 Rs.	Company 2016 Rs.	Company 2015 Rs.
Current tax expense				
Current tax expense for the year	4,685,379	5,927,320	238,045	214,983
Over provision in respect of the previous year	(684,878)	-	-	-
Tax on dividends paid by subsidiary	4,017,377	14,096,058	-	-
	8,017,878	20,023,378	238,045	214,983
Deferred tax expense				
Origination of temporary differences	7,202,318	3,548,634	3,512,455	1,131,812
Income tax expense in statement of comprehensive income	15,220,196	23,572,012	3,750,500	1,346,795
Recognised in Statement of other comprehensive income				
Deferred tax expense on defined benefit obligation	(14,566)	24,561	(12,571)	42,665
	(14,566)	24,561	(12,571)	42,665

9.1 Tax reconciliation statement

	Group 2016 Rs.	Group 2015 Rs.	Company 2016 Rs.	Company 2015 Rs.
Profit before taxation	150,127,381	190,842,454	97,441,984	225,132,720
Non business income	(41,706,872)	(4,572,625)	(40,016,527)	(142,163,605)
Aggregate disallowed expenses	21,615,861	18,801,113	12,432,294	9,940,079
Aggregate allowable expenses	(62,206,654)	(61,453,448)	(29,224,368)	(27,643,363)
Total statutory income	67,829,715	143,617,494	40,633,384	65,265,831
Exempt income from business	(40,633,384)	(97,147,646)	(40,633,384)	(65,265,831)
Taxable Income from business	67,218,849	46,469,848	-	-
Income from other sources				
Interest income	2,051,841	4,572,625	850,160	767,796
Total taxable income	69,270,690	51,042,473	850,160	767,796
Income tax charged at				
Tax at rate of 10%	4,447,334	4,646,985	-	-
Tax rate of 28%	238,045	1,280,335	238,045	214,983
Taxation on current profits	4,685,379	5,927,320	238,045	214,983

Notes to the Financial Statements Contd.

For the year ended 31st March,	Group 2016	Group 2015	Company 2016	Company 2015
9. Income tax expense (Contd.)				
9.2 Deferred tax Expense				
Origination / (reversal) of temporary difference arising from				
Property, plant and equipment	(10,207,389)	(3,664,502)	(3,544,630)	(1,237,840)
Employee benefits	40,701	115,869	32,176	106,027
Carried forward tax losses	2,964,369	-	-	-
	(7,202,318)	(3,548,634)	(3,512,455)	(1,131,812)

9.3 Tax loss carried forward

	Group 2016	Group 2015	Company 2016	Company 2015
Tax losses brought forward	50,300,267	77,371,247	-	-
Adjustment to tax loss brought forward	(1,650,000)	-	-	-
Tax loss utilised during the year	(23,947,186)	(27,070,980)	-	-
Tax loss carried forward	24,703,072	50,300,267	-	-

Group tax expense is based on the taxable profit of individual companies within the group.

Panasian Power PLC

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%.

Manelwala Hydropower (Pvt) Ltd

The Company enjoyed 5 years' tax holiday that ended in June 2014. As per provisions of the agreement entered into within the Board of Investments of Sri Lanka. Immediately upon completion of the tax holiday period, the business income is be liable to tax at a concessionary rate of 10% for a period of 2 years and the company is liable to income tax at 20% after the completion of the concessionary tax period. But in accordance with the section 48C of the Inland Revenue Act No.10 of 2016, if the taxation under BOI agreement after the expiry of the tax exemption period provided there under is more burdensome than the taxation under the Inland Revenue Act the company shall apply the income tax rate in accordance with the Inland Revenue Act. Accordingly, the company is chargeable with income tax on the profits and income from the supply of electricity to the national grid at the rate 12% under section 59E of the Inland Revenue Act No. 10 of 2016 from the financial year 2016/2017. Income from other sources of the company will be taxed at the standard rate of 28%.

10. Earnings per share

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

	Group		Company	
	2016	2015	**2016**	2015
Net profit attributable to ordinary shareholders (Rs.)	135,275,605	168,229,304	93,691,485	223,785,925
Weighted average number of ordinary shares	500,000,000	500,000,000	500,000,000	500,000,000
Earnings per share (Rs.)	0.27	0.34	0.19	0.45

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

11. 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	
	2016	2015	2016	2015
Interim dividend (Rs.)	75,000,000	-	75,000,000	-
Final dividend (Rs.)	150,000,000	-	150,000,000	-
Number of ordinary shares	500,000,000	500,000,000	500,000,000	500,000,000
Dividend per share - Interim (Rs.)	0.15	-	0.15	-
- Final (Rs.)	0.30	-	0.30	-

The final dividend of Rs.150,000,000 relates to final dividend for the year ended 31st March 2015 which was proposed and approved by the Board of Directors on 13th May 2015. Accordingly the said dividend is considered for the dividend per share computation for the year ended 31st March 2016.

Notes to the Financial Statements Contd.

12. Property, plant and equipment

Group	Freehold land	Office equipment	Furniture and fittings	Motor vehicles	Civil construction: Intake weir and Headrace channel	Civil construction: De-silting tank and forbay tank	Civil construction: Spillware gate and rest rooms	Electro mechanical equipment: Pen stock and power house	Electro mechanical equipment: Tubines and Generators	Electro mechanical equipment: Transformers and power lines	Electro mechanical equipment: Voltage panel and crane	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost												
Balance as at 01st April 2015	10,273,000	4,647,236	1,641,388	14,689,315	111,066,085	64,487,500	26,720,000	80,564,987	212,971,715	20,159,563	29,647,526	576,868,315
Additions during the year	-	2,156,376	3,822,425	7,390,000	901,938	294,372	267,000	-	686,900	-	-	15,519,011
Disposals during the year	-	-	-	(5,622,919)	-	-	-	-	-	-	-	(5,622,919)
Balance as at 31st March 2016	10,273,000	6,803,612	5,463,813	16,456,396	111,968,023	64,781,872	26,987,000	80,564,987	213,658,615	20,159,563	29,647,526	586,764,407
Accumulated depreciation												
Balance as at 01st April 2015	-	4,343,822	1,487,482	13,797,925	9,390,789	5,464,158	2,606,822	5,264,775	20,718,866	1,611,549	3,288,958	67,975,146
Depreciation for the year	-	508,884	989,340	1,198,303	2,534,150	1,374,162	655,506	1,831,022	6,385,536	665,578	997,462	17,139,943
Accumulated depreciation on disposals	-	-	-	(5,622,919)	-	-	-	-	-	-	-	(5,622,919)
Balance as at 31st March 2016	-	4,852,706	2,476,822	9,373,309	11,924,939	6,838,320	3,262,328	7,095,797	27,104,402	2,277,127	4,286,420	79,492,170
Carrying amount												
As at 31-03-2016	10,273,000	1,950,906	2,986,990	7,083,087	100,043,084	57,943,552	23,724,672	73,469,190	186,554,213	17,882,436	25,361,106	507,272,236
As at 31-03-2015	10,273,000	303,414	153,907	890,390	101,675,296	59,023,342	24,113,178	75,300,212	192,252,849	18,548,014	26,359,568	508,893,170
Cost of fully Depreciated Assets												
As at 31-03-2016	-	3,606,616	865,057	9,065,396	-	-	-	-	-	-	-	13,537,069
As at 31-03-2015	-	3,606,616	680,057	8,065,396	-	-	-	-	-	-	-	12,352,069

Revaluation of Property plant and equipment

The above properties have been revalued by independent, qualified valuer Mr. S. Sivaskantha, on the basis of current market value as at 1st April 2011.

If revalued assets were measured using the cost model, the carrying amounts would be as follows,

	Cost	Accumulated depreciation	Carrying amount
	Rs.	Rs.	Rs.
Electro mechanical equipment	279,479,372	64,225,126	215,254,246
Civil construction	301,351,963	57,791,478	243,560,485
Freehold land	9,046,822	-	9,046,822
Total	589,878,157	122,016,604	467,861,553

Acquisition of property, plant and equipment during the year
During the financial year 2015/16 , the Group acquired property plant and equipment to the aggregate value of Rs. 15.5 Million (2014/15 13.3 Million)

Property, plant and equipment pledge as security
None of the property, plant and equipment have been pledged as security as at the reporting date.

Permanent fall in value of property, plant and equipment
There has been no permanent fall in the value of property, plant and equipment which require a provision in the financial statements.

Details of the Group's freehold land stated at the revalued amount are disclosed below,

Company	Location	Last revalued date	Land Extent	Carrying value as at 31st March 2016	Revaluation surplus	Carrying amount at cost
Panasian Power PLC	Rathnapura	01st April 2011	3.6A	5,950,000	901,556	5,048,444
Manelwala Hydropower (Pvt) Ltd	Walapane	01st April 2011	3.7A	4,323,000	324,622	3,998,378

Company	Freehold land	Office equipment	Furniture and fittings	Motor vehicles	Civil construction: Intake weir and Headrace channel	Civil construction: De-silting tank and forbay tank	Spillware gate and rest rooms	Electro mechanical equipment: Pen stock and power house	Electro mechanical equipment: Tubines and Generators	Electro mechanical equipment: Transformers and power lines	Voltage panel and crane	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost												
Balance as at 01st April 2015	5,950,000	3,357,347	709,495	10,452,685	47,416,085	27,200,000	11,900,000	46,744,987	71,146,715	11,009,563	13,406,276	249,293,153
Additions during the year	-	1,749,623	3,600,637	-	-	-	267,000	-	686,900	-	-	6,304,160
Disposals during the year	-	(5,622,919)	-	-	-	-	-	-	-	-	-	(5,622,919)
Balance as at 31st March 2016	5,950,000	5,106,970	4,310,133	4,829,766	47,416,085	27,200,000	12,167,000	46,744,987	71,833,615	11,009,563	13,406,276	249,974,394
Accumulated depreciation												
Balance as at 01st April 2015	-	3,057,920	569,439	9,562,296	3,606,162	2,289,881	1,160,972	2,191,153	5,390,267	467,341	1,256,990	29,552,422
Depreciation for the year	-	462,502	946,510	890,390	1,077,638	578,723	294,043	1,062,386	2,552,428	379,640	489,917	8,734,178
Accumulated depreciation on disposals	-	-	-	(5,622,919)	-	-	-	-	-	-	-	(5,622,919)
Balance as at 31st March 2016	-	3,520,422	1,515,949	4,829,767	4,683,800	2,868,605	1,455,015	3,253,539	7,942,695	846,981	1,746,908	32,663,681
Carrying amount												
As at 31-03-2016	5,950,000	1,586,548	2,794,184	-	42,732,285	24,331,395	10,711,985	43,491,448	63,890,920	10,162,582	11,659,368	217,310,713
As at 31-03-2015	5,950,000	299,427	140,056	890,389	43,809,923	24,910,119	10,739,028	44,553,833	65,756,448	10,542,222	12,149,286	219,740,731
Cost of fully depreciated assets												
As at 31-03-2016	-	2,923,407	481,757	4,829,766	-	-	-	-	-	-	-	8,234,930
As at 31-03-2015	-	2,670,157	296,757	4,033,981	-	-	-	-	-	-	-	7,000,895

Notes to the Financial Statements Contd.

12. Property, plant and equipment (Contd.)

Revaluation of Property plant and equipment

The above properties have been revalued by independent, qualified valuer Mr. S. Sivaskantha, on the basis of current market value as at 1st April 2011.

The carrying amount of revalued property,plant and equipment if carried at cost as at 31st March 2016

	Company		
	Cost Rs.	Accumulated depreciation Rs.	Carrying amount Rs.
Electro mechanical equipment	105,317,112	23,289,149	82,027,963
Civil construction	146,256,366	29,782,600	116,473,766
Freehold land	5,048,444	-	5,048,444
Total	256,621,922	53,071,750	203,550,172

Acquisition of property, plant and equipment during the year

During the financial year 2015/16 , the Company acquired property plant and equipment to the aggregate value of Rs. 6.3 Million (2014/15 13.3 Million)

Property, plant and equipment pledge as security

None of the property, plant and equipment have been pledged as security as at the reporting date.

Permanent fall in value of property, plant and equipment

There has been no permanent fall in the value of property, plant and equipment which require a provision in the financial statements.

	Group		Company	
As at 31st March,	**2016** **Rs.**	**2015** **Rs.**	**2016** **Rs.**	**2015** **Rs.**
13. Capital work in progress				
Balance at the beginning of the year	682,276,323	42,849,117	-	42,849,117
Acquisition of subsidiary	-	653,058,358	-	-
Additions during the year				
- Padiyapelella Hydropower Limited	28,377,104	29,217,965	-	-
- Expansion of Rathganga project by 1 MW	-	25,342,597	-	25,342,597
Transferred to property plant and equipment during the year	-	(68,191,714)	-	(68,191,714)
	710,653,427	682,276,323	-	-

As at 31st March,	Group 2016 Rs.	Group 2015 Rs.	Company 2016 Rs.	Company 2015 Rs.
14. Intangible assets				
Right to generate hydro power				
Cost				
At the beginning of the year	17,560,000	17,000,000	11,560,000	11,000,000
Additions during the year	-	560,000	-	560,000
At the end of the year	17,560,000	17,560,000	11,560,000	11,560,000
Amortisation				
At the beginning of the year	9,252,892	7,642,862	6,681,467	5,500,008
Amortisation charge for the year	1,650,757	1,610,030	1,222,186	1,181,459
At the end of the year	10,903,648	9,252,892	7,903,652	6,681,467
Carrying amount	6,656,352	8,307,108	3,656,348	4,878,533
Software License				
Cost				
At the beginning of the year	480,087	400,187	480,087	400,187
Additions During the year	-	79,900	-	79,900
Writtenoff during the year	(400,187)	-	(400,187)	-
At the end of the year	79,900	480,087	79,900	480,087
Amortisation				
At the beginning of the year	141,698	40,019	141,698	40,019
Amortisation charge for the year	19,975	101,679	19,975	101,679
Writtenoff during the year	(121,723)	-	(121,723)	-
At the end of the year	39,950	141,698	39,950	141,698
Carrying amount	39,950	338,389	39,950	338,389
Goodwill on acquisition of subsidiary	461,518,584	461,518,584	-	-
Total intangible assets	468,214,885	470,164,081	3,696,297	5,216,922

(i) The right to generate hydro power represents the amounts paid to purchase exclusive rights to generate hydropower.

(ii) Goodwill on acquisition of subsidiary represents that arising from the acquisition of equity in Manelwala Hydropower (Pvt) Ltd., and Padiyapelella Hydropower Limited. The detail breakup of Goodwill is as follows,

Company	Goodwill Amount Rs.
Manelwala Hydropower (Pvt) Limited	173,379,084
Padiyapelella Hydropower Limited	288,139,500
Total	461,518,584

Notes to the Financial Statements Contd.

14. Intangible assets (Contd.)

(iii) There has been no permanent impairment of intangible assets that requires a provision. Methods used in estimating the recoverable amount is given below: The recoverable value of Manelwala Hydropower (Pvt) Ltd and Padiyapalla Hydropower Limited were 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	Based on long term average growth rate for each business unit.
Inflation	Based on the current inflation rate and the percentage of the total cost subjected to the inflation.
Discount Rate	Risk free rate adjusted for the specific risk relating to the industry.
Margin	Based on past performance and budgeted expectations.

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

Remaining amortisation period	Group		Company	
	Right to generate hydropower Rs.	Software license Rs.	Right to generate hydropower Rs.	Software license Rs.
Due within five year	6,656,352	39,950	3,656,348	39,950
Due after five years	-	-	-	-
	6,656,352	39,950	3,656,348	39,950

There were no intangible assets pledged by the Group as security for facilities obtained from banks.

As at 31st March,	% Holding	Group 2016 Rs.	Group 2015 Rs.	Company 2016 Rs.	Company 2015 Rs.
15. Investment in subsidiaries					
Manelwala Hydropower (Pvt) Limited	100%	-	-	565,107,184	565,107,184
Panasian Investments (Pvt) Limited	100%	-	-	40,000,000	40,000,000
Padiyapelella Hydropower Limited	90%	-	-	537,070,510	537,070,510
		-	-	1,142,177,694	1,142,177,694

16. Financial assets

	Group 2016 Rs.	Group 2015 Rs.	Company 2016 Rs.	Company 2015 Rs.
Investment in Unit Trust	65,705,848	-	20,217,184	-
	65,705,848	-	20,217,184	-

As at 31st March,	Group 2016 Rs.	Group 2015 Rs.	Company 2016 Rs.	Company 2015 Rs.
17. Trade and other receivables				
Trade receivable				
Ceylon Electricity Board	21,972,288	71,502,877	9,195,382	21,382,096
Other receivables				
Deposits paid	1,505,000	1,782,413	5,000	73,331
Prepayments	1,741,872	5,903,372	765,833	394,574
Advance paid	28,723,025	8,043,859	260,068	4,550,109
Other receivable	1,424,850	2,729,491	1,424,850	2,719,491
	55,367,034	89,962,011	11,651,132	29,119,601

18. Amount due from related companies

Padiyapelella Hydropower Limited	-	-	330,569,731	292,093,773
	-	-	330,569,731	292,093,773

19. Cash and cash equivalents

Cash at bank	38,989,988	194,671,646	11,172,808	109,199,231
Cash in hand	185,000	220,036	160,000	195,036
Cash and cash equivalents for the purpose of cash flow statement	39,174,988	194,891,682	11,332,808	109,394,267

20. Stated capital

Issued and fully paid number of shares				
500,000,000 ordinary shares	630,000,000	630,000,000	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 the meetings of the company.

Notes to the Financial Statements Contd.

As at 31st March,	Group 2016 Rs.	Group 2015 Rs.	Company 2016 Rs.	Company 2015 Rs.
21. Employee benefit obligations				
Present value of unfunded obligations	3,502,078	2,865,586	3,194,597	2,571,913
Total present value of the obligation	3,502,078	2,865,586	3,194,597	2,571,913
Movement in present value of the defined benefit obligation				
Balance as at the beginning of the year	2,865,586	1,887,949	2,571,913	1,511,636
Current service cost	583,498	538,825	516,922	482,464
Interest cost	257,903	193,208	231,472	151,164
Actuarial (gain) / loss	(145,657)	245,604	(125,710)	426,649
	3,561,330	2,865,586	3,194,597	2,571,913
Benefit paid during the year	(59,252)	-	-	-
Balance as at end of the year	3,502,078	2,865,586	3,194,597	2,571,913
Expense recognised in profit or loss;				
Interest cost	257,903	193,208	231,472	151,164
Current service cost	583,498	538,825	516,922	482,464
	841,401	732,033	748,394	633,628
Actuarial gains or losses recognised in other comprehensive income				
Recognised during the year	(145,657)	245,604	(125,710)	426,649

Principal actuarial assumptions used;	**2016 %**	**2015 %**
(i) Rate of discount	10.5	9
(ii) Salary increment rate	9	9

(iii) Retirement age of 55 years

(iv) The Company will continue in business as going concern

(v) Assumptions regarding future mortality are based on published statistics and mortality tables.

21.1 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 2016. 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)

Discount Rate	Salary Increment Rate	Present value of defined benefit obligation Rs.
1%	-	3,028,338
(1)%	-	3,382,746
-	1%	3,387,619
-	(1)%	3,022,580

This note indicates the assumptions used and the movement in the employee benefits and is not externally funded. As at 31st March 2016 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.

	Group		Company	
As at 31st March,	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.

22. Finance lease obligations

	Group 2016 Rs.	Group 2015 Rs.	Company 2016 Rs.	Company 2015 Rs.
Balance as at the beginning of the year	-	1,893,734	-	878,354
Lease rentals paid during the year	-	(1,893,734)	-	(878,354)
Balance at the end of the year	-	-	-	-
Finance charges unamortised	-	-	-	-
Balance as at the end of the year	-	-	-	-
Due within one year	-	-	-	-
Due after one year and within five years	-	-	-	-
	-	-	-	-

23. Interest bearing loans and borrowings

	Group 2016 Rs.	Group 2015 Rs.	Company 2016 Rs.	Company 2015 Rs.
Balance as at the beginning of the year	637,083,736	3,366,733	637,083,736	3,366,733
Obtained during the year	5,000,000	635,000,000	-	635,000,000
Repayments made during the year	(2,203,578)	(1,282,997)	(2,083,736)	(1,282,997)
Balance as at the end of the year	639,880,158	637,083,736	635,000,000	637,083,736
Payable within one year	775,913	1,472,428	-	1,472,428
Payable between two and five years	639,104,245	635,611,308	635,000,000	635,611,308
Payable after five years	-	-	-	-
	639,880,158	637,083,736	635,000,000	637,083,736

Notes to the Financial Statements Contd.

23. Interest bearing loans and borrowings (Contd.)

Analysed by lending institutions

Lending Institution	Group		Company		Borrowing terms
	3/31/2016 Rs.	3/31/2015 Rs.	3/31/2016 Rs.	3/31/2015 Rs.	
Sampath Bank PLC	635,000,000	635,000,000	635,000,000	635,000,000	Repayable in 95 monthly instalments including capital grace period of 12 months and applicable interest rate is AWPLR +0.5% per annum. The Company has been provided securities as follows, ▪ Corporate Guarantee from Manelwala Hydropower (Pvt) Ltd for 635 mn ▪ Undertaking to mortgage over 100% shares of Manelwala Hydropower (Pvt) Ltd and 90% shares of Padiyapelella Hydropower Ltd owned by Panasian Power PLC in favour of Sampath Bank PLC. ▪ Deposit of all project approvals, licenses and Standard Power Purchase Agreements of Hydropower projects relating to companies namely Padiyapelella Hydropower Ltd, Manelwala Hydropower (Pvt) Ltd and Panasian Power PLC with the bank.
People's Leasing and Finance PLC	4,880,158	-	-	-	Repayable in 60 monthly instalments commencing from January 2016 and applicable interest rate is 13% per annum. No securities were pledged for the loan.

As at 31st March,	Group 2016 Rs.	Group 2015 Rs.	Company 2016 Rs.	Company 2015 Rs.

24. Deferred tax liabilities

	Group 2016 Rs.	Group 2015 Rs.	Company 2016 Rs.	Company 2015 Rs.
Balance as at beginning of the year	28,554,041	25,029,967	10,507,594	9,418,445
Origination and reversal of temporary difference				
- Recognised in profit or loss	7,202,318	3,548,635	3,512,455	1,131,812
- Recognised in other comprehensive income	14,965	(24,561)	12,571	(42,665)
Balance as at end of the year	35,771,324	28,554,041	14,032,620	10,507,594

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.

24.1 Deferred tax liabilities (Group)

24.1.1 Composition of deferred tax assets and liabilities is as follows

	2016 Assets Rs.	2016 Liabilities Rs.	2015 Assets Rs.	2015 Liabilities Rs.
Deferred tax liability				
Property, plant and equipment	-	(39,090,654)	-	(28,883,265)
Employee benefits	354,961	-	329,224	-
Carried forward tax losses	2,964,369	-	-	-
	3,319,329	(39,090,654)	329,224	(28,883,265)
Net deferred tax		(35,771,324)		(28,554,041)

24.1.1 Recognised deferred tax assets and liabilities

	Net balance as at 01.04.2015 Rs.	Recognised in profit or loss Rs.	Recognised in OCI Rs.	Net balance as at 31.03.2016 Rs.	Deferred tax liability Rs.	Deferred tax asset Rs.
Property, plant and equipment	(28,883,265)	(10,207,389)	-	(39,090,654)	(39,090,654)	-
Employee benefits	329,224	40,701	(14,965)	354,961	-	354,961
Carried forward tax losses	-	2,964,369	-	2,964,369	-	2,964,369
	(28,554,041)	(7,202,318)	(14,965)	(35,771,324)	(39,090,654)	3,319,329

	Net balance as at 01.04.2014 Rs.	Recognised in profit or loss Rs.	Recognised in OCI Rs.	Net balance as at 31.03.2015 Rs.	Deferred tax liability Rs.	Deferred tax asset Rs.
Property, plant and equipment	(25,218,763)	(3,664,502)	-	(28,883,265)	(28,883,265)	-
Employee benefits	188,795	115,869	24,561	329,224	-	329,224
	(25,029,968)	(3,548,633)	24,561	(28,554,041)	(28,883,265)	329,224

Notes to the Financial Statements Contd.

24. Deferred tax liabilities (Contd.)

24.1 Deferred tax liabilities (Company)

24.1.1 Composition of deferred tax assets and liabilities is as follows,

As at 31st March,	2016		2015	
	Assets Rs.	Liabilities Rs.	Assets Rs.	Liabilities Rs.
Property, plant and equipment	-	(14,352,079)	-	(10,807,449)
Employee benefits	319,460	-	299,855	
	319,460	(14,352,079)	299,855	(10,807,449)
Net deferred tax		(14,032,620)		(10,507,594)

24.1.1 Recognised deferred tax assets and liabilities

	Net balance as at 01.04.2015 Rs.	Recognised in profit or loss Rs.	Recognised in OCI Rs.	Net balance as at 31.03.2016 Rs.	Deferred tax liability Rs.	Deferred tax asset Rs.
Property, plant and equipment	(10,807,449)	(3,544,630)	-	(14,352,079)	(14,352,079)	-
Employee benefits	299,855	32,176	(12,571)	319,460	-	319,460
	(10,507,594)	(3,512,455)	(12,571)	(14,032,620)	(14,352,079)	319,460

	Net balance as at 01.04.2014 Rs.	Recognised in profit or loss Rs.	Recognised in OCI Rs.	Net balance as at 31.03.2015 Rs.	Deferred tax liability Rs.	Deferred tax asset Rs.
Property, plant and equipment	(9,569,609)	(1,237,840)	-	(10,807,449)	(10,807,449)	-
Employee benefits	151,164	106,027	42,665	299,855	-	299,855
	(9,418,445)	(1,131,813)	42,665	(10,507,594)	(10,807,449)	299,855

	Group		Company	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
25. Amount due to related companies				
Panasian Investment (Pvt) Ltd	-	-	35,000,000	35,000,000
Manelwala Hydropower (Pvt) Limited	-	-	85,256,173	13,918,474
Resus Energy PLC	568,281	378,854	568,281	378,854
	568,281	378,854	120,824,454	49,297,328
26. Other payables and accruals				
Other payables	4,110,231	21,459,643	1,275,555	4,379,121
Accrued expenses	1,058,696	2,028,421	534,100	713,527
	5,168,927	23,488,064	1,809,655	5,092,648

27. Related party transactions

27.1 Identify the related parties

The Company has a related party relationship with its parent company, subsidiaries and key management personnel.

27.2 Transactions with key management personnel

Key management personnel comprise of directors of the Company.

(i) Loans given to directors

No loans were 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 8)

(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 2016.

Name of the Company	Relationship	Nature of Transaction	Outstanding amount as at 01/04/2015	Transaction Amount Rs.	Outstanding amount as at 31/03/2016
Panasian Investments (Private) Limited	Subsidiary	Investment in PHL	(35,000,000)	-	(35,000,000)
Manelwala Hydropower (Private) Limited	Subsidiary	Fund transfer	(13,918,474)	(75,500,000)	
		Dividend receivable		(36,156,390)	
		Dividend received		36,156,390	
		Expense reimbursement		4,162,301	(85,256,173)
Resus Energy PLC	Affiliate	Office Rent	(378,854)	(189,427)	(568,281)
Padiyapelella Hydropower Limited	Subsidiary	Incurred expenses to CWIP	292,093,773	21,855,025	
		Expense reimbursement		8,220,933	
		Payment made to contractors		400,000	
		Fund transfer		8,000,000	330,569,731

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.

28. Capital commitments

The following commitments for capital expenditure approved by the Directors as at 31st March 2016 have not been provided for in the financial statements.

	Group		Company	
As at 31st March,	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Amount approved but not contracted for	93,220,431	121,597,535	-	-
Amount contracted for but not incurred	63,745,262	63,745,262	-	-

Notes to the Financial Statements Contd.

29. Contingent liabilities

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

30. Events occurring after the reporting date

There were no material events occurring after the reporting date that require adjustments to or disclosures in the financial statements.

31. Financial risk management

The Group's principal financial liabilities comprise of 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

31.1 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;

As at 31st March	2016 Rs.	2015 Rs.
Trade receivables	9,195,382	21,382,096
Prepayments and deposits	770,833	467,905
Other receivables	1,424,850	2,719,491
	11,391,065	24,569,492

31.2 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.

31.2.1. 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 31st March 2016	Less than 12 months	1 to 5 years	Total
Interest bearing loans	-	635,000,000	635,000,000
Accruals and other payables	1,809,655	-	1,809,655
	1,809,655	635,000,000	636,809,655
As at 31st March 2015			
Interest bearing loans	1,472,428	635,611,308	637,083,736
Accruals and other payables	5,092,648	-	5,092,648
	6,565,076	635,611,308	642,176,384

31.3 Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The group continuously prepare and monitors rolling cash flow forecasts and access the liquidity requirements of each operating unit to ensure it has sufficient cash to meet operational needs. Regular reviews are also carried out to check actual performance against budgeted targets.

Surplus cash held by the operating units over and above balance required for working capital management are invested in interest bearing time deposits. At the reporting date, the group held term deposits that are expected to readily generate cash inflows for managing liquidity risk.

The table below analyses the group's non-derivative financial liabilities into relevant maturity grouping based on the maturity of liabilities as at the reporting date.

Group

As at 31st March	Carrying Amount 2016	Current	Non Current	Payable on Demand
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Financial Liabilities				
Interest bearing borrowings	639,880,158	775,913	639,104,245	-
Other payables and accruals	5,168,927	5,168,927	-	-
Total	645,049,085	5,944,840	639,104,245	-

Company

As at 31st March	Carrying Amount 2016	Current	Non Current	Payable on Demand
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Financial Liabilities				
Interest bearing borrowings	635,000,000	-	635,000,000	-
Other payables and accruals	1,809,655	1,809,655	-	-
Total	636,809,655	1,809,655	635,000,000	-

"Current" represents financial liabilities which are due to mature within one year

32. Classification of financial assets and financial liabilities

Financial assets and financial liabilities are measured on an ongoing basis at either fair value or amortised cost. The following table sets out the carrying amount fair value of financial assets and liabilities by category as defined in LKAS 39- Financial Instruments : recognition and measurement under headings reported in the Statement of Financial Position and related fair value hierarchy.

As at 31st March 2016	Held To Maturity	Fair value through profit or loss	Available for sale	Loans and receivables	"Other financial liabilities"	"Non financial instruments"	"Total carrying amount"	Fair Value	Fair Value Level 1	Level 2	Level 3	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Financial assets												
Trade and other receivables	-	-	-	10,885,299	-	765,833	11,651,132	11,651,132	-	-	-	11,651,132
Investment in unit trust	-	20,217,184	-	-	-	-	20,217,184	20,217,184	20,217,184	-	-	20,217,184
Cash and cash equivalents	-	-	-	11,332,808	-	-	11,332,808	11,332,808	-	-	-	11,332,808
Total financial assets	-	20,217,184	-	22,218,107	-	765,833	43,201,124	43,201,124	20,217,184	-	-	43,201,124
Financial liabilities												
Other payables and accruals	-	-	-	-	1,809,655	-	1,809,655	1,809,655	-	-	-	1,809,655
Total financial liabilities	-	-	-	-	1,809,655	-	1,809,655	1,809,655	-	-	-	1,809,655
As at 31st March 2015												
Financial assets												
Trade and other receivables	-	-	-	28,725,027	-	394,574	29,119,601	29,119,601	-	-	-	29,119,601
Investment in unit trust	-	-	-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents	-	-	-	109,394,267	-	-	109,394,267	109,394,267	-	-	-	109,394,267
Total financial assets	-	-	-	138,119,294	-	394,574	138,513,868	138,513,868	-	-	-	138,513,868
Financial liabilities												
Other payables and accruals	-	-	-	-	5,092,648	-	5,092,648	5,092,648	-	-	-	5,092,648
Total financial liabilities	-	-	-	-	5,092,648	-	5,092,648	5,092,648	-	-	-	5,092,648

Financial assets and financial liabilities are measured on an ongoing basis at either fair value or amortised cost. The following table sets out the carrying amount fair value of financial assets and liabilities by category as defined in LKAS 39- Financial Instruments : Recognition and measurement under headings reported in the Statement of Financial Position and related fair value hierarchy.

As at 31st March 2016	Held To Maturity	Fair value through profit or loss	Available for sale	Loans and receivables	"Other financial liabilities"	"Non financial instruments"	"Total carrying amount"	Fair Value	Fair Value Level 1	Level 2	Level 3	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Financial assets												
Trade and other receivables	-	-	-	53,625,162	-	1,741,872	55,367,034	55,367,034	-	-	-	55,367,034
Investment in unit trust	-	65,705,848	-	-	-	-	65,705,848	65,705,848	65,705,848	-	-	65,705,848
Cash and cash equivalents	-	-	-	39,174,988	-	-	39,174,988	39,174,988	-	-	-	39,174,988
Total financial assets	-	65,705,848	-	92,800,151	-	1,741,872	160,247,871	160,247,871	65,705,848	-	-	160,247,871
Financial liabilities												
Other payables and accruals	-	-	-	-	5,168,927	-	5,168,927	5,168,927	-	-	-	5,168,927
Short term bank borrowings	-	-	-	-	775,913	-	775,913	775,913	-	-	-	775,913
Total financial liabilities	-	-	-	-	5,944,840	-	5,944,840	5,944,840	-	-	-	5,944,840
As at 31st March 2015												
Financial assets												
Trade and other receivables	-	-	-	80,648,639	-	1,825,119	82,473,758	82,473,758	-	-	-	82,473,758
Cash and cash equivalents	-	-	-	190,300,617	-	-	190,300,617	190,300,617	-	-	-	190,300,617
Total financial assets	-	-	-	270,949,256	-	1,825,119	272,774,375	272,774,375	-	-	-	272,774,375
Financial liabilities												
Other payables and accruals	-	-	-	-	20,215,153	-	20,215,153	20,215,153	-	-	-	20,215,153
Total financial liabilities	-	-	-	-	20,215,153	-	20,215,153	20,215,153	-	-	-	20,215,153

INVESTOR INFORMATION

1. Analysis of shareholders according to the number of shares as at 31 March 2016

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	2,251	1,410,176	0.28	7	4,601	0.00	2,258	1,414,777	0.28
1,001 - 10,000	2,837	13,055,052	2.61	10	72,600	0.01	2,847	13,127,652	2.62
10,001 - 100,000	1,001	33,264,099	6.65	13	632,500	0.13	1,014	33,896,599	6.78
100,001 - 1,000,000	164	45,538,501	9.11	5	1,233,000	0.25	169	46,771,501	9.36
Over 1,000,000	34	404,789,471	80.96	-	-	-	34	404,789,471	80.96
	6,287	498,057,299	99.61	35	1,942,701	0.39	6,322	500,000,000	100.00

2. Shareholders by category as at 31 March 2016

Categories of Shareholders	Number of Shareholders	No. of Shares
Individual	6176	128,397,001
Institutional	146	371,602,999
Total	6322	500,000,000

3. Twenty major shareholders of the company as at 31 March 2016

Name	2016		2015
	No. of Shares	Percentage %	No. of Shares
Resus Energy PLC	111,500,000	22.3	146,500,000
Weswin Power (Private) Limited	58,562,660	11.71	18,417,676
Seylan Bank PLC/ Thirugnanasambandar Senthilverl	44,613,281	8.92	-
Amana Bank Limited/Vidullanka PLC	41,124,330	8.22	41,124,330
Omega Group (Pvt) Ltd	24,700,000	4.94	24,121,899
Vidullanka PLC	19,302,819	3.86	13,417,890
Power Hub Green Enegry (Private) Ltd	16,118,250	3.22	16,118,250
Global Rubber Industries (Private) Ltd	12,160,000	2.43	-
Commercial Bank of Ceylon PLC/A K Pathirage	11,000,000	2.20	12,000,000
Mr Mohamed Firdouse Farook	10,000,855	2.00	12,500,855
Sampath Bank PLC/Dr.T.Senthilverl	6,750,000	1.35	-
Mr Zulficar Ahamed Mohamed Thahir	5,500,000	1.10	5,500,000
Mr. Prabhash Subasinghe	5,006,759	1.00	-
Asian Alliance Insurance PLC- A/C 02 (Life Fund)	3,090,000	0.62	3,090,000
Dr Thirugnanasambandar Senthilverl	2,895,784	0.58	-
Mr Pattiyapawulage Don Raj Rohitha Weeraratne	2,800,000	0.56	2,800,000
Mr Hurbert Beruwalage	2,764,200	0.55	2,764,200

Name	2016		2015
	No. of Shares	Percentage %	No. of Shares
Mr Mohamed Armil Najmul Sammoon Joint Mrs S T R Sammoon	2,500,000	0.50	3,000,000
Pan Asia Banking Corporation/Almar International (Pvt) Ltd	2,437,517	0.49	-
Seylan Bank PLC/ Jayantha Dewage	2,426,000	0.49	-
Shares held by major Shareholders	385,252,455	77.04	
Shares held by remaining shareholders	114,747,545	22.96	
Total	500,000,000	100	

4. Public holding

Description	Number of shares 2016	Number of shares 2015
Major Shareholders		
Resus Energy PLC (earlier known as Hemas Power PLC)	111,500,000	146,500,000
Indirect Holding		
Almar Trading Co (Pvt) Ltd	364,632	-
Pan Asia Banking Corporation / Almar International (Pvt) Ltd	2,437,517	-
Holding of 10% or more		
Amana Bank Limited/ Vidullanka PLC	41,124,330	41,124,330
Vidullanka PLC	19,302,819	13,417,890
Weswin Power (Private) Limited	58,562,660	-
Omega Group (Private) Limited	24,700,000	
Power Hub Green Energy (Private) Limited	16,118,250	
Mr. Farook Mohmed Firdouse'	10,000,855	
Seylan Bank PLC/Dr T Senthilverl	44,613,281	
Sampath Bank PLC/Dr T Senthilverl	6,750,000	
Dr T Senthilverl	2,895,784	
Directors' Shareholding		
Dr P Ramanujam	2,350,000	2,350,000
Mr H A S Madanayake	400,000	400,000
Mr S M Farook	175,000	-
Spouses and Children under 18 of Directors	605,000	-
	341,900,128	203,792,220
Issued share capital	500,000,000	500,000,000
Less: Directors' Shareholding and major Shareholders	341,900,128	203,792,220
Public Holding	158,099,872	296,207,780
Public holding as a % of issued share	31.62%	59.24%
No. of Share holders representing the public holding	6,306	6,580

Investor Information Contd.

5. Share trading information

Market Values	2015/16	2014/15
Highest (Rs)	4.00	3.80
Lowest (Rs)	2.90	2.20
Closing (Rs)	3.20	3.40
Price Earnings Ratio (Times)	16.84	7.56

6. Equity information - Company

	2015/16	2014/15
Earnings per share (Rs)	0.19	0.45
Dividends per share (Rs)	0.15	0.30
Net Asset Value per share (Rs)	1.92	2.19
Dividend Payout Ratio	78.95%	66.67%
Dividend yield	4.7%	8.8%

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
Padiyapelella Hydropower Limited	6A 3R 37.2P	27.1P

FIVE YEARS SUMMARY - COMPANY

As at 31st March,	2016 Rs.	2015 Rs.	2014 Rs.	2013 Rs.	2012 Rs.
A) Summary of Financial position					
Turnover	166,548,590	179,487,184	123,084,852	104,723,416	110,035,071
Gross Profit	138,665,279	162,352,303	111,397,257	94,086,924	97,494,296
Net Profit before Finance Cost	149,064,322	257,698,110	111,796,487	85,701,071	91,970,347
Profit before Taxation	97,441,984	225,132,720	100,530,444	86,729,754	93,297,014
Taxation	(3,750,500)	(1,346,795)	877,161	(1,079,297)	(1,175,419)
Profit or loss after Taxation	93,691,485	223,785,925	102,065,976	85,650,457	92,121,595
B) Summary of Financial position					
Capital Reserves					
Ordinary Shares	630,000,000	630,000,000	630,000,000	630,000,000	630,000,000
Preference Shares	Nil	Nil	Nil	Nil	Nil
Retained Earnings	272,372,871	403,568,247	180,166,306	128,100,330	117,449,873
Other Reserves	59,079,041	59,079,041	59,079,041	59,079,041	59,079,041
Total Equity	961,451,912	1,092,647,288	869,245,347	817,179,371	806,528,914
Asset & Liabilities					
Current Assets	373,770,855	430,607,641	38,514,794	32,090,682	71,530,157
Current Liabilities	2,451,977	7,107,555	95,758,246	7,065,171	6,833,298
Net Current Assets	371,318,878	423,500,086	(57,243,452)	25,025,511	48,551,495
Property Plant & Equipment	217,310,713	219,740,730	144,910,739	150,639,158	161,227,142
Other Non Current Assets	1,145,873,991	1,147,394,615	895,266,461	738,157,176	613,012,041
Related Party Payables	120,824,454	49,297,328	101,049,039	82,200,000	17,000,000
Non Current Liabilities	652,227,217	648,690,815	12,639,362	14,442,474	15,202,263
Net Assets	961,451,912	1,092,647,288	869,245,347	817,179,371	806,528,914
Total Assets	1,736,955,559	1,797,742,986	1,078,691,994	920,887,016	845,564,475
Stated Capital	630,000,000	630,000,000	630,000,000	630,000,000	630,000,000
Dividends Declared / Paid	75,000,000	150,000,000	-	50,000,000	75,000,000

NOTICE OF ANNUAL GENERAL 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 MONDAY, 27TH JUNE 2016 AT 9.30 A.M.

AGENDA

1. To receive and consider the Annual Report of the Board of Directors on the State of Affairs of the Company and the Consolidated Financial Statements for the year ended 31st March 2016 with the Report of the Auditors thereon.
2. To re-appoint as a Director Mr. T. Someswaran who has attained the age of 70 years on 04th August 2013 and to pass the undernoted ordinary resolution in compliance with Section 211 of the Companies Act No.7 of 2007 in relation to his re-appointment.

   Ordinary Resolution
   "That the age limit of 70 years referred to in Section 210 of the Companies Act, shall not apply to Mr. Thirunavukarasu Someswaran, who is 70 years of age (having reached 70 years on 04th August 2013) and accordingly that Mr. Thirunavukarasu Someswaran be and is hereby re-appointed a Director of the Company, in terms of Section 211 of the Companies Act No.7 of 2007"
3. To re-appoint M/s. KPMG, Chartered Accountants as Auditors to the Company and authorise the Directors to determine their remuneration.
4. To authorise the Directors to determine donations for the year 2016/2017.

BY ORDER OF THE BOARD OF
PANASIAN POWER PLC

S S P CORPORATE SERVICES (PRIVATE) LIMITED
Secretaries
Colombo

Date: 6th June 2016

Notes :
1. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of him/her. Such Proxy need not be a member of the Company.
2. A Form of Proxy accompanies this notice.
3. The completed Form of Proxy should be deposited at the Registered Office of the Company, No. 3, Elibank Road, Colombo 5 not later than 48 hours before the time appointed for the meeting.
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*..

(NIC No.......................................) of ....

being a member/*members of Panasian Power PLC hereby appoint...

....holder of NIC No.. of ....or failing him/her

Dr. Prathap Ramanujam	of Colombo or failing him
Mr. Thirunavukarasu Someswaran	of Colombo or failing him
Mr. Deepal Sooriyaarachchi	of Colombo or failing him
Mr. Godakande Aratchige Kishantha Nanayakkara	of Colombo or failing him
Mr. Mahmud Riad Ameen	of Colombo or failing him
Mr. Hiran Arjuna Suren Madanayake	of Colombo or failing him
Mr. Riyaz Mohamed Sangani	of Colombo or failing him
Mr. Siddi Mohamed Farook	of Colombo or failing him
Mr. Amanda Lalindra Weerasinghe	of Colombo

as my/*our Proxy to represent me/*us and to vote as indicated below on my/*our behalf at the Annual General Meeting of the Company to be held on 27th June 2016 and at any adjournment thereof and at every poll which may be taken in consequence of the aforesaid Meeting.

	FOR	AGAINST
1. To receive and consider the Annual Report of the Board of Directors on the State of Affairs of the Company and the Consolidated Financial Statements for the year ended 31st March, 2016 with the Report of the Auditors thereon.		
2. To re-appoint as a Director Mr. T. Someswaran who has attained the age of 70 years on 04th August 2013 and to pass the under noted ordinary resolution in compliance with Section 211 of the Companies Act No.7 of 2007 in relation to his re-appointment. "That the age limit of 70 years referred to in Section 210 of the Companies Act, shall not apply to Mr. Thirunavukarasu Someswaran , who is 70 years of age (having reached 70 years on 04th August 2013) and accordingly that Mr. Thirunavukarasu Someswaran be and is hereby re-appointed a Director of the Company, in terms of Section 211 of the Companies Act No.7 of 2007".		
3. To re-appoint M/s. KPMG, Chartered Accountants as Auditors to the Company and authorise the Directors to determine their remuneration.		
4. To authorise the Directors to determine donations for the Year 2016 / 2017.		

As witness my/our hand/this .... day of .... Two Thousand and Sixteen.

Signature ....

Note:
Instructions as to completion appear on the reverse hereto. Please delete the inappropriate words, and mark 'X' in the appropriate cages to indicate your instructions as to voting. A proxy need not be a member of the Company.

Form of Proxy Contd.

INSTRUCTIONS AS TO COMPLETION OF FORM OF PROXY

1. Kindly perfect the Form of Proxy by filling in legibly your full name and address, your instructions as to voting, by signing in the space provided and filling in the date of signature.
2. Please indicate with an 'X' in the cages provided how your Proxy is to vote on the Resolutions. If no indication is given the Proxy in his/her discretion may vote as he/she thinks fit.
3. The completed Form of Proxy should be deposited at the Registered Office of the Company, No 3, Elibank Road, Colombo 5 not less than 48 hours before the time appointed for holding the meeting.
4. If the Form of Proxy is signed by an attorney, the relative Power of Attorney should accompany the completed Form of Proxy for registration, if such Power of Attorney has not already been registered with the Company.

Note:
If the Shareholder is a Company or body corporate, Section 138 of the Companies Act No. 07 of 2007 applies to Shareholders of Panasian Power PLC and Section 138 provides for representation of Companies at meeting of other Companies. A Corporation, whether a Company within the meaning of this Act or not, may where it is a member of another corporation, being a Company within the meaning of this Act, by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company. A person authorised as aforesaid shall be entitled to exercise the same power on behalf of the Corporation which it represents as that Corporation could exercise if it were an Individual Shareholder of that other Company.

NOTES

Notes

CORPORATE INFORMATION

Name of the Company
Panasian Power PLC

Legal Form
A Public Quoted Company with limited liablity incorporated 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
No. 03, Elibank Road, Colombo 05.

Subsiadiary Companies
Manelwala Hydropower (Pvt) Limited
Panasian Investments (Pvt) Limited
Padiyapelella Hydropower Limited

Nature of Business
Generate and supply of hydro power to the National Grid

Directors
Dr Prathap Ramanujam
Mr Deepal Sooriyaarachchi
Mr Godakande Aratchige Kishantha Nanayakkara
Mr Thirunavukarasu Someswaran
Mr Mahmud Riad Ameen
Mr Hiran Arjuna Suren Madanayake
Mr Riyaz Mohamed Sangani
Mr Siddi Mohamed Farook
Mr Amanda Lalindra Weerasinghe

Audit Committee
Mr Thirunavukarasu Someswaran (Chairman)
Mr Deepal Sooriyaarachchi
Mr A L Weerasinghe

Remuneration Committee
Mr Deepal Sooriyaarachchi (Chairman)
Mr Thirunavukarasu Someswaran
Mr Mahmud Riad Ameen

Related Party Transaction Review Committee
Mr Thirunavukarasu Someswaran (Chairman)
Mr Deepal Sooriyaarachchi
Mr Mahmud Riad Ameen

Secretaries and Registrars
S S P Corporate Services (Pvt) Limited
No 101, Inner Flower Road
Colombo 3
Tel: +94112573894

Auditors
Ms KPMG
Chartered Accountants
32A, Sir Mohamed Macan Marker Mawatha
Colombo 3
Tel: +94115426426

Bankers
Sampath Bank PLC
110, Sir James Peiris Mawatha
Colombo 2
Tel: +94112303050

Website
www.panasianpower.com

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PANASIAN POWER PLC

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