

Power



Contents

Our Vision & Mission	2
About Panasian Power PLC	3
Financial Highlights	6
Chairman's Review	8
Board of Directors	10
Management Discussion and Analysis	18
Financial Review	23
Corporate Governance	24
Risk Management	33
Audit Committee Report	35
Remuneration Committee Report	36
Related Party Transactions Review Committee Report	37

Financial Reports

Report of the Directors on the State of Affairs of the Company	40
Statement of Directors' Responsibility	44
Independent Auditor's Report	45
Statement of Profit or Loss and Other Comprehensive Income	46
Statement of Financial Position	47
Statement of Changes in Equity	48
Statement of Cash Flows	49
Notes to the Financial Statements	50
Investor Information	91
Five Years Summary	93
Notice of Annual General Meeting	94
Form of Proxy	95

Power



We at Panasian Power believe that in order to sustain and protect our environment we need to focus on energy alternatives. It is with this objective that we Power Up the country with hydro power. We will strive and move forwards to additional energy sources in order to Power Up and protect our environment for the future generations whilst satisfying our stakeholders.



Our 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”

Our 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 Panasian Power PLC

Panasian Power PLC is one of Sri Lanka's leading suppliers of clean, renewable energy to the country's national energy grid. Established with support from the 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 30 MW of generation capacity by 2022.

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.



A photograph of a waterfall cascading over a concrete dam structure. The water is white and frothy as it falls. In the foreground, there is a large, dark, wet rock formation. The background is a dense forest of green trees. The image is partially overlaid by a green graphic on the right side.

Rathganga
Mini Hydropower Project

3 Mega Watts

Revenue

125Mn

Power Generation

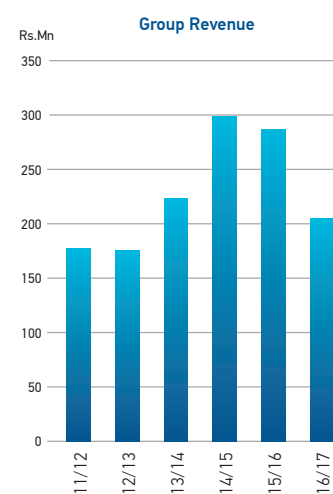
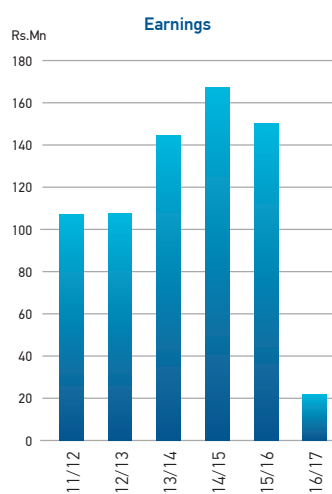
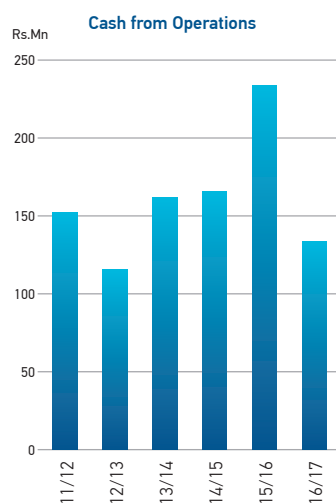
8.7 KWh (Mn) - FY 16/17

Catchment Area

Hapugasthenna

Financial Highlights

Year Ended 31 March		2017	2016	Change %
Operating Results				
Group Revenue	Rs. '000	204,567	287,187	-29
Operating Profit	Rs. '000	109,364	200,167	-45
Profit Before Taxation	Rs. '000	30,810	150,127	-79
Profit After Taxation	Rs. '000	21,145	134,907	-84
Profit Attributable to Parent	Rs. '000	21,820	135,276	-84
Gross Dividend Paid	Rs. '000	75,000	75,000	-
Cash From Operations	Rs. '000	54,616	174,249	-69
Financial Position				
Total Assets	Rs. '000	2,135,707	1,850,188	15
Equity Attributable to Equity Holders of the Parent	Rs. '000	1,221,361	1,122,406	9
No. of Ordinary Shares	No. '000	500,000	500,000	-
Gearing	%	69%	59%	16
Shareholder Information				
Return on equity	%	1.79%	12.1%	-85
Earning Per Share	Rs.	0.04	0.27	-85
Dividend Per Share	Rs.	0.15	0.15	-
Dividend Payout	%	375%	55.6%	575
Net Asset Per Share	Rs.	2.44	2.24	9
Market Capitalization	Rs. '000	1,500,000	1,600,000	-6
Price Earning Ratio	Times	75	12.00	533
Market Price as at 31 March	Rs.	3	3.20	-6
Interest Cover	Times	1.34	3.84	-65







Chairman's Review

During the year under review, the Company was successful in achieving its targets on investment plans by commissioning the Padiyapelella Plant with a total Investment of Rs. 837.8 Million in assets. This has contributed the Group a total capacity of 8.9 MW by now, and 5.4 MW is being supplied to the National Grid, and 3 MW is yet to be constructed for Padiyapelella Hydropower Project - Phase II.

Operating Profit

Rs. 109mn

A warm welcome to all of you to the Annual General Meeting of Panasian Power PLC and I am pleased to present the Annual Report and the Consolidated Audited Financial Statements for the year ended 31 March 2017.

The concluded year will be remembered as one in which Sri Lanka was hit by a series of natural disasters which brought devastation to the people. Landslides and floods have all taken their toll across the country, and Panasian Power PLC extends its sympathies to all affected by these extreme events.

I am happy to report that Panasian Power PLC improvement efforts have continued independently with undiminished intensity, giving improved ability to stay the course. Building on our platform of a solid asset base, a strong financial position, upto date technology, commercial capabilities and a highly competent workforce, our aspiration is to realize our full potential by building a Better, Bigger and Greener Panasian Power PLC in the future.

During the year under review, the Company was successful in achieving its targets on investment plans by commissioning the Padiyapelella Plant with a total Investment of Rs. 837.8 Million in assets. This has contributed the Group a total capacity of 8.9 MW by now, and 5.4 MW is being supplied to the National Grid, and 3 MW is yet to be constructed for Padiyapelella Hydropower Project - Phase II.

A strong balance sheet is our best tool to respond to market volatility, in addition to continuously improving our relative industry position. This allows us to offer a safe and reliable dividend to shareholders, and enable us to strategically utilize the lower parts of the cycle to increase our value creation potential.

The performance of the operating plants had been notable with a decrease in Group Revenue to 204.5 Million compared to 287 Million last year. We achieved a Net profit of Rs. 21 Million and proud to have share holder equity of Rs. 1. 2 billion for the concluded financial year. The sections on Financial Review, Management Commentary and the Consolidated Financial Statements included in this report elaborate further with more information of the Group performance.

There is no "Better" aspiration without improving on safety. We believe in the close link between safety performance and operational performance and are proud to be close to an industry benchmark. Health, safety and environment, corporate social responsibility, compliance, and anti-corruption are of critical importance to our performance. Much evidence backs up our conviction that there is a strong correlation between financial and extra-financial performance. PanAsian Power PLC has been working on compliance for the past few years, both regarding culture and internal control systems, recognizing that we need to be alert in any environment at any time. This job is never completed.

I firmly believe that our valuable shareholders will appreciate and value their investment with the Company with the declaration of interim dividend amounting to Rs. 75 Million for the year under review despite the larger investment activities carried out. The Company had paid this high dividend yield in compensation for the last year as well.

Tougher customer demands and stricter legislation inspire smarter and greener alternatives. We are ready to make Renewable energy an essential part of the solution due to its superior usability, and infinite recyclability. In combination with a highly competent work force with the willingness and ability to improve every day.

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



Dr Prathap Ramanujam
Chairman / CEO

Board of Directors



1. Dr Prathap Ramanujam- Chairman/ Chief Executive Officer
2. Mr Deepal Sooriyaarachchi- Independent Non- Executive Director
3. Mr Dilanka Jinadasa- Non- Executive Director
4. Mr Deshan Pushparajah- Independent Non- Executive Director
5. Mr Pathmanatha Poddiwala- Executive Director
6. Mr S. Senth Nandhanan- Non- Executive Director

Dr Prathap Ramanujam**Chairman/ Chief Executive Officer**

After completing extensive years of service in the Public Sector, Dr Prathap Ramanujam who initiated the first mini hydro power project in Sri Lanka back in 1993 joined the private sector by taking up the directorship of Panasian Power in 2010. He was appointed as the Chairman and the Chief Executive Officer in the same year. He brought in his diversified expertise from his distinguished career in Public Sector over 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 Sooriyaarachchi, counts over thirty years of experience in the fields of sales, advertising, marketing human resource development and strategy.

He is a renowned Management Consultant, Speaker Trainer, Executive Coach and an 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 Results Based Leadership Organization USA.

He is a, a Fellow and a Past President of the Sri Lanka Institute of Marketing, and a past Commissioner of Sri Lanka Inventors Commission.

Mr Dilanka Jinadasa**Non- Executive Director**

Mr Dilanka Jinadasa currently holds the role of Chief Executive Office at Hela Clothing, a global apparel manufacturing company based out of Sri Lanka. Prior to this he has held leadership positions at Worldband Media and Zurich Financial Services in Toronto, Canada. Dilanka is a graduate of the University of Nottingham with a Degree in Industrial Economics.

Mr Jinadasa appointed to the board with effect from 18th May 2017

Board of Directors

Mr Deshan Pushparajah

Independent Non- Executive Director

Mr Deshan Pushparajah holds the role of Head of Investment Banking at Capital Alliance Partners Limited (CAL) and overlooks its Investment Banking and Customer Relationship functions. He is an expert at public and private capital markets, both buy-side and sell-side M&A and has advised on some of Sri Lanka's largest and most innovative transactions. He counts 10 years of Investment Banking experience and enjoys the trust of an established network of clients in the local and international capital markets. Deshan is a CFA charter holder (USA) and is a Fellow Member of both, the Chartered Institute of Management Accountants, UK and the Association of Chartered Certified Accountants, UK. He also holds a Bachelor's degree in Applied Accounting from Oxford Brookes University, UK

Mr Pushparajah appointed to the board with effect from 18th May 2017

Mr Pathmanatha Poddiwala

Executive Director

Mr Pathmanatha Poddiwala has obtained his first degree from University of Moratuwa in B.Sc. Eng (Mech) and also MBA in Technology Management attached to same university. Further he is a certified management accountant (Australia). He counts over 14 years engineering & managerial experience while holding various responsibilities starting his carrier as a Project Engineer to Senior management level under leading listed companies in the country such as Brown & Company PLC and Vallibel Power Erathna PLC. His key skills count for engineering design & installations, project management, hydro power development, power plant operation & maintenance, General engineering & management. Further he has completed numerous studies in the Renewable energy space especially global and local investment appraisals.

He has been serving as a part time lecturer for City & Guilds (UK) Mechanical engineering curriculum for last 10 years. Also, he is an active member of Institution of Engineers Sri Lanka, Sri Lanka Energy Managers Association & CMA (Australia).

Mr Pathmanatha appointed to the board with effect from 18th May 2017

Mr S. Senth Nandhanan

Non- Executive Director

"Mr S. Senth Nandhanan, possess 18 years of corporate management experience actively manages a leading group of company as the CEO. He has practical experience in sales & marketing and general management. He works on different assignments on business strategy, Marketing, Distribution, Trading, logistics, and Setting up, Commissioning and Managing industrial projects. He is also a Fellow Member of the Associate of Business Executives UK, and MBA from University of Southern Queensland, Australia"

Mr Nandhanan appointed to the board with effect from 05th June 2017

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 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 Mobilization (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 Organization 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 Mobilization (CARM)

Mr Someswaran resigned from the board with effect from 29th March 2017

Mr Kishantha Nanayakkara**Non- Executive Director**

Mr Nanayakkara is the Managing Director of Resus Power 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 Nanayakkara resigned from the board with effect from 24th October 2016

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 Ameen resigned from the board with effect from 18th November 2016

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 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., and National Asset Management (Pvt) Ltd. He also serves as 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 Madanayake resigned from the board with effect from 21st November 2016

Board of Directors

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 resigned from the board with effect from 18th May 2017

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 resigned from the board with effect from 18th May 2017

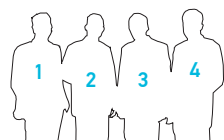
Mr Siddi Mohamed Farook

Director

Mr Farook completed his primary education at Royal College Colombo and obtained a BBA in International Trade from Hong Kong. He has experience in mobile telecommunication and renewable energy sectors such as Bio mass, & Solar. 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 to Sri Lanka."

Mr Farook resigned from the board with effect from 18th May 2017

Largest Shareholders with Senior Management



1. Mr Dilanka Jinadasa - Non- Executive Director & Shareholder
2. Mr Pathmanatha Poddawala - Executive Director
3. Dr Prathap Ramanujam - Chairman/ Chief Executive Officer
4. Dr Thirugnanasambandar Senthilvel - Share Holder



Revenue

52.7 Mn

Power Generation

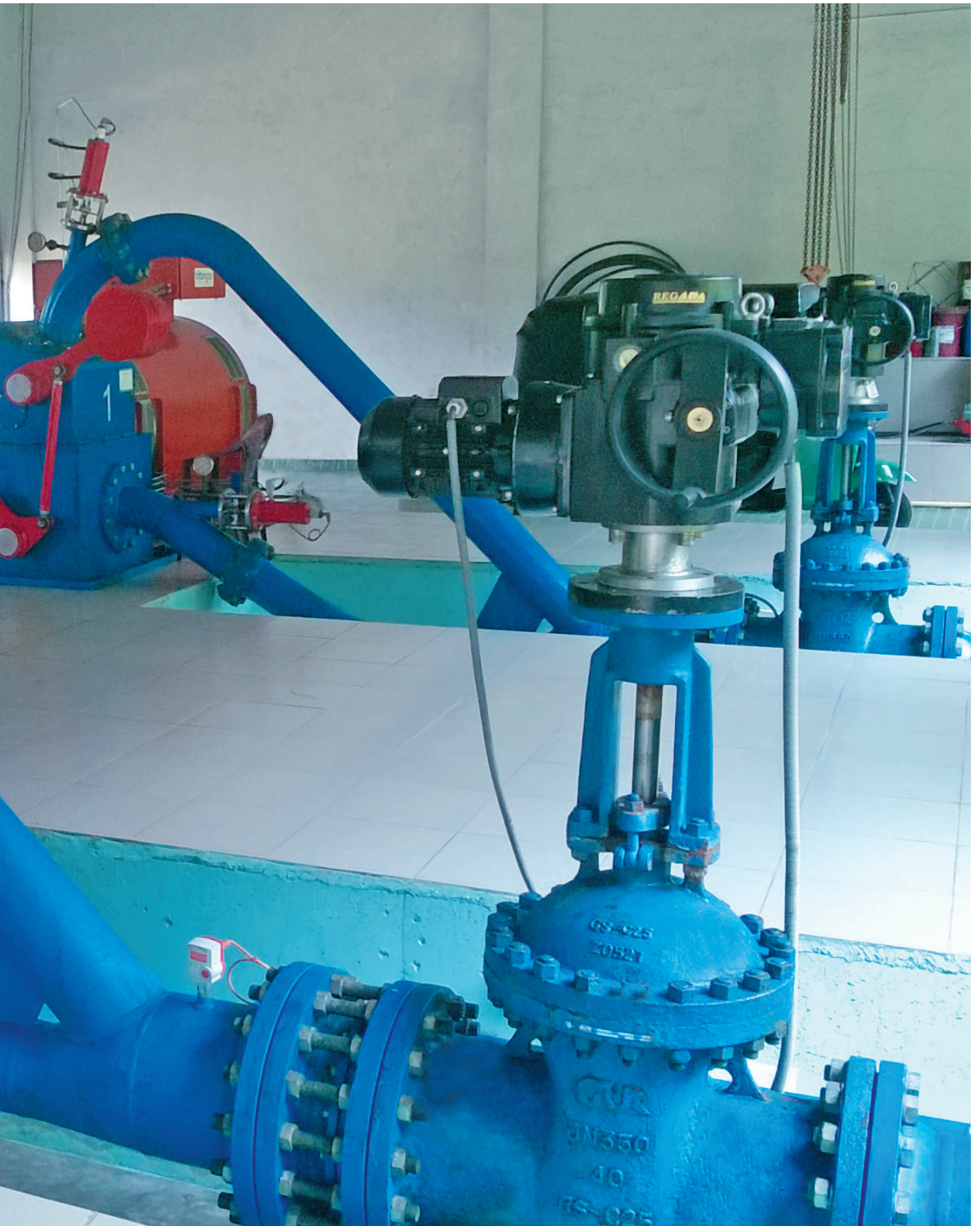
3.6 KWh (Mn) - FY 16/17

Catchment Area

Kurundu Oya & High Forest

Manelwala
Mini Hydropower Project

2.4 Mega Watts





Key Objectives & Initiatives implemented during 2016/17 The year had been successful with the commissioning of the Padiyapelella Hydropower Limited and the new plant generated 1.7 million KW in March 2017. Additionally, Bidding for the 10 MW Solar Power Projects each 5 MW located in Ampara & Polonnaruwa in July 2017 and seeking further expansion of the Hydropower sector with new projects.

Management Discussion and Analysis

Overview of the Global Economy

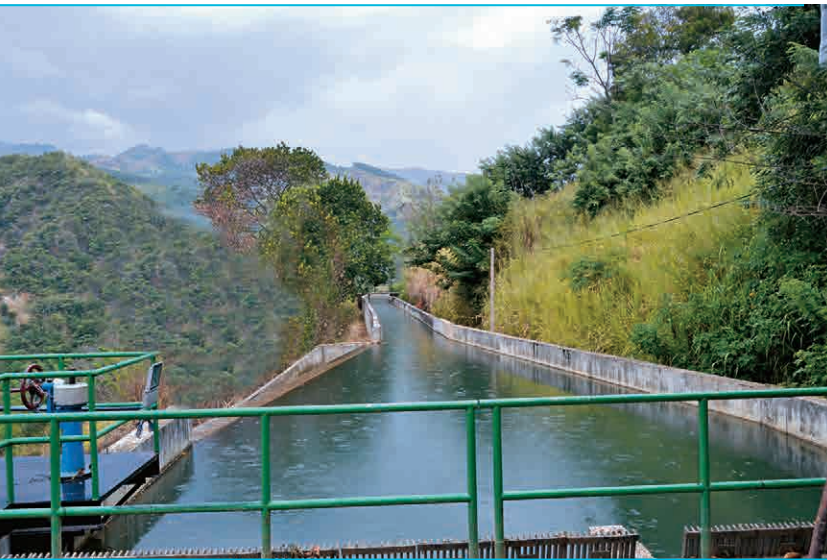
The global macroeconomic scenario situation is currently a rough terrain and uncertain; a global growth is marked in the year 2016-17 was moderated. The situation has been exacerbated by; reduction of prices for a range of goods, where the reduction in the price of crude oil is most clearly, financial markets turmoil and volatile exchange rates. These conditions reflect the behavior of risk aversion among global investors against and many and especially raw materials exporting economies under significant stress. In this light, the FY16 was a year of adjustment and the management of expectations. The expectations of the global GDP growth in many quarters were lower than 3%. In the past year, the global economy was hit by the debt crisis, the Greek, and Chinese devaluation and then of the crash of the goods in a crisis of rectifying the effort although the markets for equities and commodities have experienced a rough recovery. This is due to the BOJ (Bank of Japan) and of the ECB (European Central Bank) implemented NIRP (interest rate policies due to negative) increased rates by the Federal Reserve in the United States. The faith of this recovery seems limited at the moment, and this is reflected in a

steady decline in the majority of the raw material prices.

The expectation of the long-term growth of the developed countries was in regards to the aging of the population, the overlap of the debts and low productivity growth. This pushed the yield on the market for at least several decades. The narrative in Emerging Markets is also similar with growth expectation of Emerging Markets countries having also been downgraded to around 4.5% level down from an average of 6.5% in the previous decade. Most of the EM countries are net exporters of commodities, and that has left them vulnerable in this low commodity price scenario. The Emerging Markets corporate bond spreads are still low however we have seen some rise in spreads in China. Most of the central banks in EM region including China have pumped liquidity into the system through its recent policy moves, and this has helped the markets. However, this has left Emerging Markets vulnerable to any global economic crisis.

The Sri Lankan Economy

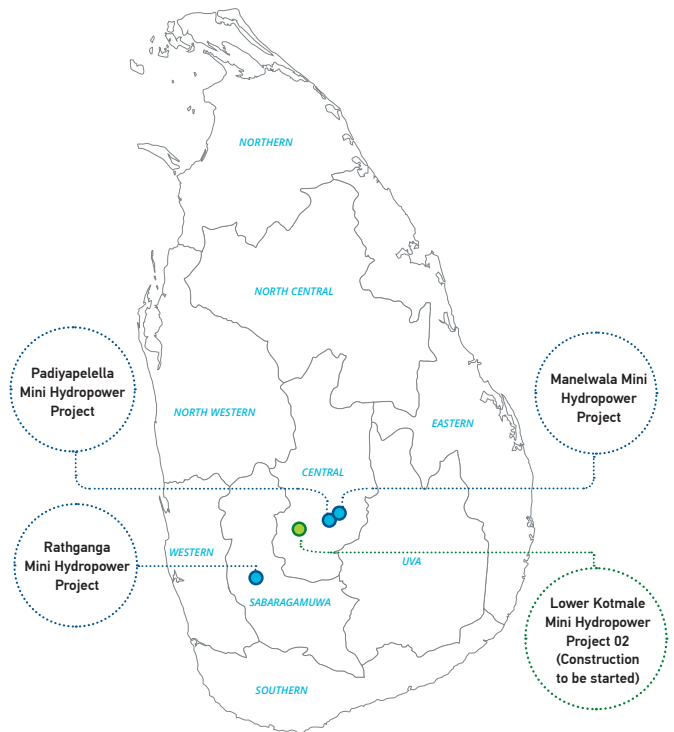
Economic growth slowed overall in 2016, while GDP growth did manage to accelerate in Q4 on the back of rapidly expanding industrial and services sectors, which together account for rough nine-tenths of domestic production, the economy was left reeling from a growing humanitarian crisis as the agricultural sector suffered significant losses. Soaring food prices have contributed to higher inflation this year, despite recent measures to curb import taxes on rice. Tax revenue is expected to fall sharply this year as the extent of the damage becomes clearer, threatening to undermine the fiscal deficit and the government's commitment to narrow it as part of last year's USD 1.5 billion IMF loan program. In June 2016, the International Monetary Fund approved a 36-month Extended Fund Facility



arrangement to support Sri Lanka's economic reform agenda. The primary efforts are to boost the tax ratio, reduce the budget deficit, rebuild foreign exchange reserves, and improve public financial management, including of state-owned enterprises. Gross domestic product grew by 5.2% in the first quarter and then slumped to 2.6% in the second to hold growth in the first half of 2016 to 3.9% year on year.

Economic Update

The economic environment has a direct impact on commercial activities and financial performance of Panasian Power PLC. Our activities are affected by economic growth, operating expenses and capital expenditures are affected by inflation, and the income of investments is influenced by fluctuations in interest rates and the performance of the stock market. The services sector, which is a pillar of the economy, has reported an increased performance, particularly in the financial service industry. The industrial sector showed an encouraging growth resulting from the resumption of construction activities. The agricultural sector has continued to be affected by unfavourable climatic conditions, which prevailed during part of the year. The greatest economic growth, coupled with the reduction of inflation and the increase in GDP per capita and disposable income, is a favourable environment for the growth of the industry of the energy sector.

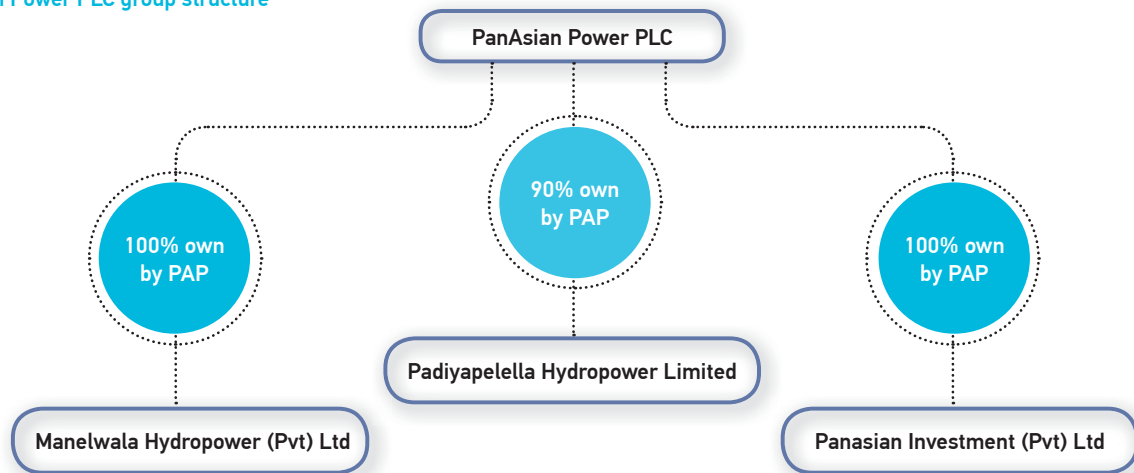


External reserves and exchange rates

Sri Lanka's gross official reserves are estimated to be USD 6.0 billion in November 2016, mainly strengthened by the dual tranche international bond issue and a three year Extended Fund Facility from the IMF. These were obtained with the view of enhancing the external reserve position of the country and supporting the government's broad

Management Discussion and Analysis

Panasian Power PLC group structure



economic reform agenda. In July 2016 the government issued USD 1.5 billion dual tranche sovereign bonds (USD 500 million for 5.5 years and USD 1.0 billion for ten years) and in June 2016 the government secured USD 1.5 billion Extended Fund Facility from the IMF. During the year, there was an increase in long term loans to the government, even though foreign investments in government securities witnessed a decrease due to the expected hike in US interest rates prompting some withdrawal of funds from Asian markets. Increased earnings from tourism and worker remittances supported Sri Lanka's foreign reserves. The LKR depreciated 3.8 percent during 2016/17. The strain on foreign exchange reserve and movements in foreign exchange rates in international markets has limited the ability of the government to maintain a steady exchange rate. This together with the further anticipated increase in US interest rates during mid-2017 and the foreign debt repayments scheduled for mid-2017 may lead to further weakening of the rupee. The weakening of external reserves and possible depreciation of the LKR will impact inflation due to the increase in prices of imported items, and influence interest rates due

to monetary policy action to maintain appropriate levels of foreign currency reserves.

Key Objectives & Initiatives implemented during 2016/17

The year had been successful with the commissioning of the Padiyapelella Hydropower Limited and the new plant generated 1.7 million KW in March 2017. The continuous effort of the Board and the management in resolving the hindrances have resulted in achieving this key milestone. Additionally, Bidding for the 10 MW Solar Power Projects each 5 MW located in Ampara & Polonnaruwa in July 2017 and seeking further expansion of the Hydropower sector with new projects.

Financial overview

The Group reported the consolidated revenue of Rs. 204.5 for the year under review and revenue dropped 30% Year-on-Year and subsequently recorded a net profit of Rs. 21 Mn during the period under review compared to Rs. 135 Mn in the previous year. Furthermore, EBIT dropped to 109 Mn from 200 Mn compared to the previous year, and the administrative costs increased by 30%. The Group's net finance cost increased to Rs. 78.5 Mn from Rs. 50 Mn reported in the previous year besides the tax expense decreased by 36.5% compared to previous year mainly due to 5.6 Mn reduction in income tax compared to previous reporting period.

Group Revenue:

205 Mn Last year
287 Mn

Group Net Profit:

21 Mn Last year
135 Mn

EBIT

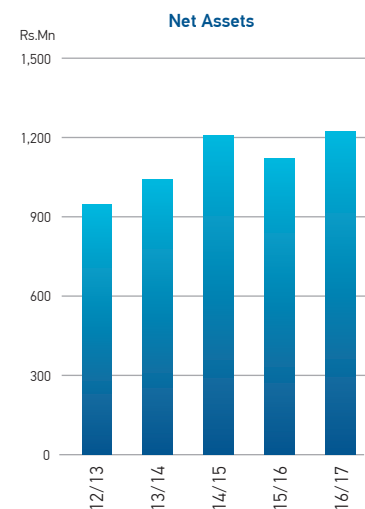
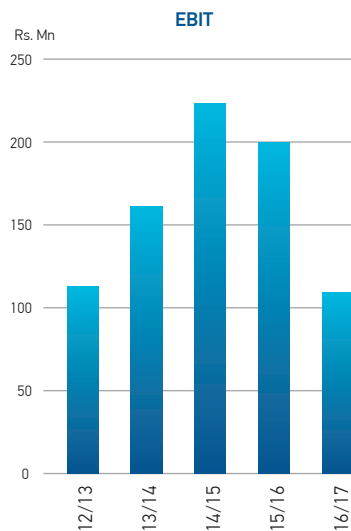
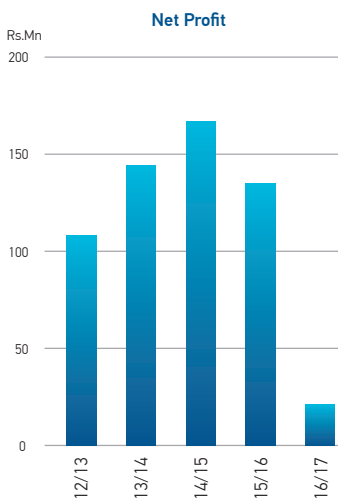
109 Mn Last year
200 Mn

Interest cost:

78.5 Mn Last year
50 Mn

Net Assets:

1.2 Bn Last year
1.1 Bn



Management Discussion and Analysis

Corporate Social Responsibility activities

Panasian Power PLC has a long-standing culture of being part of the communities where our people live and work. We continue to look for opportunities for our business to be open and accessible to our Investors, the people of Sri Lanka. Our stakeholders encompass a broad cross-section of government, industry and community sectors. We understand that we have the potential to impact our people through our activities.

Therefore We:

- aim to have a regular, open and transparent dialogue with our community
- aim to make a genuine difference in the communities in which we operate
- work with our customers, stakeholders, suppliers, and partners to contribute to a sustainable future.



We have initiated and serviced our communities with the below CSR activities for the concluded financial year 2016/2017:

- Sponsorship for prizes for the Environmental day held by the Walapane Pradeshiya Sabha.
- Donation Made - Donation for victims of landslide which incurred at Aranayaka (garments and other essentials were donated)
- Sponsorship for prizes for the Environmental day held by the Walapane Pradeshiya Sabha.
- Donation made for "Rankoth Rajamaha Viharaya located in Gileemale, Rathnapura for the Poson poya ceremony with Roofing sheets.
- Donating chairs for Raththurugala death donation society.
- Excavation and preparation of the 2.5 Km Pradeshiya Sabha road in Padiyapelella as this helps villagers to have proper access to their houses and agricultural lands.

Financial Review

Revenue

The Group reported the consolidated revenue of Rs. 204.5 for the year under review and revenue dropped 30% Year-on-Year. This was mainly due to 23% reduction in electricity generation compared to previous year. The Group's electricity generation for the period under review was 14Mn Units (kWh) and 18.3Mn Units (kWh) generated in the previous year. The Group revenue further declined with the reduction in avoided-cost-tariff by 4% with effect from 1st January 2016.

Profitability

Group recorded a net profit of Rs. 21 Mn during the period under review compared to Rs. 135 Mn in the previous year. The reduction in Group net profit is due to a reduction in the revenue from electricity generation and increase in net finance cost by 57% compared to year 2015/16. For the financial year, the Group's net finance cost increased to Rs. 78.5 Mn from Rs. 50 Mn reported in the previous year. The Group's EBIT dropped to 109 Mn from 200 Mn compared to last year, and Group administrative costs increased by 30% mainly resulting, commissioning of Padiyapelella Plant in the financial year.

Taxation

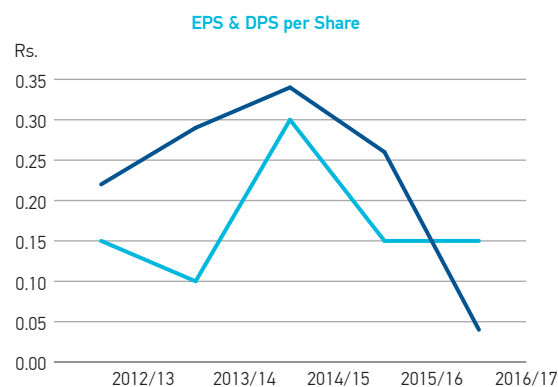
Group taxes included both Income Tax and Deferred Tax and the net result of income tax and differed tax is shown in the Statement of Comprehensive Income. The tax expense of the Group decreased by 36.5% compared to previous year mainly due to 5.6 Mn reduction in income tax compared to previous reporting period. Deferred tax increased as a result of capitalizing Property, Plant, and Equipment in Padiyapelella Hydropower Limited with commissioning the plant and reduction in net profit of Manelwala Hydropower (Pvt) Ltd, which was the only taxable Company in the Group for this financial year. Panasian power PLC enjoyed 15 years tax holiday period from 2002/03 to 2016/17 under the section 18A of the Inland Revenue Act No. 38 of 2000 (subsequently governed by Section 218 (2) of the Inland Revenue Act 10 of 2006). Manelwala Hydropower (Pvt) Ltd., pays tax at 12% under section 59E of Inland Revenue Act No. 10 of 2016. Padiyapelella Hydropower Limited enjoys tax holiday period of 5 years pursuant to the agreement entered into with the Board of Investment of Sri Lanka.

Liquidity and Asset Management

The current ratio reduced to 0.66 times from 15 times compared to previous year, mainly due to investment in balanced construction of Padiyapelella Plant during the year under review. The fixed assets turnover for the year reduced to 0.1 times from 0.17 times recorded in the previous year due to capitalization of the Padiyapelella Plant cost in March 2017.

Shareholder Return

EPS of the Group dropped to Rs. 0.04 from 0.27 reported in a preceding year and the DPS remains same as last year amounted to Rs. 0.15



Net assets per share show a marginal increase to 2.44 from 2.23 reported in a preceding year.

Capital Structure

The total shareholders' funds attributable to Equity Holders of the Company increased to 1.2 Bn with a 9% increase compared to the previous year shows Company's commitment towards maintaining a healthy capital structure.

Financial Leverage

The debt to equity ratio increased to 0.69 times compared to 0.59 times reported in the preceding year. Long term loan obtained for the balance construction works of Padiyapelella Hydropower Project reflected in these indicators.

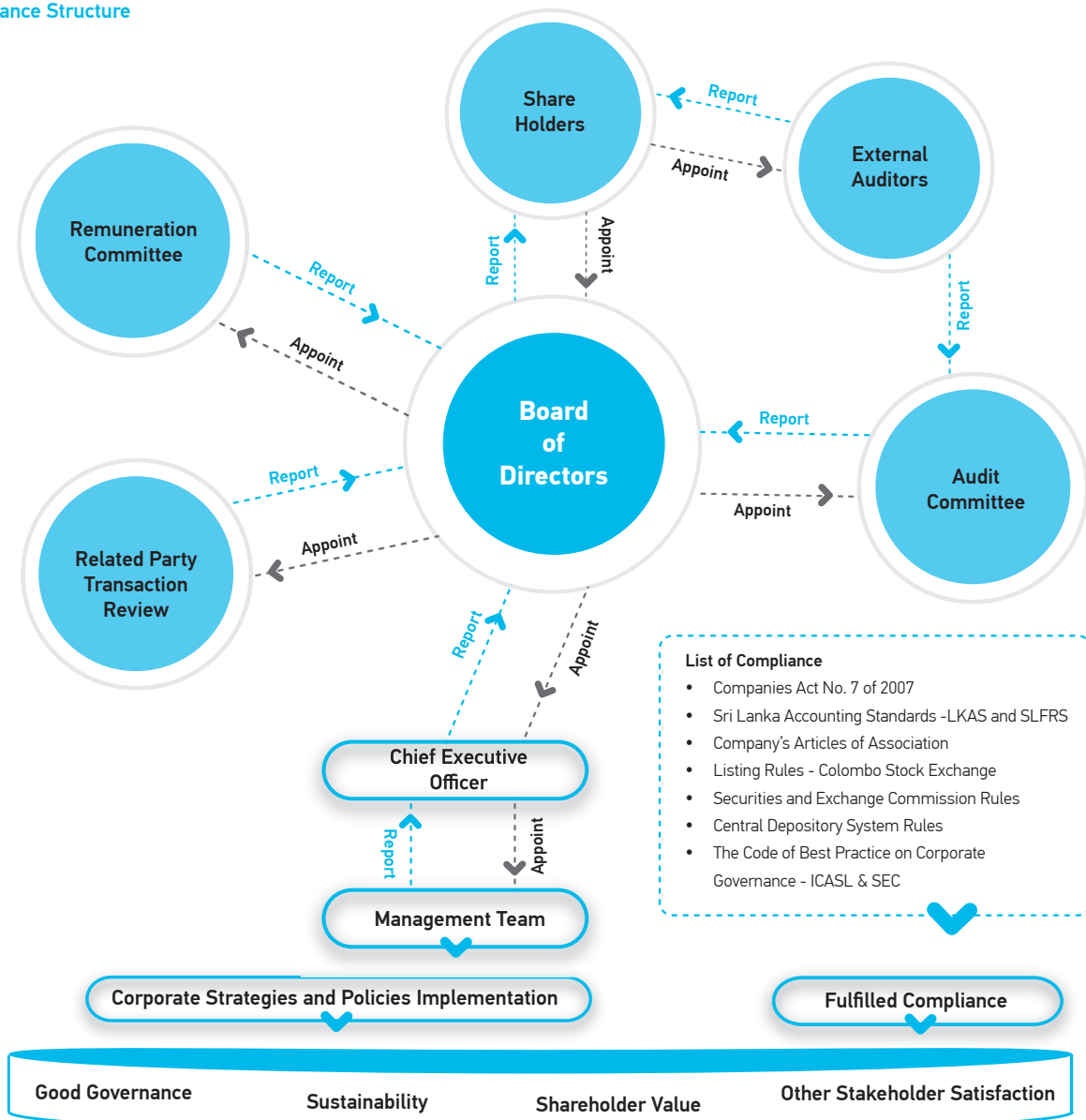
Corporate Governance

The Board of Directors of Panasian PLC is committed to upholding the highest standards of integrity and transparency in its governance of the Company and its subsidiaries.

The Company operates within an integrated governance framework formulated after taking into consideration the mandatory compliance

of the Listing Rules of the Colombo Stock Exchange, voluntary compliance of The Code of Best Practice of Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka (ICASL) and the Securities and Exchange Commission (SEC) of Sri Lanka

Governance Structure



Compliance to Corporate Governance

The level of compliance of PanAsian Power PLC to the Code of best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka & the Securities & Exchange Commission of Sri Lanka is described below:

Corporate Governance Principle	Principle No	Level of Compliance																																																													
Directors																																																															
Frequency of Board Meetings	A.1.1	<p>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.</p> <p>Apart from Board meetings, the Board also takes decisions via circular resolutions, which are required to be signed by all the Directors.</p> <p>The attendance of Directors at the Board and Committee meetings held during the year is depicted below:</p> <table border="1"> <thead> <tr> <th>Name of Director</th> <th>Board Meeting</th> </tr> </thead> <tbody> <tr> <td>Dr P Ramanujam</td> <td>8/8</td> </tr> <tr> <td>Mr T Someswaran</td> <td>8/8</td> </tr> <tr> <td>Mr D Sooriyaarachchi</td> <td>8/8</td> </tr> <tr> <td>Mr K Nanayakkara</td> <td>3/8</td> </tr> <tr> <td>Mr R Ameen</td> <td>3/8</td> </tr> <tr> <td>Mr S Madanayake</td> <td>2/8</td> </tr> <tr> <td>Mr R Sangani</td> <td>6/8</td> </tr> <tr> <td>Mr A Weerasinghe</td> <td>8/8</td> </tr> <tr> <td>Mr S Farook</td> <td>8/8</td> </tr> </tbody> </table> <p>Sub Committees</p> <table border="1"> <thead> <tr> <th rowspan="2">Name of Director</th> <th colspan="2">Audit Committee Meeting</th> <th colspan="2">Remuneration Committee Meeting</th> <th colspan="2">Related Party Transaction Review Committee</th> </tr> <tr> <th>Capacity</th> <th>No. of meetings attended</th> <th>Capacity</th> <th>No. of meetings attended</th> <th>Capacity</th> <th>No. of meetings attended</th> </tr> </thead> <tbody> <tr> <td>Mr T Someswaran</td> <td>Chairman</td> <td>3/3</td> <td>Member</td> <td>N/A</td> <td>Chairman</td> <td>1/1</td> </tr> <tr> <td>Mr D Sooriyaarachchi</td> <td>Member</td> <td>3/3</td> <td>Chairman</td> <td>N/A</td> <td>Member</td> <td>1/1</td> </tr> <tr> <td>Mr S M Farook</td> <td colspan="2">N/A</td> <td>Member</td> <td>N/A</td> <td colspan="2">N/A</td> </tr> <tr> <td>Mr A Weerasinghe</td> <td>Member</td> <td>3/3</td> <td colspan="2">N/A</td> <td>Member</td> <td>1/1</td> </tr> </tbody> </table>	Name of Director	Board Meeting	Dr P Ramanujam	8/8	Mr T Someswaran	8/8	Mr D Sooriyaarachchi	8/8	Mr K Nanayakkara	3/8	Mr R Ameen	3/8	Mr S Madanayake	2/8	Mr R Sangani	6/8	Mr A Weerasinghe	8/8	Mr S Farook	8/8	Name of Director	Audit Committee Meeting		Remuneration Committee Meeting		Related Party Transaction Review Committee		Capacity	No. of meetings attended	Capacity	No. of meetings attended	Capacity	No. of meetings attended	Mr T Someswaran	Chairman	3/3	Member	N/A	Chairman	1/1	Mr D Sooriyaarachchi	Member	3/3	Chairman	N/A	Member	1/1	Mr S M Farook	N/A		Member	N/A	N/A		Mr A Weerasinghe	Member	3/3	N/A		Member	1/1
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Corporate Governance

Corporate Governance Principle	Principle No	Level of Compliance
Directors		
Responsibilities of the Board	A.1.2	<p>The Board of Directors is responsible for ensuring: -</p> <ul style="list-style-type: none"> • the formulation, implementation & monitoring of strategy • effective systems are in place to secure the integrity of information, internal controls & risk management • compliance with laws, regulations and ethical standards • all stakeholder interests are considered in corporate decisions; <p>The Board has delegated several 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 detailed under the relevant sections of this Report.</p>
Compliance with Laws & independent Professional advice	A 1.3	<p>The Directors individually & collectively as a Board act in accordance with the laws applicable to the business enterprise.</p> <p>In discharging their duties, the Directors seek independent professional advice from external parties when necessary at the expense of the Company.</p>
Company Secretary	A 1.4	<p>The Directors' have access to the advice and services of the Company Secretary. The Company Secretary ensures that Board Procedures, relevant statutory obligations and other applicable rules and regulations are complied with.</p>
Independent judgment	A1.5	<p>All Directors exercise independent judgment in all decisions pertaining to strategy, performance, resource allocation and standards of business conduct.</p>
Dedication of adequate time & effort	A 1.6	<p>Board members dedicate adequate time and effort to fulfill their duties & responsibilities as Directors of the Company and ensure that they are satisfactorily discharged.</p>
Training for new and existing Directors	A 1.7	<p>Directors are encouraged to participate in continuous professional and self-development activities.</p>
Separation of role Chairman & CEO	A 2.1	<p>Considering the scale of operations of the company it has been considered appropriate not to separate the role of the Chairman and CEO</p>
Chairman's Role	A 3.1	<p>The Chairman is responsible for preserving order and facilitating the effective discharge of Board functions.</p> <p>The Chairman in running of the Board facilitates the effective discharge of board proceedings and ensures: -</p> <ul style="list-style-type: none"> • 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	<p>The Board includes directors, who possess the necessary knowledge and competence to offer the Board guidance on financial matters.</p>
Board Balance	A 5.1	<p>The Board comprises of the Chairman/CEO, a Executive Director and four Non-Executive Directors of whom two are Independent Directors. The profiles of the Non-Executive Directors are given on pages 10 & 14 of this Annual Report.</p>

Corporate Governance Principle	Principle No	Level of Compliance
Independent Directors	A 5.2	Two out of the six Non-Executive Directors are considered independent.
	A 5.3	Board considers Non-Executive Director's independence on annual basis. Each is independent of management and free from any relationship that can interfere with independent judgment.
	A 5.4	The Independent Directors have submitted written Declarations of their independence as required by section 7.10.2(b) of the Listing rules.
	A 5.5	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 Mr T Someswaran alternate director for Mr D Sooriyaarachchi Mr D Sooriyaarachchi alternate director for Mr T Someswaran
Meeting of Non-Executive Directors	A 5.9	The Chairman meets with the Non-Executive Directors without the presence of the Executive Director on a need basis.
Recording of concerns in Board Minutes	A 5.10	Concerns raised by the Directors on matters of the Company, which cannot be resolved unanimously are duly recorded in the Board minutes.
Managements obligation to provide appropriate & timely information	A 6.1	The Board is provided with timely information in an appropriate manner enabling it to discharge its duties effectively.
Adequate time for Board documents	A 6.2	The Agenda for the Board meeting and connected discussion papers are circulated to the Directors in advance to facilitate the effective conduct of the meeting.
Appointments to the Board	A 7.1	The Board has not established a Nominations Committee to make recommendations on Board appointments.
	A 7.2	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
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

Corporate Governance

Corporate Governance Principle	Principle No	Level of Compliance
Disclosure of information in respect of Directors	A 10.1	The names of the Directors of the Board and their profiles are disclosed on pages 10 to 14 of this Report. Their qualifications, nature of expertise in relevant functional areas. Membership 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.
Appraisal of the Chief Executive Officer	A 11	Board evaluates the performance of CEO annually.
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.
Remuneration of the Non- Executive Directors	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 2.1	The committee ensures that the remuneration of executives at each level of manage is competitive and is line with their performance. Surveyors are conducted as and when necessary to ensure that the remuneration is on par with those of competitive companies.
	B 2.2	
Comparison of remuneration within the Group	B 2.3	When determine annual salary increments remuneration and employment conditions are concerned.
Performance based Remuneration	B 2.4	The Remuneration Committee reviews the performance of the Executive Directors and senior management and the performance bonus is based upon the achievement of goals and targets by the individual and the respective subsidiary to which such individual is attached.
Executive share options	B 2.5	The Company does not have executive share option scheme.
Designing the remuneration	B 2.6	Performance-related remuneration is designed by the Remuneration Committee based on the provisions set out.
Early Termination of Directors	B 2.7	The Remuneration Committee determines the remuneration of Directors in the event of early termination.
	B 2.8	
Remuneration for Non-Executive Directors	B 2.9	Remuneration of Non-Executive Directors determines their time commitment and responsibilities of their role and market practices.
Disclosure of remuneration	B 3.1	The total remuneration paid to the Directors are disclosed in Note 8 to the Financial statement

Corporate Governance Principle	Principle No	Level of Compliance
Relations with Shareholders		
Use of 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.13.	The chairpersons of the Audit and Remuneration Committees are present at the AGM to answer any questions raised by the shareholders if so requested by the Chairman
Adequate notice of AGM	C.1.4	The Notice of the Annual General Meeting and the relevant documents are published and dispatched to the shareholders within 15 working days prior to the meeting as required by Section 135(1) of the Companies Act No. 7 of 2007
Procedure for voting	C.1.5	The procedure governing votes at the General Meeting is circulated with the Notice of Meeting
Effective Communication with shareholders	C 2.1 C 2.2 C 2.3	The Company encourages effective communication with the shareholders and answers queries and concerns of shareholders through the Company Secretaries and Registrars.
Contact person in relation to shareholders matters.	C 2.4 C 2.6	Contact person for matters of shareholders are secretaries.
Process to make all directors aware of major issues and concerns of shareholders and responding them		The Company Secretaries maintain a record of all correspondence received and will deliver such correspondence to the Board or individual Director as applicable. The Board or individual Director, as applicable, will generate an appropriate response to all validly received shareholder correspondence and will direct the Company Secretaries to send the response to the particular shareholder.
Major transaction	C 3.1	The Directors ensure that any corporate transaction that would materially affect the net asset base of the Company or the Group is communicated to the shareholders and approval obtained in accordance with the statutes.
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	D1.2.	The Declarations required to be made by the Board is given in the Annual Report of the Board of Directors.
Statement of Directors and Auditors responsibility for the financial statement	D1.3	The statement of Directors responsibility in preparation of the Financial Statements is given on page 44 while the independent auditors report on page 45 state the Auditors responsibility for the Financial Statements
Management Discussion Analysis	D.1.4	Management discussion and analysis and Financial Review are given on pages 18 to 22 of this report

Corporate Governance

Corporate Governance Principle	Principle No	Level of Compliance
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 is disclosed on Note 27 to the Financial Statements
Internal Control	D 2.1	The Board has established an effective system of internal control to safeguard the assets of the Company.
Internal Audit	D 2.2	An Internal Audit is executed during the period under review and supervision is done by Audit Committee.
Internal Control and Risk Management	D 2.3	Audit committee monitors, reviews, and evaluate the effectiveness of the risk management and internal control system including the internal controls over financial reporting
Composition of the Audit Committee	D 3.1	The Audit Committee consists of two Independent Directors and one Non-Executive Director. The Chairman of the Committee is an independent Director appointed by the Board
Duties	D 3.2	<p>The duties of the Audit Committee include keeping under review the scope & results of the internal and external audit and its effectiveness and the independence and objectivity of the external auditors.</p> <p>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.</p>
Terms of Reference	D 3.3	The Audit Committee assists the Board in discharging its duty in ensuring that the Group's internal controls and conduct of business are in accordance with the best practices appropriate to the Company. The Audit Committee evaluates the performance of the external auditors and makes its recommendation to the Board of Directors on their re-appointment or removal which is subject to the approval of the shareholders at the Annual General Meeting
Disclosures	D 3.4	The report of the Audit Committee is available on page 35 which includes the names of the members
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 & Other 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 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.

Corporate Governance Principle	Principle No	Level of Compliance
Other Investors		
Investing & 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

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)	Declaration of Independence	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)	Disclosures relating to Directors	A brief resume of each Director should be included in the Annual Report, including his area of expertise.	Complied
7.10.3(d)	Disclosures relating to Directors	Upon appointment of a new Director a brief resume of the Director 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 equivalent role.	Complied

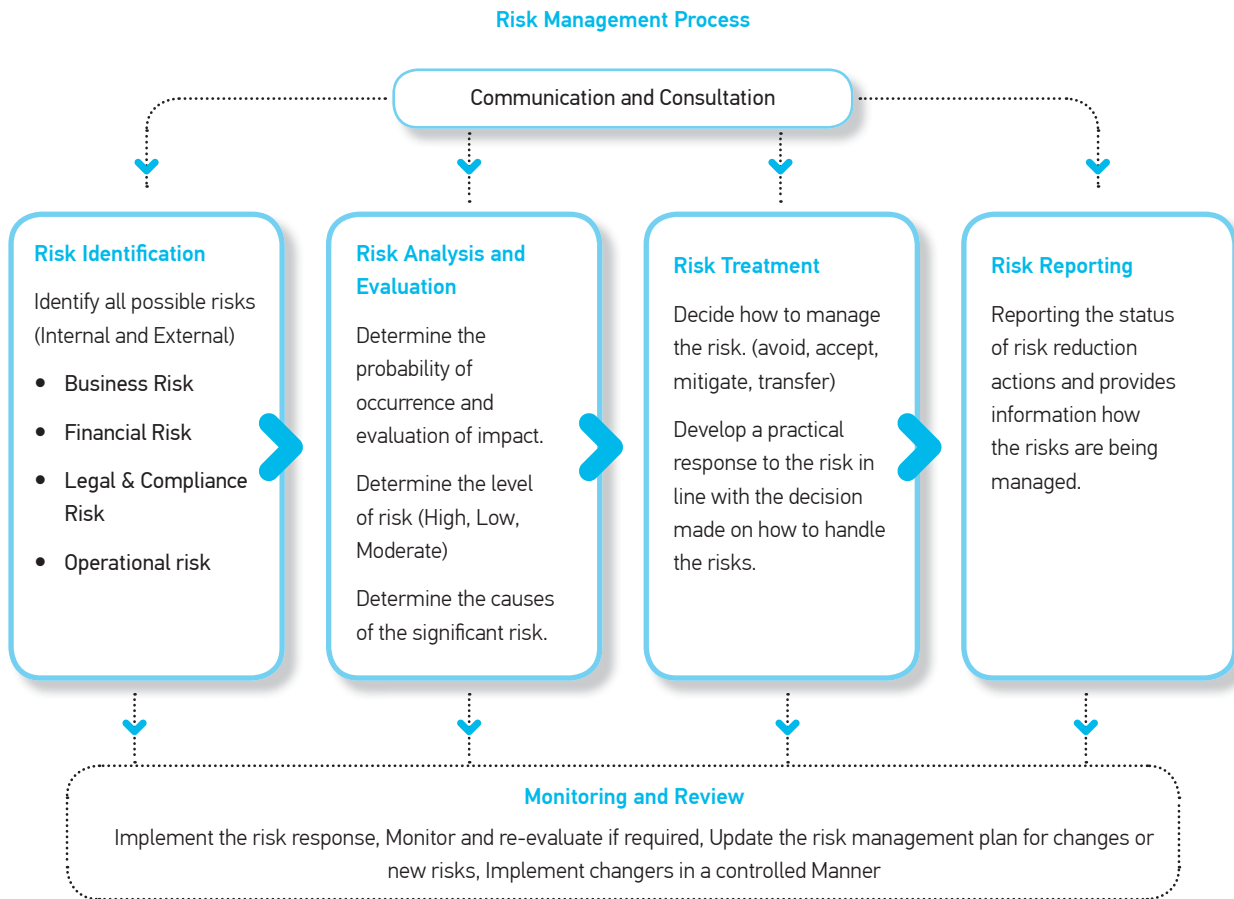
Corporate Governance

CSE Rule No.	Applicable Rule	Requirement	Status of compliance
Board of Directors			
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	<p>The committee shall comprise Non-Executive Directors a majority of who shall be independent.</p> <p>The Chairman shall be a Non-Executive director.</p> <p>The Chairman or a member should be a member of a recognized professional accounting body.</p>	Complied
7.10.6. (b)	Functions	<p>Overseeing the preparation, presentation and adequacy of the disclosures in the financial statements in accordance with the SLAS.</p> <p>Overseeing compliance with financial reporting related regulations and requirements.</p> <p>Overseeing the processes to ensure that internal controls and risk management are adequate.</p> <p>Assessing the independence and performance of the external auditors.</p> <p>Recommending to the board the appointment, re- appointment and removal of the external auditors and approving their remuneration and terms of engagement.</p>	Complied
7.10.6. (c)	Disclosure in the Annual Report	<p>The names of the members of the Audit Committee should be disclosed in the Annual Report</p> <p>The committee to determine the independence of Auditors and disclose the basis of such determination in the Annual Report.</p> <p>Annual Report to contain a report by the Audit Committee setting out the manner of compliance in relation with their functions.</p>	Complied

Risk Management

Risk Management

Panasian Power implemented an effective Risk Management process which comprises identification of risks, analysing the impact with evaluation and responding with appropriate strategies.



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

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.

Risk Management

Key Risks

Risks	Responses
Business Risk	
<p>Failure to implement strategic plans, Revenue improvement & cost saving initiatives and undertake profitable investments.</p> <p>The inability of the group to achieve its business objectives.</p>	<p>Strategies are reviewed and redefined to match best with industry changes while regular review of plant performance and continuous improvements to the systems are being practiced.</p> <p>Cost saving has given top most priority through monitoring and control of operations.</p> <p>New investments undergo thorough appraisal procedures before commitment through internally and also by independent consultants.</p> <p>Necessary procedures have been implemented to avoid reduction in revenue, cashflow, profitability and damages to investor confidence.</p>
Financial Risk	
Credit Risk	
Defaults or delays in debtor's settlements (Ceylon Electricity Board)	Transactions executed in line with Standard Power Purchase Agreement entered into with the CEB and positive relationship and close follow up on collections
Interest rate Risk	
Adverse results on profitability as result of adverse movement of interest rate	Clear agreement with financiers for debt at the financial closure and timely negotiations with them in order to get best interest rate revisions for the debt.
Project cost overrun Risk	
Adverse impact on estimated project returns and exceeding budgeted project cost.	Estimating accurate project cost with the assistance of Experts, detailed planning and budgetary control over projects.
Legal & Compliance Risk	
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
Legal & Compliance Risk	
Social, Political and Environmental Risk	
Adverse social activities, political decisions and environmental conditions affect the revenue and continuity of the hydropower plants.	<p>Sustainability approach and continuous CSR initiatives has led our project to be part of society</p> <p>Strong SPPA agreement with CEB to cover project life and respond as an industry/sector for unfavourable political decisions.</p> <p>Maintaining adequate insurance covers for natural perils.</p> <p>Proper hydrology based generation forecasts</p>
Operational Risk	
Operational Risk	
Risks from break down of internal controls, processes and procedures.	<p>Existence of Internal Audit function throughout the period.</p> <p>Overlook by the Audit Committee</p>
HR Risk	
Risk arising as result of failure to attract, develop and retain skilled work force	Implementation of good HR Practices

Audit Committee Report

Composition of the Committee

The Committee comprised Mr Thirunavukarasu Someswaran, an Independent Non-Executive Director as the Chairman, Mr Deepal Sooriyaarachchi an Independent Non-Executive Director and Mr Amanda Weerasinghe, a Non-Executive Director. Mr Thirunavukarasu Someswaran resigned from the committee with effect from 29 March 2017 and Mr Deshan Pushparajah was appointed as an Independent Non-Executive Director and as Chairman of the audit committee on 18th May 2017. Mr Amanda Weerasinghe, a Non-Executive Director resigned from the Audit Committee with effect from 18th May 2017 and Mr Senthilverl Senthil Nandhanan was appointed as a Non-Executive Director with effect from 05th June 2017 and was appointed to the Audit committee with effect from 12th June 2017. The composition of the Committee is in accordance with the standard recommended by the Colombo Stock Exchange and a brief profile of the members of the Committee is included in pages 10 to 14.

Meetings

The Committee met four times during the year under review. The Chairman / CEO, and the Financial Controller were invited to attend its meetings.

The attendance of the members at these meetings is as follows:

Name of Director	Directorship Status	Attendance
Mr Thirunavakarasu Someswaran	Independent Non-Executive Director	4/4
Mr Deepal Sooriyaarachchi	Independent Non-Executive Director	4/4
Mr Amanda Weerasinghe	Non-Executive Director	4/4

Role of the Audit Committee

The members of the Audit Committee of Panasian Power PLC are appointed by the Board of Directors with the following objectives:

1. to assist the Board in its oversight of the integrity of the Financial Statements of the Company
2. to assess the adequacy of the Risk Management Framework of the Company
3. assess the independence and the performance of the Company's external audit function and internal audit functions, and review compliance of the Company with legal and regulatory requirements

The Committee focused on the below areas during the period under review

- Reviewed the adequacy and effectiveness of the Group's internal controls and risk management activities and highlighted the areas which required attention, and suggested recommendations to the Board.
- Ensured that the Group adheres to and complies with all relevant laws, rules and regulations of the country, international laws and codes of conduct and standards of conduct required by regulatory authorities, professional bodies and trade associations.
- Reviewed the Group's quarterly and annual financial statements, adequacy of disclosures, uniformity and appropriateness of the accounting policies adopted, major judgemental areas and ensured that they were in compliance with the Companies Act No. 7 of 2007, applicable Sri Lanka Accounting Standards and requirements of other regulatory bodies as applicable for the Group, and suggested recommendations in line with those requirements.
- Assessed the performance and effectiveness of the external auditors, and their independence and professional capabilities and made recommendations to the Board.
- Discussed the audited financial statements with external auditors and ensured that they were in conformity with the Sri Lanka Accounting Standards and other regulatory requirements.
- Reviewed and evaluated the independence and effectiveness of the Group's internal audit department and their resource requirements, and made recommendations for any required changes.
- The Chairman of the Audit Committee reports to the Board at each meeting on the activities of the Committee.

Re-Appointment of External Auditors

The Audit Committee having evaluated the performance of the external auditors, recommended to the Board the reappointment of Messrs KPMG, Chartered Accountants as the auditors of the Company for the current year, subject to approval of the shareholders at the forthcoming Annual General Meeting.



Mr A D Pushparajah
Chairman

Remuneration Committee Report

Composition of the Committee

The Remuneration Committee comprised with 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 as members. Mr Riad Ameen resigned from the committee with effect from 18 November 2016 and Mr Siddi Mohamed Farook was appointed to the Committee. Mr Thirunavukarasu Someswaran resigned from the committee on 29 March 2017 and Mr Siddi Mohamed Farook resigned from the committee on 18 May 2017. Mr Deshan Pushparajah an Independent Non-Executive Director and Mr P L Dilanka Jinadasa Non-Executive Director were appointed to the committee 18 May 2017. Mr Senthilvel Senthil Nandhanan was appointed as a Non-Executive Director with effect from 05th June 2017 and was appointed to Remuneration committee with effect from 12th June 2017. A brief profile of the members of the Committee is given on pages 10 to 14.

Role of the Remuneration Committee


The Committee evaluates the performance of the Chief Executive Officer, Key Management Personal and executive staff against the set objectives and goals, and determines the remuneration policy of the Company for all levels of employees. The Committee supports and advises the Board on remuneration and remuneration related matters and makes decisions under delegated authority with a view to aligning the interests of employees and shareholders.

Responsibilities

The main responsibilities of the Committee are as follows:

- Determine the policy of the remuneration package of the directors and the Management
- Evaluate the performance of the Managing Directors, Executive Directors and Key Management Personal
- determination the terms of any compensation package including compensation on termination of employment

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



Mr Deepal Sooriyaarachchi
Chairman

Related Party Transactions Review Committee Report

Composition of the Committee

The Board of Directors of Panasian Power PLC (PAP) adopted the Code of Best Practices on related party transactions issued by the Securities and Exchange Commission of Sri Lanka (SEC) and established the Related Party Transactions Review Committee (RPTRC) on 15 December 2015. The RPTRC 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. Mr Riad Ameen resigned from the committee and with effect from 18 November 2016 and Mr Amanda Weerasinghe was appointed to the committee. Mr Thirunavukarasu Someswaran resigned from the committee with effect from 29 March 2017 and Mr Deshan Pushparajah was appointed as an Independent Non-Executive Director and as the Chairman of the RPTRC on 18th May 2017. Mr Amanda Weerasinghe resigned from the committee with effect from 18th May 2017 and accordingly Dr Prathap Ramanujam was appointed to the committee. A brief profile of each member of the Committee is given on pages 10 to 14.

Meetings

The Committee met once during the year under review and all the members were attended to the meeting. Committee reviewed related party transactions carried out during the year under review as set out in Note 27 to financial statements.

Purpose of the Committee

The purpose of the committee is to conduct an independent review, approve and provide oversight of all actual related party transactions of the company and to ensure that the Company complies with the rules set out in the Code. Primarily the committee should ensure that the interests of the shareholders as a whole are taken into account when entering into related party transactions, and to prevent Directors, key management personnel or substantial shareholders from taking advantage of their positions.

Summary of Responsibilities of the Committee

According to the procedures laid down by the Section 9 of the Listing Rules of the Colombo Stock Exchange and responsibilities of the committee are as follows:

- Evaluate the Related Party Transactions and obtain the approval from the board wherever necessary.
- Review the threshold for Related Party Transactions which require shareholders' approval or immediate market disclosure.
- Review the criteria of Key Management Personnel.



Mr A D Pushparajah
Chairman





Padiyapalalla
Mini Hydropower Project

3.5 Mega Watts

Revenue

26.5Mn

Power Generation

1.7 KWh (Mn) - FY 16/17

Catchment Area

Piduruthalagala

Report of the Directors on the State of Affairs of the Company

The Board of Directors is pleased to present their Report and the Audited Financial Statements of the Company and Group for the year ended 31st March 2017. 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 2017 are given in pages 46 to 90 while the Auditor's Report on the Financial Statements is given on page 45 to this report.

Accounting Policies

The Accounting Policies adopted in preparation of Financial Statements are given on pages 50 to 62 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 2017 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. 999,570 (2015 – Rs. 903,600) and Rs. 526,570 (2016 – Rs 675,100) respectively. No donations were made for political purposes.

Directors and their share holdings

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 31.03.2017	As at 31.3.2016
Dr P Ramanujam	2,350,000	2,350,000
Mr D Sooriyaarachchi	Nil	Nil
Mr R M Sangani	Nil	Nil
Mr S M Farook	175,000	175,000
Mr A L Weerasinghe	Nil	Nil

The following directors resigned during the year.

Name	Resigned date
Mr M R Ameen	18 November 2016
Mr H A S Madanayake	21 November 2016
Mr T Someswaran	29 March 2016
Mr G A K Nanayakkara	24 October 2016

Board Committees

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

Audit Committee

Mr T Someswaran – Chairman
(resigned with effect from 29 March 2017)

Mr D Sooriyaarachchi

Mr A L Weerasinghe (resigned with effect from 18 May 2017)

Mr D Pushparajah (appointed with effect from 18 May 2017)

Mr S Senthil Nandhanan (appointed with effect from 12 June 2017)

Remuneration Committee

Mr D Sooriyaarachchi – Chairman

Mr T Someswaran (resigned with effect from 29 March 2017)

Mr R Ameen (resigned with effect from 18 November 2016)

Mr S M Farook (appointed with effect from 18 November 2016 and resigned with effect from 18 May 2017)

Mr D Pushparajah (appointed with effect from 18 May 2017)

Mr P L D Jinadasa (appointed with effect from 18 May 2017)

Mr S Senthin Nandhanan (appointed with effect from 12 June 2017)

Related Party Transaction Review Committee

Mr T Someswaran – Chairman

(resigned with effect from 29 March 2017)

Mr D Sooriyaarachchi

Mr R Ameen (resigned with effect from 18 November 2016)

Mr A L Weerasinghe

(Appointed with effect from 18 November 2016 and resigned with effect from 18 May 2017)

Mr D Pushparajah (appointed with effect from 18 May 2017)

Dr P Ramanujam (appointed with effect from 18 May 2017)

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 2017

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 2017 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. 319,000 (2016 – Rs. 290,000) as audit fees and no non-audit fees paid during the year under review (2016 – Rs. 245,000) for the Company.

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, 2017 (2016 – Rs 0.15)

Investments

Details of investments held by the Company are disclosed in Notes 14 and 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. 208,903,661 (2016 – Rs. 43,896,578) and Rs. 2,332,005 (2016 – 6,304,160) respectively.

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

Location	Extent	
	Leasehold	Freehold
Ratnapura	2A 0R 28.3P	2A 1R 5.16P
Walapane	2A 3R 4P	2A 2R 31.3P
Padiyapelella	27.1P	7A 0R 39.9P

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.

Report of the Directors on the State of Affairs of the Company

Reserves

Total Group reserves as at 31st March 2017 amount to Rs. 347,400,747 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 2017, has been disclosed in Note 30 to the financial statements.

Contingent Liabilities

There are no material contingent liabilities as at the year ended 31 March 2017 except for those shown in Note 31 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 32 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 decision are based on merit.

The total number of employees of the Group and the Company as at the year- end were 48 and 22 respectively (2016 – 35 and 21)

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

Taxation

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

Disclosure as per Colombo Stock Exchange Rule No.7.6

	2017	2016
Market price per shares as at 31st March	3.00	3.20
Highest share price during the year	3.60	4.00
Lowest share price during the year	2.50	2.90

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 was 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	60,851,590	48.52%	Re payable
Padiyapalla Hydropower Limited	Subsidiary	Fund transfer and Expense reimbursement	109,595,711	87.40%	Receivable

Shareholding

The number of registered shareholders of the Company as at 31st March, 2017 was 5975 and public holding percentage is 38.59% as at 31 March 2017. The distribution and analysis of shareholdings are given on pages 91 and 92.

Major Shareholders

The twenty largest shareholders/option holders of the Company as at 31st March 2017, together with an Analysis are given on page 91.

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, the Remuneration Committee report and the Related of Party Transactions Review Committee Report are given in pages 35 to 37.

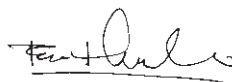
Annual General Meeting

The Annual General Meeting of the Company will be held at Auditorium of Ceylon Chamber of Commerce, Colombo 02 on 15th September 2017 at 9.30 A.M.

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



Dr Prathap Ramanujam
Chairman/ CEO



Mr P K Pathmanatha
Executive Director



S S P Corporate Services (Private) Limited,
Secretaries

14th August 2017

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 47 and 46 respectively)

The Board of Directors of the Company is 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 authorized 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 and LKSs;
- 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 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 45.

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, satisfies 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.

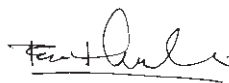
Compliance Report

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 arriving the financial results for the year under review

For and on behalf of the Board of
PANASIAN POWER PLC



Dr Prathap Ramanujam
Chairman / CEO



Mr P K Pathmanatha
Executive Director

Independent Auditor's Report



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

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Fax : +94 - 11 244 5872
+94 - 11 244 6058
+94 - 11 254 1249
Internet : www.kpmg.com/lk

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, 2017, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information set out on pages 46 to 90 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, 2017, 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, 2017, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.
 - The financial statements of the Company, and the Group comply with the requirements of sections 151 and 153 of the Companies Act No. 07 of 2007.

CHARTERED ACCOUNTANTS

Colombo

14th August 2017

M.R. Mihular FCA P.Y.S. Perera FCA C.P. Jayatilake FCA
T.J.S. Rajakarier FCA W.W.J.C. Perera FCA Ms. S. Joseph FCA
Ms. S.M.B. Jayasekara ACA W.K.D.C. Abeyratne FCA S.T.D.L. Perera FCA
G.A.U. Karunaratne FCA R.M.D.B. Rajapakse FCA Ms. B.K.D.T.N. Rodrigo FCA
R.H. Rajan ACA

Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA
Ms. C.T.K.N. Perera ACA

Statement of Profit or Loss and Other Comprehensive Income

		Group		Company	
For the year ended 31st March,		2017	2016	2017	2016
	Note	Rs.	Rs.	Rs.	Rs.
Revenue	5	204,567,345	287,187,421	125,395,386	166,548,590
Cost of electricity generated		(41,664,219)	(47,277,087)	(19,612,767)	(27,883,311)
Gross profit		162,903,126	239,910,334	105,782,619	138,665,279
Administrative expenses		(55,408,595)	(42,536,064)	(27,975,447)	(28,550,140)
Other income	6	1,869,565	2,792,793	1,869,565	38,949,183
Finance income	7.1	3,292,413	2,757,689	1,062,130	1,067,344
Finance costs	7.2	(81,846,397)	(52,797,371)	(80,834,857)	(52,689,681)
Net finance costs		(78,553,984)	(50,039,682)	(79,772,727)	(51,622,337)
Profit/ (loss) before taxation	8	30,810,112	150,127,381	(95,990)	97,441,985
Income tax expense	9	(9,665,480)	(15,220,197)	4,474,137	(3,750,499)
Profit for the year		21,144,632	134,907,184	4,378,147	93,691,486
Other comprehensive income for the year					
Items that will not be reclassified to profit or loss					
- Re-measurment of defined benefit obligation	20	(394,248)	145,657	(332,386)	125,710
- Deferred tax effect on Re-measurment of defined benefit obligation		59,854	(14,965)	52,457	(12,571)
- Revaluation of Property, plant and equipment	12	174,206,960	-	54,344,657	-
- Deferred tax effect on revaluation		(16,510,917)	-	(3,729,363)	-
Other comprehensive income for the year, net of tax		157,361,649	130,692	50,335,365	113,139
Total Comprehensive Income		178,506,281	135,037,876	54,713,512	93,804,625
Profit Atributable to:					
Owners of the Company		21,819,566	135,275,603	4,378,147	93,691,486
Non-controlling interests		(674,934)	(368,419)	-	-
		21,144,632	134,907,184	4,378,147	93,691,486
Total comprehensive income Atributable to:					
Owners of the Company		173,955,622	135,406,295	54,713,512	93,804,625
Non-controlling interests		4,550,659	(368,419)	-	-
		178,506,281	135,037,876	54,713,512	93,804,625
Earnings per share (Rs.)	10	0.04	0.27	0.01	0.19

The accounting policies and notes on pages 50 to 90 form an integral part of these financial statements.

The figures in bracket indicate deductions.

Statement of Financial Position

As at 31st March,	Note	Group			Company		
		2017 Rs.	2016 Rs. Restated	2015 Rs. Restated	2017 Rs.	2016 Rs. Restated	2015 Rs. Restated
Assets							
Non-current assets							
Property, plant and equipment	12	1,581,806,819	1,221,725,665	1,194,969,493	269,748,655	221,110,713	223,540,731
Intangible assets	13	466,544,153	468,214,885	470,164,081	2,454,136	3,696,297	5,216,922
Investment in subsidiaries	14	-	-	-	1,142,177,694	1,142,177,694	1,142,177,694
Total non-current assets		2,048,350,972	1,689,940,550	1,665,133,574	1,414,380,485	1,366,984,704	1,370,935,347
Current assets							
Investment in unit trust	15	878,393	65,705,848	-	878,393	20,217,184	-
Trade and other receivables	16	81,309,911	55,367,035	89,962,011	11,612,470	11,651,133	29,119,601
Amount due from related companies	17	-	-	-	440,165,442	330,569,731	292,093,772
Cash and cash equivalents	18	5,167,799	39,174,988	194,891,682	414,386	11,332,808	109,394,267
Total current assets		87,356,103	160,247,871	284,853,693	453,070,691	373,770,856	430,607,640
Total assets		2,135,707,075	1,850,188,421	1,949,987,267	1,867,451,176	1,740,755,560	1,801,542,987
Equity and liabilities							
Equity							
Stated capital	19	630,000,000	630,000,000	630,000,000	630,000,000	630,000,000	630,000,000
Revaluation reserves		243,960,597	91,824,541	91,824,541	113,494,335	62,879,041	62,879,041
Retained earnings		347,400,747	400,581,181	490,174,886	201,471,090	272,372,872	403,568,247
Equity attributable to owners of the Company		1,221,361,344	1,122,405,722	1,211,999,427	944,965,425	965,251,913	1,096,447,288
Non Controlling Interest		43,633,537	39,082,878	39,451,297	-	-	-
Total Equity		1,264,994,881	1,161,488,600	1,251,450,724	944,965,425	965,251,913	1,096,447,288
Non-current liabilities							
Employee benefits	20	5,018,452	3,502,078	2,865,586	4,527,020	3,194,597	2,571,913
Finance lease obligation	21	3,095,167	-	-	-	-	-
Interest bearing loans and borrowings	22	669,864,314	639,104,245	635,611,308	666,605,000	635,000,000	635,611,308
Deferred tax liabilities	23	59,514,819	35,771,325	28,554,041	12,689,674	14,032,619	10,507,594
Total non-current liabilities		737,492,752	678,377,648	667,030,935	683,821,694	652,227,216	648,690,815
Current liabilities							
Finance lease obligations	21	618,711	-	-	-	-	-
Interest bearing loans and borrowings	22	66,444,644	775,913	1,472,428	40,598,978	-	1,472,428
Amount due to related companies	24	-	-	-	181,107,764	120,256,173	49,297,328
Other payables and accruals	25	32,200,198	5,737,211	23,866,917	7,603,667	2,377,936	5,092,649
Income tax payable	26	1,603,172	3,809,049	6,166,263	789,020	642,322	542,479
Bank overdraft	18	32,352,717	-	-	8,564,628	-	-
Total current liabilities		133,219,442	10,322,173	31,505,608	238,664,057	123,276,431	56,404,884
Total liabilities		870,712,194	688,699,821	698,536,543	922,485,751	775,503,647	705,095,699
Total equity and liabilities		2,135,707,075	1,850,188,421	1,949,987,267	1,867,451,176	1,740,755,560	1,801,542,987

The accounting policies and notes on pages 50 to 90 form an integral part of these financial statements.

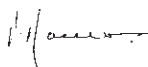
I certify that these financial statements are in compliance with the requirements of the Companies Act No. 07 of 2007.



Mr Sameera Gunawardena
Accountant

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 A D Pushparajah
Director

Colombo
14th August 2017

Statement of Changes in Equity

For the year ended 31st March,

	Stated capital Rs.	Revaluation reserve Rs.	Retained earnings Rs.	Total Rs.	Non-Controlling Interest Rs.	Total equity Rs.
Group						
Balance as at 01st April 2015 as previously reported	630,000,000	88,024,541	490,174,886	1,208,199,427	39,451,297	1,247,650,724
Impact of correction of error (Note 12.8)	-	3,800,000	-	3,800,000	-	3,800,000
Restated balance as of 01st April 2015	630,000,000	91,824,541	490,174,886	1,211,999,427	39,451,297	1,251,450,724
Total comprehensive income for the year						
- Profit	-	-	135,275,603	135,275,603	(368,419)	134,907,184
- Other comprehensive income	-	-	130,692	130,692	-	130,692
Transaction with owners						
- Dividends	-	-	(225,000,000)	(225,000,000)	-	(225,000,000)
Balance as at 31st March 2016	630,000,000	91,824,541	400,581,181	1,122,405,722	39,082,878	1,161,488,600
Balance as of 01st April 2016	630,000,000	91,824,541	400,581,181	1,122,405,722	39,082,878	1,161,488,600
Total comprehensive income for the year						
- Profit	-	-	21,819,566	21,819,566	(674,934)	21,144,632
- Other comprehensive income	-	152,136,056	-	152,136,056	5,225,593	157,361,649
Transaction with owners						
- Dividends	-	-	(75,000,000)	(75,000,000)	-	(75,000,000)
Balance as at 31st March 2017	630,000,000	243,960,597	347,400,747	1,221,361,344	43,633,537	1,264,994,881

For the year ended 31st March,

	Stated capital Rs.	Revaluation reserve Rs.	Retained earnings Rs.	Total Rs.
Company				
Balance as at 01st April 2015 as previously reported	630,000,000	59,079,041	403,568,247	1,092,647,288
Impact of correction of error (Note 12.8)	-	3,800,000	-	3,800,000
Restated balance as of 01st April 2015	630,000,000	62,879,041	403,568,247	1,096,447,288
Total comprehensive income for the year				
- Profit	-	-	93,691,486	93,691,486
- Other comprehensive income	-	-	113,139	113,139
Transaction with owners of the company				
- Dividends	-	-	(225,000,000)	(225,000,000)
Balance as at 31st March 2016	630,000,000	62,879,041	272,372,872	965,251,913
Balance as of 01st April 2016	630,000,000	62,879,041	272,372,872	965,251,913
Total comprehensive income for the year				
- Profit	-	-	4,378,147	4,378,147
- Other comprehensive income	-	50,615,294	(279,929)	50,335,365
Transaction with owners of the company				
- Dividends	-	-	(75,000,000)	(75,000,000)
Balance as at 31st March 2017	630,000,000	113,494,335	201,471,090	944,965,425

The accounting policies and notes on pages 50 to 90 form an integral part of these financial statements.

The figures in bracket indicate deductions.

Statement of Cash Flows

For the year ended 31st March,	Group		Company	
	2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
Cash flows from operating activities				
Profit/ (loss) before tax	30,810,112	150,127,381	(95,990)	97,441,985
Adjustments for,				
Depreciation of property, plant and equipment	23,029,467	17,139,943	8,038,720	8,734,178
Amortisation of intangible asset	1,670,732	1,670,732	1,242,161	1,242,161
Provision for retiring gratuity	1,122,126	841,401	1,000,037	748,394
Dividend income	-	-	-	(36,156,390)
Intangible assets written off	-	278,464	-	278,464
Provision For doubtful debtors	1,119,592	-	859,075	-
Gain on sale of property plant and equipment	(1,869,565)	(2,792,793)	(1,869,565)	(2,792,793)
Interest income	(3,292,413)	(2,757,689)	(1,062,130)	(1,067,344)
Interest expense	81,846,397	52,797,371	80,834,857	52,689,681
Operating profit before working capital changes	134,436,448	217,304,810	88,947,165	121,118,336
(Increase) / Decrease in trade and other receivables	(27,278,049)	34,594,978	(913,370)	17,161,259
(Increase) / Decrease in amounts due from related parties	-	-	(109,595,711)	37,024,042
Increase / (Decrease) in other payables	26,462,987	(18,814,588)	5,225,731	(3,282,993)
Increase / (Decrease) in amounts due to related parties	-	-	60,851,591	(3,972,874)
Cash generated from operating activities	133,621,386	233,085,200	44,515,406	168,047,770
Interest paid	(74,642,419)	(52,797,371)	(73,630,879)	(52,689,681)
Income tax paid	(4,363,345)	(5,980,042)	(306,058)	(138,202)
Retiring gratuity paid	-	(59,252)	-	-
Net cash from operating activities	54,615,622	174,248,535	(29,421,531)	115,219,887
Cash flows from investing activities				
Acquisition of property, plant and equipment	(204,401,799)	(43,896,115)	(2,332,005)	(6,304,160)
Net withdrawals from/(Investments in) unit trusts	64,827,455	(65,000,000)	19,338,791	(20,000,000)
Proceeds from sale of property plant and equipment	1,869,565	3,100,000	1,869,565	3,100,000
Dividends received	-	-	-	36,156,390
Interest received	3,292,413	2,051,841	1,062,130	850,160
Net cash from investing activities	(134,412,366)	(103,744,274)	19,938,481	13,802,390
Cash flows from financing activities				
Proceeds from loans and borrowings	725,000,000	5,000,000	700,000,000	-
Repayment of borrowings	(635,775,178)	(2,203,578)	(635,000,000)	(2,083,736)
Dividends paid	(75,000,000)	(225,000,000)	(75,000,000)	(225,000,000)
Tax on dividends paid by subsidiaries	-	(4,017,377)	-	-
Payment of finance lease liabilities	(787,984)	-	-	-
Net cash from financing activities	13,436,838	(226,220,955)	(10,000,000)	(227,083,736)
Net decrease in cash and cash equivalents	(66,359,906)	(155,716,694)	(19,483,050)	(98,061,459)
Cash and cash equivalents at the beginning of the year	39,174,988	194,891,682	11,332,808	109,394,267
Cash and cash equivalents at the end of the year (Note 18)	(27,184,918)	39,174,988	(8,150,242)	11,332,808

The accounting policies and notes on pages 50 to 90 form an integral part of these financial statements.

The figures in bracket indicate deductions.

Notes to the Financial Statements

1 General information

1.1 Reporting entity

- (a) Panasin 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 parent of these Companies is Panasian Power PLC.
- (c) 90% owned subsidiary company, Padiyapelella Hydropower Limited is a limited liability company incorporated in Sri Lanka under the provisions of the Companies Act No 7 of 2007. The 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 2017 comprise 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 authorized for issue by the Board of Directors on 14th August 2017.

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 is to produce hydro power.

The Company entered into 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 2000KW 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 2400KW and situated at Walapane.

The Subsidiary, Padiyapelella Hydropower Limited entered into Standardised agreement for 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 15 years and project was commissioned in 01st March 2017. The capacity of power potential of Phase 1 is 3500KW and situated at Padiyapelella

1.5 Parent enterprise and ultimate parent enterprise

The Company does not have parent or ultimate parent as of 31 March 2017.

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 is 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 following.

- The retirement benefit obligations are measured at the present value of the defined benefit obligation as explained in the respective notes to the financial statements.
- Investment in Unit Trusts are measured at fair value.

These financial statements have been prepared on the basis that the Company and the Group would continue as a going concern for 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 minimizing the use of unobservable inputs.

2.5.2 Fair value of Land, Civil Construction and Electromechanical Equipment.

Land, civil construction and electromechanical equipment are measured at fair value less accumulated depreciation on civil construction and electromechanical equipment and impairment losses are recognized after the date of the revaluation.

Valuations are performed every five years to ensure that the fair value of revalued asset does not differ materially from its carrying amount. The valuation was carried out by Mr S. Sivasakantha, who is an incorporated valuer holding a degree of B.Sc Estate Management and Valuation (Sri Lanka).

The key assumptions used to determine the fair value of the land, civil construction and electromechanical equipment are provided in Note 12.7.

2.5.2 Useful lives of depreciable assets

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.

Notes to the Financial Statements

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.

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/ restated where necessary to conform to the current year's classification in order to provide a better presentation. Comparatives were re-stated based on the error correction of previously unrecognised lands which is fully described in Note 12.8.

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 recognized 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 recognized in profit or loss.

3.1.2 Subsidiary

Subsidiary is 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 subsidiaries 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 acquire either,

- At fair value
- At their proportionate share of the acquirer'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 recognized 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

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 unrealized 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

Notes to the Financial Statements

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 recognized 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 recognized 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 recognized when a Group 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 recognized 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 recognizes 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 recognized 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 recognized in the income statement.

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

Financial assets at fair value through profit or loss comprise of investments in unit trusts.

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 recognized 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 amortized cost using the effective interest rate method (EIR) less any impairment losses.

Loans and receivables comprise cash and cash equivalents, trade and other receivables and related party 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 recognized 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 amortized 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 recognized 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 on available for sale debt instruments, are recognized 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 organization.

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 recognized 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 amortized 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 amortized cost would have been had the impairment not been recognized.

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

Notes to the Financial Statements

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 recognized in other comprehensive income is recognized in the income statement.

3.3.2 Non-derivative financial liabilities

3.3.2.1 Initial recognition and measurement

The Group initially recognizes 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 recognized 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 recognized 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 recognized initially at fair value plus directly attributable transaction costs.

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

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 recognized amounts and there is an intention to settle on a net basis, or to realize 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.

However, Group does not have any derivative liabilities.

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

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

Items of property, plant and equipment, subsequent to initial measurement are measured at cost or revaluation less accumulated depreciation and accumulated impairment losses.

3.4.1.1 Cost and Revaluation Model

(i) Cost Model

The Group and company applies the cost model to office equipment, furniture and fittings and motor vehicles and records at cost of purchase together with any incremental expenses there on less accumulated depreciation and any accumulated impairment losses.

(ii) Revaluation Model

The Group and company applies revaluation model for the entire class of free hold lands, civil construction and electromechanical equipments for measurement after initial recognition. Such properties are carried at revalued amounts, being their fair value at the date of revaluation, less any subsequent accumulated depreciation and any accumulated impairment losses charged subsequent to the date of revaluation.

Fair value of land, civil construction and electromechanical equipment are provided in Note 12.7.

On recognition of an asset, any income in the carrying amount is recognized in the revaluation reserve in equity through OCI or used to reverse a previous loss on revaluation of the same asset, which was charged to income statement. In this circumstance, the increase is recognized as income to the extent of the previous write down in value. Any decrease in carrying amount is recognized as an expense in the financial statement or charged to revaluation reserve in equity through OCI, only to the extent of any credit balance existing in the revaluation reserve in respect of the asset.

Any balance remaining in the revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

The cost of an item of property, plant and equipment comprises 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.

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 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.

Notes to the Financial Statements

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	38-40 years
Headrace Channel	38-40 Years
De-silting Tank	40-45 years
Spillway Gate	35-40 years
Forebay tank	40-41 years
Penstock	38-40 years
Power House	38-40 years
Rest rooms	35-40 years
Electro Mechanical Equipment	
Turbines	21-25 years
Generators	23-30 years
Transformers and Power Lines	23-25 years
Voltage Panel	21-25 years
Crane	21-25 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-recognized 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 item is de recognized.

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 capitalization.

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

3.5.4.3 Goodwill

Goodwill that arises on the acquisition of subsidiaries is presented with intangible assets.

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.

Notes to 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 recognized 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 ex gratia 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 recognized 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.

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 recognized 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 recognized 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 effective interest rate.

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

Notes to the Financial Statements

occurrence or non-occurrence of uncertain future events, which not wholly within 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 these 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 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 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 1st of January 2018

This standard establishes a comprehensive framework for determining whether, how much and when revenue is recognized. 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 is permitted.

SLFRS 16 –Leases – effective for annual periods beginning on or after 1st of January 2019.

SLFRS 16 provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value even though lessor’s accounting remains similar to current practice. This supersedes: Sri Lanka Accounting Standard LKAS 17 “Leases”, IFRIC 4 “Determining whether an Arrangement Contains a Lease”, SIC 15 “Operating Leases - Incentives”; and SIC 27 “Evaluating the substance of Transactions Involving the Legal form of a Lease”. Earlier application is permitted for entities that apply SLFRS 15 “Revenue from Contracts with Customers”. The impact on the implementation of the above standard has not been quantified yet by the Group.

		Group		Company	
For the year ended 31st March,		2017	2016	2017	2016
		Rs.	Rs.	Rs.	Rs.
5	Revenue				
	Supply of electricity	204,567,345	287,187,421	125,395,386	166,548,590
		204,567,345	287,187,421	125,395,386	166,548,590
6	Other income				
	Dividend income from subsidiary company	-	-	-	36,156,390
	Profit on disposal of property plant and equipment	1,869,565	2,792,793	1,869,565	2,792,793
		1,869,565	2,792,793	1,869,565	38,949,183
7	Finance income / (costs)				
7.1	Finance income				
	Interest income	3,292,413	2,757,689	1,062,130	1,067,344
		3,292,413	2,757,689	1,062,130	1,067,344
7.2	Finance costs				
	Interest on loans and borrowings	(80,846,197)	(52,797,371)	(80,834,857)	(52,689,681)
	Interest on finance lease obligations	(1,000,200)	-	-	-
		(81,846,397)	(52,797,371)	(80,834,857)	(52,689,681)
	Net finance costs	(78,553,984)	(50,039,682)	(79,772,727)	(51,622,337)
8	Profit/ (loss) before taxation				
<i>Profit/ (loss) before taxation is stated after charging all the expenses including the following :</i>					
	Direct costs				
	Staff cost (Note 8.1)	13,301,466	10,364,398	8,064,878	6,223,281
	Insurance	2,410,472	2,314,047	1,019,085	1,008,963
	Repairs and maintenance services	3,465,101	15,666,196	1,729,930	10,770,842
	Depreciation on property, plant and equipment	18,710,645	14,443,416	6,519,120	6,622,727
	Amortisation of intangible assets	1,650,757	1,650,757	1,222,186	1,222,186
	Administrative expenses				
	Depreciation on property, plant and equipment	4,318,825	2,696,527	1,519,600	2,111,451
	Amortization of intangible assets	19,975	19,975	19,975	19,975
	Donations	999,570	903,600	526,570	675,100
	Directors' fees	8,994,756	8,996,756	4,126,427	4,126,427
	Audit Fees	747,000	675,000	319,000	290,000
	Staff cost (Note 8.2)	24,459,800	12,365,206	12,478,981	6,075,822
	Provision for doubtful debts	1,119,592	-	859,075	-

Notes to the Financial Statements

		Group		Company	
<i>For the year ended 31st March,</i>		2017	2016	2017	2016
		Rs.	Rs.	Rs.	Rs.
8	Profit/ (loss) before taxation (Contd.)				
8.1	Staff Cost - Direct cost				
	Salaries and wages	11,949,497	9,349,318	7,250,559	5,619,398
	Defined contribution plan cost - EPF and ETF	1,351,969	1,015,080	814,319	603,883
		13,301,466	10,364,398	8,064,878	6,223,281
8.2	Staff cost - Administrative expenses				
	Salaries and wages	21,670,807	9,561,445	9,976,540	4,051,533
	Defined contribution plan cost - EPF and ETF	1,666,867	1,962,360	1,502,404	1,275,895
	Defined benefit plan cost - retiring gratuity	1,122,126	841,401	1,000,037	748,394
		24,459,800	12,365,206	12,478,981	6,075,822
	Total staff cost	37,761,266	22,729,604	20,543,859	12,299,103
	Number of employees at year end	48	35	22	21
9	Income tax expense				
	Current tax expense				
	Current tax expense for the year	2,366,049	4,685,379	545,714	238,045
	Over provision in respect of previous year	7,000	(684,878)	-	-
	Tax on dividend paid by subsidiaries	-	4,017,377	-	-
		2,373,049	8,017,878	545,714	238,045
	Deferred tax expense				
	Origination of temporary differences	7,292,431	7,202,319	(5,019,851)	3,512,454
	Income tax expense in statement of profit or loss	9,665,480	15,220,197	(4,474,137)	3,750,499
	Recognised in Statement of other comprehensive income				
	Deferred tax expense on defined benefit obligation	(59,854)	14,965	(52,457)	12,571
	Deferred tax expense on revaluation gain	16,510,917	-	3,729,363	-
		16,451,063	14,965	3,676,906	12,571

		Group		Company	
<i>For the year ended 31st March,</i>		2017	2016	2017	2016
		Rs.	Rs.	Rs.	Rs.
9.1	Tax reconciliation statement				
	Profit/ (loss) before taxation	30,810,112	150,127,381	(95,990)	97,441,985
	Consolidation adjustment	-	36,156,390	-	-
	Non business income	(5,161,978)	(41,706,872)	(2,931,695)	(40,016,527)
	Aggregate disallowed expenses	34,576,406	25,481,989	11,789,271	12,432,294
	Aggregate allowable expenses	(169,944,327)	(62,206,654)	(29,493,668)	(29,224,368)
	Total Statutory Income	(109,719,787)	107,852,234	(20,732,082)	40,633,384
	Exempt income from business	(132,976,745)	(40,633,384)	20,732,082	(40,633,384)
	Taxable Income from Business	23,256,958	67,218,850	-	-
	Interest Income	103,978	2,051,841	79,414	850,160
	Profit on disposal of Property, Plant & Equipment	1,869,565	-	1,869,565	-
	Tax Loss utilised during the year	(8,168,174)	(23,947,186)	-	-
	Total taxable income	17,062,327	45,323,505	1,948,979	850,160
	Income tax charged at				
	Tax at rate of 10%	-	4,447,334	-	-
	Tax at rate of 12%	1,820,335	-	-	-
	Tax rate of 28%	545,714	238,045	545,714	238,045
	Taxation on current profits	2,366,049	4,685,379	545,714	238,045
9.2	Deferred tax expense				
	Origination / (Reversal) of temporary difference arising from				
	Property, Plant and Equipment	8,003,678	10,207,389	(4,829,585)	3,544,630
	Employee benefits	(187,103)	(40,701)	171,325	(32,176)
	Intangible Assets	145,651	-	(18,941)	-
	Carried forward tax losses	(749,272)	2,964,369	-	-
	Leases	79,477	-	-	-
		7,292,431	7,202,319	(5,019,851)	3,512,454
9.3	Tax losses brought forward				
	Tax losses brought forward	24,703,081	50,300,267	-	-
	Adjustment to tax loss brought forward	(1,924,239)	(1,650,000)	-	-
	Tax Loss utilised during the year	(8,168,174)	(23,947,186)	-	-
	Tax loss carried forward	14,610,668	24,703,081	-	-

Notes to the Financial Statements

9. Income tax expense (Contd.)

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 12% as per the inland revenue act. Income from other sources of the Company will be taxed at the standard rate of 28%.

Manelwala Hydropower (Pvt) Ltd

The Company enjoyed 5 year tax holiday that ended in June 2014. As per provisions of the agreement entered into within the Board of Investments of Sri Lanka 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. After the expiration on the aforesaid tax exemption period, the profits and income of the enterprise shall be charged at the rate of 12% as per the inland revenue act. Income from other sources of the Company will be taxed at the standard rate of 28%.

Padiyapelella Hydropower Limited

In accordance with the agreement dated 3 June 2010, entered into with the Board of Investment (BOI) of Sri Lanka, the Company has been granted the following tax concessions :

- (i) For a period of five (05) years reckoned from the year of assessment as may be determined by the Board. The provisions of the Inland Revenue Act No. 10 of 2006 relating to the imposition, payment and recovery of income tax in respect of the profits and income of the Company shall not apply to the profits and income of the Company.

For the above purpose the year of assessment shall be reckoned from the year in which the Company commences to make profits or any year of assessment not later the two (02) years reckoned from the date of commencement of commercial operations whichever is earlier as specified in a certificate issued by the Board. Company has started it's commercial operations in March, 2017.

- (ii) After the expiration of the aforesaid tax exemption period, the profits and income of the Company shall be charged at the rate of ten percentum (10%) for a period of two (02) years immediately succeeding the last date of the tax exemption period during which the profit and income of the Company is exempted from the income tax.
- (iii) After the expiration of the aforesaid concessionary tax rate of ten percentum (10%), the profits and income of the Company shall be charged for any year of assessment at the rate of twenty percentum (20%).

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	
	2017	2016	2017	2016
<i>For the year ended 31st March,</i>	Rs.	Rs.	Rs.	Rs.
Net profit attributable to ordinary shareholders (Rs.)	21,819,566	135,275,603	4,378,147	93,691,486
Weighted average number of ordinary shares	500,000,000	500,000,000	500,000,000	500,000,000
Earnings per share (Rs.)	0.04	0.27	0.01	0.19

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 outstanding during the year.

	Group		Company	
	2017	2016	2017	2016
<i>For the year ended 31st March,</i>	Rs.	Rs.	Rs.	Rs.
Interim dividend (Rs.)	75,000,000	75,000,000	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	0.15	0.15
- Final (Rs.)		0.30	-	0.30

Notes to the Financial Statements

12 Property, plant and equipment

12.1 Group

	Civil construction					
	Freehold land	Office equipment	Furniture and fittings	Motor vehicles	Intake weir and Headrace channel	De-silting tank and forbay tank
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost						
Balance as at 01st April	14,073,000	6,197,132	4,936,871	16,455,396	111,968,023	64,781,872
Additions during the year	-	354,902	310,038	6,369,730	1,318,077	30,000
Transfers	9,764,100	-	-	-	319,107,814	57,914,827
Acquisition through subsidiary	-	-	-	-	-	-
Revaluation gain	5,211,900	-	-	-	39,971,788	5,481,484
Accumulated depreciation on Revalued Assets	-	-	-	-	(15,815,702)	(8,458,183)
Disposals during the year	-	-	-	(3,711,966)	-	-
Error correction (Note 12.8)	-	-	-	-	-	-
Balance as at 31 March	29,049,000	6,552,034	5,246,909	19,113,160	456,550,000	119,750,000
Accumulated depreciation						
Balance as at 01st April	-	4,246,027	1,949,879	9,373,309	11,924,938	6,838,321
Depreciation for the year	-	727,393	1,062,313	2,994,829	3,890,764	1,619,862
Written off during the period	-	-	-	-	-	-
Accumulated depreciation on acquisition	-	-	-	-	-	-
Accumulated depreciation on Revalued Assets	-	-	-	-	(15,815,702)	(8,458,183)
Accumulated depreciation on disposals	-	-	-	(3,711,966)	-	-
Balance as at 31 March	-	4,973,420	3,012,192	8,656,172	-	-
Carrying amount	29,049,000	1,578,614	2,234,717	10,456,988	456,550,000	119,750,000

12.2 Cost of fully depreciated assets which are still in use as at reporting date is Rs. 9,923,932. (Rs.13,537,069 in 2016)

12.3 Revaluation of Property plant and equipment

Land, Civil construction and Electro mechanical equipment have been revalued by independent, qualified valuer Mr S. Sivaskantha, on the basis of replacement cost method as at 31st March 2017.

Carrying amount of revalued property, plant and equipment if carried at cost as at 31st March 2017 will be as follows;

	Group		
	Cost	Accumulated depreciation	Carrying amount
	Rs.	Rs.	Rs.
Electro mechanical equipment	897,358,340	155,412,704	741,945,636
Civil construction	587,002,260	244,507,696	342,494,564
Freehold land	19,135,544	-	19,135,544
Total	1,503,496,144	399,920,480	1,103,575,744

		Electro mechanical equipment					Total 2017	Total 2016	Total 2015
Spillway gate and rest rooms	Pen stock and power house	Turbines and Generators	Transformers and power lines	Voltage panel and crane	Capital Work-in-progress				
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs. Restated	Rs. Restated
26,987,000	80,564,787	213,658,616	20,159,563	29,647,526	710,653,427	1,300,083,213	1,262,943,638	537,065,079	
411,400	145,000	-	-	-	199,964,514	208,903,661	43,896,115	67,886,578	
21,634,021	237,518,021	204,824,800	37,323,630	22,530,728	(910,617,941)	-	-	-	
-	-	-	-	-	-	-	-	654,191,981	
11,970,830	39,389,767	57,244,827	10,527,528	4,408,836	-	174,206,960	-	-	
(4,028,251)	(9,917,575)	(34,353,243)	(3,098,221)	(5,362,090)	-	(81,033,265)	-	-	
-	-	-	-	-	-	(3,711,966)	(6,756,540)	-	
-	-	-	-	-	-	-	-	3,800,000	
56,975,000	347,700,000	441,375,000	64,912,500	51,225,000	-	1,598,448,603	1,300,083,213	1,262,943,638	
3,262,330	7,095,798	27,104,401	2,277,128	4,285,417	-	78,357,548	67,974,145	52,102,295	
765,921	2,821,777	7,248,842	821,093	1,076,673	-	23,029,467	17,139,943	14,738,227	
-	-	-	-	-	-	-	-	128,877	
-	-	-	-	-	-	-	-	1,004,746	
(4,028,251)	(9,917,575)	(34,353,243)	(3,098,221)	(5,362,090)	-	(81,033,265)	-	-	
-	-	-	-	-	-	(3,711,966)	(6,756,540)	-	
-	-	-	-	-	-	16,641,784	78,357,548	67,974,145	
56,975,000	347,700,000	441,375,000	64,912,500	51,225,000	-	1,581,806,819	1,221,725,665	1,194,969,493	

Notes to the Financial Statements

12 Property, plant and equipment (Contd.)

12.4 Company

	Civil construction					
	Freehold land	Office equipment	Furniture and fittings	Motor vehicles	Intake weir and Headrace channel	De-silting tank and forbay tank
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost						
Balance as at 01st April	9,750,000	5,107,170	4,310,133	4,829,766	47,416,085	27,200,000
Additions during the year	-	138,690	58,648	229,990	1,318,277	30,000
Revaluation gain	1,200,000	-	-	-	13,842,123	8,217,541
Accumulated depreciation on Revalued Assets	-	-	-	-	(5,776,285)	(3,447,541)
Disposals during the year	-	-	-	(3,711,966)	-	-
Error correction (Note 12.8)	-	-	-	-	-	-
Balance as at 31 March	10,950,000	5,245,860	4,368,781	1,347,790	56,800,200	32,000,000
Accumulated Depreciation						
Balance as at 01st April	-	3,520,423	1,515,949	4,829,762	4,683,800	2,868,605
Depreciation for the year	-	572,988	946,614	52,706	1,092,485	578,936
Accumulated depreciation on Revalued Assets	-	-	-	-	(5,776,285)	(3,447,541)
Accumulated depreciation on disposals	-	-	-	(3,711,966)	-	-
Balance as at 31 March	-	4,093,411	2,462,563	1,170,502	-	-
Carrying amount	10,950,000	1,152,449	1,906,218	177,288	56,800,200	32,000,000

12.5 Cost of fully depreciated assets which are still in use as at reporting date is Rs. 4,621,793. (Rs.8,234,930 in 2016)

12.6 Revaluation of Property plant and equipment

Land, Civil construction and Electro mechanical equipment have been revalued by independent, qualified valuer Mr S. Sivaskantha, on the basis of replacement cost method as at 31st March 2017.

Carrying amount of revalued property, plant and equipment if carried at cost as at 31st March 2017 will be as follows;

	Company		
	Cost	Accumulated depreciation	Carrying amount
	Rs.	Rs.	Rs.
Electro mechanical equipment	106,088,061	70,522,848	35,565,213
Civil construction	148,160,843	104,222,544	43,938,299
Freehold land	5,048,444	-	5,048,444
Total	259,297,348	174,745,392	84,551,956

		Electro mechanical equipment			Total 2017	Total 2016	Total 2015
Spillway gate and rest rooms	Pen stock and power house	Turbines and Generators	Transformers and power lines	Voltage panel and crane			
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs. Restated	Rs. Restated
12,167,000	46,744,787	71,833,616	11,009,563	13,406,274	253,774,394	253,093,153	210,624,540
411,400	145,000	-	-	-	2,332,005	6,304,160	38,668,613
5,190,933	3,827,233	19,046,375	2,129,560	890,892	54,344,657	-	-
(1,769,333)	(4,317,020)	(10,504,991)	(1,226,623)	(2,222,166)	(29,263,959)	-	-
-	-	-	-	-	(3,711,966)	(5,622,919)	-
-	-	-	-	-	-	-	3,800,000
16,000,000	46,400,000	80,375,000	11,912,500	12,075,000	277,475,131	253,774,394	253,093,153
1,455,017	3,253,540	7,942,694	846,983	1,746,908	32,663,681	29,552,422	22,864,683
314,316	1,063,480	2,562,297	379,640	475,258	8,038,720	8,734,178	6,687,739
(1,769,333)	(4,317,020)	(10,504,991)	(1,226,623)	(2,222,166)	(29,263,959)	-	-
-	-	-	-	-	(3,711,966)	(5,622,919)	-
-	-	-	-	-	7,726,476	32,663,681	29,552,422
16,000,000	46,400,000	80,375,000	11,912,500	12,075,000	269,748,655	221,110,713	223,540,731

Notes to the Financial Statements

12 Property, plant and equipment (Contd.)

12.7 Measurement of Fair Values

12.7.1 Fair Value Hierarchy

The fair value of property was determined by external independent property valuer having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The fair value measurement for all of properties has been categorised as Level 3 fair value based on the input to the valuation technique used.

12.7.2 Valuation Technique and Significant Unobservable Inputs

The following table shows the valuation technique used in measuring the fair value of property, as well as the significant unobservable inputs used:

Valuation Technique	Significant Unobservable Inputs	Interrelationship between Key Unobservable Inputs and Fair Value Measurements
Depreciated Replacement Cost Method: The depreciated replacement cost method is an acceptable method used in financial reporting to arrive at a surrogate for the market value of specialised and limited market properties, for which market evidence is unavailable.	Construction cost per cubic meter for civil construction.	The estimated fair value would increase/ (decrease) if –
	Market value of machinery plus margin for importation and installation.	Cost per cubic meter was higher (lower)
	Depreciation rate for the usage of assets.	Depreciation rate for usage lower (higher)
Land value is based on the market prices of each land respectively.	Market value of land (Price per Perch).	Market value per perch was higher (lower)

12.7.3 Details of Freehold and Leasehold lands of the Group

Company	Location	Land Extent	
		Leasehold (Perches)	Freehold (Perches)
Panasian Power (PLC)	Ratturugala, Rathnapura	348.30	365.16
Manelwala Hydropower (Private) Limited	Walapane, Nuwaraeliya	444.00	431.30
Padiyapalle Hydropower (Private) Limited	Walapane, Nuwaraeliya	27.10	1,159.90

12.8 Restatement

During the year, Group discovered that 127.6 perch lands in Ratturugala, Rathnapura which belong to the Panasian Power PLC has not been recognized in the financial statement of previous years due to an oversight. As a consequence lands and related revaluation reserves were understated. The error has been corrected by restating each of the affected financial statement line items for prior periods, as specified in LKAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

Property, plant and equipment and revaluation reserve of the financial position had the following impact due to the error correction

	Group		Company	
	2016	2015	2016	2015
As at 31st March,	Rs.	Rs.	Rs.	Rs.
Property plant and equipment				
As previously reported	1,217,925,665	1,191,169,493	217,310,713	219,740,731
Impact of Restatment	3,800,000	3,800,000	3,800,000	3,800,000
Balance after restatement	1,221,725,665	1,194,969,493	221,110,713	223,540,731
Revaluation Reserve				
As previously reported	88,024,541	88,024,541	59,079,041	59,079,041
Impact of Restatment	3,800,000	3,800,000	3,800,000	3,800,000
Balance after restatement	91,824,541	91,824,541	62,879,041	62,879,041

	Group		Company	
	2017	2016	2017	2016
As at 31st March,	Rs.	Rs.	Rs.	Rs.

13 Intangible assets

13.1 Right to generate hydro power

Cost

At the beginning of the year	17,560,000	17,560,000	11,560,000	11,560,000
Addition during the year	-	-	-	-
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	10,903,649	9,252,892	7,903,653	6,681,467
Amortisation charge for the year	1,650,757	1,650,757	1,222,186	1,222,186
At the end of the year	12,554,406	10,903,649	9,125,839	7,903,653

Carrying amount

	5,005,594	6,656,351	2,434,161	3,656,347
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13.2 Software License

Cost

At the beginning of the year	79,900	480,087	79,900	480,087
Additions During the year	-	-	-	-
Writtenoff during the year	-	(400,187)	-	(400,187)
At the end of the year	79,900	79,900	79,900	79,900

Amortisation

At the beginning of the year	39,950	141,698	39,950	141,698
Amortisation charge for the year	19,975	19,975	19,975	19,975
Writtenoff during the year	-	(121,723)	-	(121,723)
At the end of the year	59,925	39,950	59,925	39,950

Carrying amount

	19,975	39,950	19,975	39,950
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Notes to the Financial Statements

13 Intangible assets (Contd.)

	Group		Company	
	2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
As at 31st March,				
13.3 Goodwill on acquisition of subsidiaries	461,518,584	461,518,584	-	-
Total intangible assets	466,544,153	468,214,885	2,454,136	3,696,297

13.1.1 The right to generate hydro power represent the amounts paid to purchase exclusive rights to generate hydropower.

13.3.1 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	288,139,500
Padiyapelella Hydropower Limited	173,379,084
Total	461,518,584

13.4 Goodwill is tested for impairment annually. The recoverable amount of the goodwill is computed by discounting the future cashflows generated from subsidiaries. The key assumptions are given below;

Business Growth	Based on historical growth rate and business plan
Inflation	Based on the current inflation rate and the percentage of the total cost subjected to the inflation.
Discount rate	Average market borrowing rate adjusted for risk premium.
Margin	Based on current margin and business plan.

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

	Group		Company	
	Right to generate hydropower	Software license	Right to generate hydropower	Software license
Amortization				
within five years	5,005,594	19,975	2,434,161	19,975
after five years	-	-	-	-
	5,005,594	19,975	2,434,161	19,975

		Group		Company	
As at 31st March,		2017	2016	2017	2016
		Rs.	Rs.	Rs.	Rs.
14	Investment in subsidiaries				
	Manelwala Hydropower (Pvt) Limited	-	-	565,107,184	565,107,184
	Panasian Investments (Pvt) Limited	-	-	40,000,000	40,000,000
	Padiyapelella Hydropower Limited	-	-	537,070,510	537,070,510
		-	-	1,142,177,694	1,142,177,694
15	Investment in Unit Trust				
	Investment in Unit Trust	878,393	65,705,848	878,393	20,217,184
		878,393	65,705,848	878,393	20,217,184
16	Trade and other receivables				
	Trade Receivable (Note 16.1)	68,840,353	21,972,288	9,241,292	9,195,382
	Other Receivable (Note 16.2)	12,469,558	33,394,747	2,371,178	2,455,751
		81,309,911	55,367,035	11,612,470	11,651,133
16.1	Trade receivable				
	Ceylon Electricity Board	69,959,945	21,972,288	10,100,367	9,195,382
	Less; Provision for doubtful debts	(1,119,592)	-	(859,075)	-
		68,840,353	21,972,288	9,241,292	9,195,382
16.2	Other receivables				
	Deposits paid	1,805,000	1,505,000	5,000	5,000
	Prepayments	8,659,798	1,741,872	569,561	765,833
	Advance paid	757,559	28,723,025	605,809	260,068
	Other receivable	1,247,201	1,424,850	1,190,808	1,424,850
		12,469,558	33,394,747	2,371,178	2,455,751
17	Amount due from related companies				
	Padiyapelella Hydropower Limited	-	-	440,165,442	330,569,731
		-	-	440,165,442	330,569,731

- 17.1 Company has provided funds to its subsidiary Padiyapelella Hydropower Limited. No interest is charged on this receivable and the condition is that this amount should be settled on demand.

Notes to the Financial Statements

	Group		Company	
	2017	2016	2017	2016
<i>As at 31st March,</i>	Rs.	Rs.	Rs.	Rs.
18 Cash and cash equivalents				
Cash at bank	4,962,799	38,989,988	334,386	11,172,808
Cash in hand	205,000	185,000	80,000	160,000
Cash and cash equivalents	5,167,799	39,174,988	414,386	11,332,808
Bank overdraft	(32,352,717)	-	(8,564,628)	-
Cash and cash equivalents for the purpose of cash flow statement	(27,184,918)	39,174,988	(8,150,242)	11,332,808
19 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

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

	Group		Company	
	2017	2016	2017	2016
<i>As at 31st March,</i>	Rs.	Rs.	Rs.	Rs.
20 Employee benefit obligations				
Present value of unfunded obligations	5,018,452	3,502,078	4,527,020	3,194,597
Total present value of the obligation	5,018,452	3,502,078	4,527,020	3,194,597
Movement in present value of the defined benefit obligation				
Balance as at the beginning of the year	3,502,078	2,865,586	3,194,597	2,571,913
Current service cost	709,886	583,498	664,604	516,922
Interest cost	412,240	257,903	335,433	231,472
Actuarial (gain) / losses	394,248	(145,657)	332,386	(125,710)
	5,018,452	3,561,330	4,527,020	3,194,597
Payments during the year	-	(59,252)	-	-
Balance as at end of the year	5,018,452	3,502,078	4,527,020	3,194,597
	-			
Expense recognised in profit or loss;				
Interest cost	412,240	257,903	335,433	231,472
Current service cost	709,886	583,498	664,604	516,922
	1,122,126	841,401	1,000,037	748,394
Actuarial gains or losses recognised in other comprehensive income				
Recognised during the year	394,248	(145,657)	332,386	(125,710)

Principal actuarial assumptions used;

	%	%
(i) Rate of discount	12	10.5
(ii) Salary increment rate	10	9
(iii) Retirement age of 55 years		
(iv) The company will continue in business as going concern		
(v) Assumption regarding future mortality are based on published statistics and mortality tables.		

20.1 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 2017. 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.

Discount Rate		Salary Increment Rate		Present Value of Defined Benefit Obligation	
Increase	Decrease	Increase	Decrease	Group Rs.	Company Rs.
1%	-	-	-	4,764,841	4,307,082
-	1%	-	-	5,303,111	4,773,198
-	-	1%	-	5,327,176	4,794,601
-	-	-	1%	4,739,414	4,284,511

This note indicates the assumptions used and the movement in the employee benefits and is not externally funded. As at 31st March 2017 the gratuity liability was actuarially valued under the projected unit credit (PUC) method by Mr M. Poopalanathan of Actuarial & Management Consultants (Pvt) Limited. The liability is not externally funded. The valuation is performed annually.

As at 31st March,	Group		Company	
	2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
21 Finance lease obligations				
Balance as at the beginning of the year	-			
Obtained during the year	5,909,880	-	-	-
Lease rentals paid during the year	(787,984)	-	-	-
Balance at the end of the year	5,121,896	-	-	-
Finance charges unamortised	(1,408,018)	-	-	-
Balance as at the end of the year	3,713,878	-	-	-
Due within one year	618,711	-	-	-
Due after one year and within five years	3,095,167	-	-	-
	3,713,878	-	-	-

Notes to the Financial Statements

	Group		Company	
	2017	2016	2017	2016
As at 31st March,	Rs.	Rs.	Rs.	Rs.
22 Interest bearing loans and borrowings				
Balance as at the beginning of the year	639,880,158	637,083,736	635,000,000	637,083,736
Obtained during the year	725,000,000	5,000,000	700,000,000	-
Repayments made during the year	(635,775,178)	(2,203,578)	(635,000,000)	(2,083,736)
Accrued interest	7,203,978	-	7,203,978	-
Balance as at the end of the year	736,308,958	639,880,158	707,203,978	635,000,000
Due within one year - Loan repayment	59,240,666	775,913	33,395,000	-
Due within one year - Accrued interest	7,203,978	-	7,203,978	-
	66,444,644	775,913	40,598,978	-
Due after one year and within five years	502,399,314	639,104,245	499,140,000	635,000,000
Due after five years	167,465,000	-	167,465,000	-
	669,864,314	639,104,245	666,605,000	635,000,000

22.1 Analysed by lending institutions

Lending Institution	Group		Company		Borrowing terms
	3/31/17	3/31/16	3/31/17	3/31/16	
Sampath Bank PLC	700,000,000	635,000,000	700,000,000	635,000,000	Repayable in 83 monthly instalments starting after a capital grace period of 12 months and applicable interest rate is AWPLR plus 2% per annum.
	25,000,000	-	-	-	Repayable with in 06 months and applicable interest rate is AWPLR plus 4% per annum.

Company has pledged following assets as securities ,

Assets pledged as securities	Loan Amount Rs.
- 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.	10,000,000
- Project lands together with other project assets including civil construction, power generation plants, machinery and other equipment's of Padiyapelella Mini Hydro Power Project (Phase - 1)	370,000,000
- Project lands together with other project assets including civil construction, power generation plants, machinery and other equipment's of Manelwala Mini Hydro Power Project	320,000,000
	700,000,000

Group has provided other securities as follows,

Security Provided	Loan Amount
- Corporate Guarantee from Manelwala Hydropower (Pvt) Ltd	700 Million
- Deposit of all project approvals, licenses and Standard Power Purchase Agreements of Hydropower projects relating to companies namely Padiyapelella hydropower Ltd and Manelwala Hydropower (Pvt) Ltd with the bank.	700 Million

People's Leasing and Finance PLC	4,104,980	-	-	- Repayable in 60 monthly instalments commencing from January 2016 and applicable interest rate is 13% per annum. No securities were pledged for the loan.
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	Group		Company	
	2017	2016	2017	2016
As at 31st March,	Rs.	Rs.	Rs.	Rs.

23 Deferred tax liabilities

Balance as at beginning of the year	35,771,325	28,554,041	14,032,619	10,507,594
Origination and reversal of temporary difference				
- Recognised in profit or loss	7,292,431	7,202,319	(5,019,851)	3,512,454
- Recognised in other comprehensive income	16,451,063	14,965	3,676,906	12,571
Balance as at end of the year	59,514,819	35,771,325	12,689,674	14,032,619

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.

23.1 Deferred tax liabilities (Group)

Composition of deferred tax assets and liabilities is as follows,

As at 31st March,	2017		2016	
	Assets Rs.	Liabilities Rs.	Assets Rs.	Liabilities Rs.
Deferred tax (liability)/asset				
Property, plant and equipment	-	(63,605,249)	-	(39,090,654)
Intangible Asset	-	(145,651)	-	-
Employee benefits	601,917	-	354,960	-
Carried forward tax losses	3,713,641	-	2,964,369	-
Lease Obligation	-	(79,477)	-	-
	4,315,558	(63,830,377)	3,319,329	(39,090,654)
Net deferred tax		(59,514,819)		(35,771,325)

Notes to the Financial Statements

23 Deferred tax liabilities (Contd.)

23.1.1 Recognised deferred tax assets and liabilities

<i>As at 31st March,</i>	Net balance as at 01.04.2016	Recognised in profit or loss	Recognised in OCI	Net balance as at 31.03.2017	Deferred tax liability	Deferred tax asset
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Property, plant and equipment	(39,090,654)	(8,003,678)	(16,510,917)	(63,605,249)	(63,605,249)	-
Intangible Asset	-	(145,651)	-	(145,651)	(145,651)	-
Employee benefits	354,960	187,103	59,854	601,917	-	601,917
Carried forward tax losses	2,964,369	749,272	-	3,713,641	-	3,713,641
Lease Obligation	-	(79,477)	-	(79,477)	(79,477)	-
	(35,771,325)	(7,292,431)	(16,451,063)	(59,514,819)	(63,830,377)	4,315,558

<i>As at 31st March,</i>	Net balance as at 01.04.2015	Recognised in profit or loss	Recognised in OCI	Net balance as at 31.03.2016	Deferred tax liability	Deferred tax asset
	Rs.	Rs.	Rs.	Rs.	Rs.	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)	354,960	-	354,960
Carried forward tax losses	-	2,964,369	-	2,964,369	-	2,964,369
	(28,554,041)	(7,202,319)	(14,965)	(35,771,325)	(39,090,654)	3,319,329

23.2 Deferred tax liabilities (Company)

Composition of deferred tax assets and liabilities is as follows,

<i>As at 31st March,</i>	2017		2016	
	Assets	Liabilities	Assets	Liabilities
	Rs.	Rs.	Rs.	Rs.
Deferred tax (liability)/asset				
Property, plant and equipment	-	(13,251,857)	-	(14,352,079)
Intangible Asset	18,941	-	-	-
Employee benefits	543,242	-	319,460	-
	562,183	(13,251,857)	319,460	(14,352,079)
Net deferred tax		(12,689,674)		(14,032,619)

23.2.1 Recognised deferred tax assets and liabilities

<i>As at 31st March,</i>	Net balance as at 01.04.2016	Recognised in profit or loss	Recognised in OCI	Net balance as at 31.03.2017	Deferred tax liability	Deferred tax asset
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Property, plant and equipment	(14,352,079)	4,829,585	(3,729,363)	(13,251,857)	(13,251,857)	-
Intangible Asset	-	18,941	-	18,941	-	18,941
Employee benefits	319,460	171,325	52,457	543,242	-	543,242
	(14,032,619)	5,019,851	(3,676,906)	(12,689,674)	(13,251,857)	562,183

<i>As at 31st March,</i>	Net balance as at 01.04.2015	Recognised in profit or loss	Recognised in OCI	Net balance as at 31.03.2016	Deferred tax liability	Deferred tax asset
	Rs.	Rs.	Rs.	Rs.	Rs.	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)	(3,512,454)	(12,571)	(14,032,619)	(14,352,079)	319,460

<i>As at 31st March,</i>	Group		Company	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.

24 Amount due to related companies

Panasian Investment (Pvt) Ltd	-	-	35,000,000	35,000,000
Manelwala Hydropower (Pvt) Limited	-	-	146,107,764	85,256,173
	-	-	181,107,764	120,256,173

24.1 Company has received funds from its fully owned subsidiaries, Panasian Investments (Private) Limited and Manelwala Hydropower (Private) Limited. No interest is charged on the payables and the condition is that this amount should be settled on demand.

25 Other payables and accruals

Other payables	25,054,366	4,678,515	6,955,423	1,843,836
Accrued expenses	7,145,832	1,058,696	648,244	534,100
	32,200,198	5,737,211	7,603,667	2,377,936

26 Income Tax Payable

Opening Balance	3,809,049	6,166,263	642,322	542,479
During the year provision	2,366,049	4,685,379	545,714	238,045
Income tax under provision	7,000	(684,878)	-	-
WHT claimed against income tax	(215,582)	(377,673)	(92,958)	-
During the year payments	(4,363,345)	(5,980,042)	(306,058)	(138,202)
Closing Balance	1,603,172	3,809,049	789,020	642,322

Notes to the Financial Statements

27 Related party transactions

Group carried out transactions with parties who are defined as related parties as per LKAS 24 "Related Party Disclosure"

27.1 Parent and Ultimate parent

Panasian Power PLC doesn't have an identifiable parent as at the reporting date.

27.2 Key management personnel and related companies

According to the Sri Lanka Accounting Standard (LKAS) 24- Related Party Disclosure "Key Management Personnel" are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Directors (including Executive and Non-Executive Directors) have been classified as KMP of the company.

- (i) Key management personnel compensation is disclosed in note 8 to the Financial Statements.
- (ii) Transactions with related 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 2017.

Name of the Company	Relationship	Nature of Transaction	Outstanding amount as at 01/04/2016	Transaction Amount Rs.	Outstanding amount as at 31/03/2017
Panasian Investment (Private) Limited	Subsidiary	Funds transfers	(35,000,000)	-	(35,000,000)
Manelwala Hydropower (Private) Limited	Subsidiary	Fund transfers	(85,256,173)	(68,377,000)	
		Funds settled		8,000,000	
		Expense reimbursement		(3,211,339)	
		Expenses Shared		2,736,748	(146,107,764)
Padiyapelella Hydropower Limited	Subsidiary	Fund transfers	330,569,731	102,330,000	
		Funds settled		(2,000,000)	
		Expense reimbursement		9,265,711	440,165,442

28 Financial Instruments – Accounting Classifications and Fair values

Financial assets and financial liabilities are measured on an ongoing basis at either fair value or amortised cost. The following tables set out the carrying amount 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.

28.1 Group	As at 31st March 2017										
		Held To Maturity	Fair value through profit or loss	Carrying Amount			Fair Value				
				Available for sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value											
Investment in unit trusts	-	878,393	-	-	-	878,393	-	878,393	-	-	878,393
Financial assets not measured at fair value											
Trade and other receivables	-	-	-	70,087,554	-	70,087,554	-	-	-	-	-
Cash and cash equivalents	-	-	-	5,167,799	-	5,167,799	-	-	-	-	-
	-	-	-	75,255,353	-	75,255,353	-	-	-	-	-
Total financial assets	-	878,393	-	75,255,353	-	76,133,746	-	878,393	-	-	878,393
Financial liabilities not measured at fair value											
Bank Overdrafts	-	-	-	-	32,352,717	32,352,717	-	-	-	-	-
Other payables	-	-	-	-	25,054,366	25,054,366	-	-	-	-	-
Finance lease liabilities	-	-	-	-	3,713,878	3,713,878	-	-	-	-	-
Bank Borrowings	-	-	-	-	736,308,958	736,308,958	-	-	-	-	-
Total financial liabilities	-	-	-	-	797,429,919	797,429,919	-	-	-	-	-
As at 31st March 2016											
Financial assets measured at fair value											
Investment in unit trusts	-	65,705,848	-	-	-	65,705,848	-	65,705,848	-	-	65,705,848
Financial assets not measured at fair value											
Trade and other receivables	-	-	-	23,397,138	-	23,397,138	-	-	-	-	-
Cash and cash equivalents	-	-	-	39,174,988	-	39,174,988	-	-	-	-	-
	-	-	-	62,572,126	-	62,572,126	-	-	-	-	-
Total financial assets	-	65,705,848	-	62,572,126	-	128,277,974	-	65,705,848	-	-	65,705,848
Financial liabilities not measured at fair value											
Other payables	-	-	-	-	4,678,515	4,678,515	-	-	-	-	-
Bank Borrowings	-	-	-	-	639,880,158	639,880,158	-	-	-	-	-
Total financial liabilities	-	-	-	-	644,558,673	644,558,673	-	-	-	-	-

The management assessed that the fair value of cash at bank, trade and other receivables, other payables, bank overdrafts and finance lease liabilities approximate their carrying amounts, largely due to the short term maturities of these instruments. Accordingly the fair value hierarchy does not apply.

Notes to the Financial Statements

28 Financial Instruments – Accounting Classifications and Fair values (Contd.)

28.2 Company

	Carrying Amount				Fair Value					
	Held To Maturity	Fair value through profit or loss	Available for sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<i>As at 31st March 2017</i>										
Financial assets measured at fair value										
Investment in unit trusts	-	878,393	-	-	-	-	-	878,393	-	878,393
Financial assets not measured at fair value										
Trade and other receivables	-	-	-	10,432,100	-	-	-	-	-	10,432,100
Amounts due from related parties	-	-	-	440,165,442	-	-	-	-	-	440,165,442
Cash and cash equivalents	-	-	-	414,386	-	-	-	-	-	414,386
Total financial assets	-	878,393	-	451,011,928	-	-	-	878,393	-	451,011,928
Financial liabilities not measured at fair value										
Bank overdrafts	-	-	-	-	8,564,628	-	-	-	-	8,564,628
Other payables	-	-	-	-	6,955,423	-	-	-	-	6,955,423
Amounts due to related parties	-	-	-	-	181,107,764	-	-	-	-	181,107,764
Bank Borrowings	-	-	-	-	707,203,978	-	-	-	-	707,203,978
Total financial liabilities	-	-	-	-	903,831,793	-	-	-	-	903,831,793
As at 31st March 2016										
Financial assets measured at fair value										
Investment in unit trusts	-	20,217,184	-	-	-	-	-	20,217,184	-	20,217,184
Financial assets not measured at fair value										
Trade and other receivables	-	-	-	10,620,232	-	-	-	-	-	10,620,232
Amounts due from related parties	-	-	-	330,569,731	-	-	-	-	-	330,569,731
Cash and cash equivalents	-	-	-	11,332,808	-	-	-	-	-	11,332,808
Total financial assets	-	20,217,184	-	352,522,771	-	-	-	20,217,184	-	372,739,955
Financial liabilities not measured at fair value										
Other payables	-	-	-	-	1,843,836	-	-	-	-	1,843,836
Amounts due to related parties	-	-	-	-	120,256,173	-	-	-	-	120,256,173
Bank Borrowings	-	-	-	-	639,880,158	-	-	-	-	639,880,158
Total financial liabilities	-	-	-	-	761,980,167	-	-	-	-	761,980,167

The management assessed that the fair value of cash at bank, trade and other receivables, other payables, bank overdrafts and finance lease liabilities approximate their carrying amounts, largely due to the short term maturities of these instruments. Accordingly the fair value hierarchy does not apply.

29 Financial Risk Management

29.1 Overview

The Group has exposure to the following risks, from its use of financial instruments.

- Credit Risk
- Liquidity Risk
- Market Risk
- Operational Risk

The note presents information about Group's exposure to each of above risks, Groups objective, policies and processes measuring and managing risks and the Group's management of capital. Further qualitative disclosures are included through out these consolidated financial statements.

29.2 Risk Management Framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

The group's audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The group audit committee is assisted in its oversight role by the internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

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

29.3 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,	Group		Company	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Trade and Other Receivables	70,087,554	23,397,138	10,432,100	10,620,232
Amounts due from related parties	-	-	440,165,442	330,569,731
Investment in unit trusts	878,393	65,705,848	878,393	20,217,184
Cash at bank	4,962,799	38,989,988	334,386	11,172,808
	75,928,746	128,092,974	451,810,321	372,579,955

Notes to the Financial Statements

29 Financial Risk Management (Contd.)

Trade and other receivables

Group's trades receivables are due from Ceylon Electricity Board which purchase the electricity generated by the Group's hydropower companies. Since it's a government organisation, exposure to credit risk is minimum and outstanding balances are regularly monitored

Amounts due from related parties

All the group companies are under the oversight of the board of Panasian Power Group and hence intercompany receivables are closely monitored.

Investment in unit trusts

Group has invested in unit trusts managed by reputed trust funds and investments are made under supervision of the board.

Cash at Bank

All bank accounts are held in banks with good credit ratings. All material transactions involving bank accounts are overseen by the expertise of board.

29.4 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 assess 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.

29.4.1 Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements

Group							
31 March 2017	Contractual Cash Flows						
	Carrying Amount	Total	2 months of less	2-12 months	1-2 years	2-5 years	More than 5 years
Non derivative financial liabilities							
Bank overdrafts	32,352,717	32,352,717	8,564,628	23,788,089	-	-	-
Secured bank loans	732,203,977	732,203,977	32,203,977	33,395,000	99,828,000	299,484,000	267,293,000
Unsecured bank loans	4,104,981	4,104,981	139,358	743,670	1,004,914	2,217,039	-
Financial lease liabilities	3,713,878	3,713,878	101,723	549,692	759,876	2,302,587	-
Other Payables	25,054,366	25,054,366	25,054,366	-	-	-	-
	797,429,919	797,429,919	66,064,052	58,476,451	101,592,790	304,003,626	267,293,000
31 March 2016							
	Carrying Amount	Total	2 months of less	2-12 months	1-2 years	2-5 years	More than 5 years
Non derivative financial liabilities							
Secured bank loans	635,000,000	635,000,000	-	635,000,000	-	-	-
Unsecured bank loans	4,880,158	4,880,158	122,455	653,470	883,028	3,221,205	-
Other Payables	4,678,515	4,678,515	4,678,515	-	-	-	-
	644,558,673	644,558,673	4,800,970	635,653,470	883,028	3,221,205	-
Company							
31 March 2017	Contractual Cash Flows						
	Carrying Amount	Total	2 months of less	2-12 months	1-2 years	2-5 years	More than 5 years
Non derivative financial liabilities							
Bank overdrafts	8,564,628	8,564,628	8,564,628	-	-	-	-
Secured bank loans	707,203,978	707,203,978	7,203,978	33,395,000	99,828,000	299,484,000	267,293,000
Amounts due to related parties	181,107,764	181,107,764	-	181,107,764	-	-	-
Other Payables	6,955,423	6,955,423	6,955,423	-	-	-	-
	903,831,793	903,831,793	22,724,029	214,502,764	99,828,000	299,484,000	267,293,000
31 March 2016							
	Carrying Amount	Total	2 months of less	2-12 months	1-2 years	2-5 years	More than 5 years
Non derivative financial liabilities							
Secured bank loans	635,000,000	635,000,000	-	635,000,000	-	-	-
Amounts due to related parties	120,256,173	120,256,173	-	120,256,173	-	-	-
Other Payables	1,843,836	1,843,836	1,843,836	-	-	-	-
	757,100,009	757,100,009	1,843,836	755,256,173	-	-	-

The outflows disclosed in the above table represent the contractual undiscounted cash flows relating to non-derivative financial liabilities held for risk management purposes and which are not closed out before contractual maturity.

Notes to the Financial Statements

29 Financial Risk Management (Contd.)

29.5 Market Risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices- will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

29.5.1 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 interest rate profile of the group as at reporting date

As at 31st March,	Group		Company	
	2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
Fixed rate instruments				
Financial liabilities	7,818,859	4,880,158	-	-
	7,818,859	4,880,158	-	-
Variable rate instruments				
Financial Assets	878,393	65,705,848	878,393	20,217,184
Financial Liabilities	725,000,000	635,000,000	700,000,000	635,000,000
	725,878,393	700,705,848	700,878,393	655,217,184

Cashflow sensitivity for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reported date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant

	Profit or Loss		Equity, Net of Tax	
	1% Increase	1% Decrease	1% Increase	1% Decrease
31 March 2017				
Variable rate instruments	(808,349)	808,349	(808,349)	808,349
Cash flow sensitivity (net)	(808,349)	808,349	(808,349)	808,349
31 March 2016				
Variable rate instruments	(526,897)	526,897	(526,897)	526,897
Cash flow sensitivity (net)	(526,897)	526,897	(526,897)	526,897

29.5.1 Currency Risk

The Group's exposure to the currency risk is the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of Group companies.

Sri Lankan Rupee is the Groups functional currency and so is the currency in which sales purchases and borrowings are made. Therefore Group's exposure to currency risk is minimal.

29.6 Operational Risk

The main source of income of Group is generation of electricity using hydropower. And the extent of electricity generated will vary depending on the rainfall received by the catchment area. As a result revenue of the Group can vary significantly.

In addition to that, failures of turbines and generators and other operational disruptions to the power generation process could disrupt the operations of group companies. By close supervision and internal audit reviews Group response to these risks.

30 Capital commitments

There are no significant capital commitments made by the Group as at the reporting date.

31 Contingent liabilities

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

32 Events occurring after reporting date

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

33 Capital Management Disclosure

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to ordinary shareholders.

The board of directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position.

The Group's adjusted net debt to equity ratio at 31st March 2017 was as follows

As at 31st March,	Group	
	2017 Rs.	2016 Rs.
Total Liabilities	870,712,194	688,699,821
Less: Cash and cash equivalents	(5,167,799)	(39,174,988)
Adjusted net debt	865,544,395	649,524,833
Total Equity	1,264,994,881	1,161,488,601
Net debt to equity ratio	0.68	0.56

Notes to the Financial Statements

34 Non Controlling Interest (NCI)

The following table summarises the information relating to Group's subsidiary that has material NCI, before any intra group eliminations

As at 31st March,	Padiyapelelle Hydropower Limited	
	2017 Rs.	2016 Rs.
NCI Percentage	10%	10%
Non-current assets	965,436,520	710,935,420
Current assets	33,394,976	28,974,404
Non-current liabilities	(18,231,164)	(11,640)
Current liabilities	(544,264,966)	(349,069,409)
Net assets	436,335,366	390,828,775
Net assets attributable to NCI	43,633,537	39,082,878
Revenue	26,480,511	-
Loss for the year	(6,749,335)	(3,684,190)
Other Comprehensive Income	52,255,927	-
Total Comprehensive Income	45,506,592	(3,684,190)
Loss Allocated to NCI	(674,934)	(368,419)
OCI allocated to NCI	5,225,593	-
Cash flows from operating activities	151,896,130	29,378,203
Cash flows from investing activities	(200,643,104)	(28,715,493)
Cash flows from financing activities	25,000,000	-
Net increase/(decrease) in cash and cash equivalents	(23,746,974)	662,710

35 Operating Segment Information

A segment is a distinguishable component of the Company and the Group that is engaged either in providing products or services which are subject to risks and rewards that are different from those of other segments.

Main source of revenue of the Group is generation of electricity using hydropower. As there are no other segments to be identified, a segmental analysis is not provided.

36 Directors' responsibilities

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

Investor Information

1. Analysis of shareholders According to the number of shares as at 31 March 2017

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	2,181	1,339,951	0.27	10	5,498	0.00	2,191	1,345,449	0.27
1,001 - 10,000	2,652	12,295,058	2.46	11	82,600	0.02	2,663	12,377,658	2.48
10,001 - 100,000	917	29,970,970	5.99	12	565,490	0.11	929	30,536,460	6.10
100,001 - 1,000,000	153	42,893,110	8.58	6	1,612,016	0.32	159	44,505,126	8.90
Over 1,000,000	33	411,235,307	82.25	-	-	-	33	411,235,307	82.25
	5,936	497,734,396	99.55	39	2,265,604	0.45	5,975.00	500,000,000	100.00

2. Shareholders by Category as at 31 March 2017

Categories of shareholders	Number of shareholders	No. of shares
Individual	5834	121,921,022
Institutional	141	378,078,978
Total	5975	500,000,000

3. Twenty Major Shareholders of the Company as at 31 March 2017

Name	2017		2016
	No. of Shares	Percentage %	No. of Shares
Seylan Bank PLC/ Dr Thirugnanasambandar Senthilvert	131,004,937	26.20	44,613,281
Weswin Power (Private) Limited	58,562,660	11.71	58,562,660
Amana Bank Limited/Vidullanka PLC	41,124,330	8.22	41,124,330
Resus Energy PLC	36,500,000	7.30	111,500,000
Omega Group (Pvt) Ltd	24,700,000	4.94	24,700,000
Global Rubber Industries (Private) Ltd	16,292,300	3.26	12,160,000
Power Hub Green Enegy (Private) Ltd	16,118,250	3.22	16,118,250
Commercial Bank of Ceylon PLC/A K Pathirage	11,000,000	2.20	11,000,000
Sampath Bank PLC/Dr T. Senthilvert	10,250,000	2.05	6,750,000
Mr Mohamed Firdouse Farook	10,000,855	2.00	10,000,855
Vidullanka Lanka PLC	9,258,233	1.85	19,302,819
Mr Prabhash Subasinghe	5,848,150	1.17	5,006,759
Mr Zulficar Ahamed Mohamed Thahir	5,500,000	1.10	5,500,000
Softlogic Life Insurance PLC - A/C 02(Life Fund)	3,090,000	0.62	3,090,000
Mr Pattiyapawulage Don Raj Rohitha Weeraratne	2,800,000	0.56	2,800,000
Mr Herbert Beruwalage	2,764,200	0.55	2,764,200
Panasian Banking Corporation/Almar International (Pvt) Ltd	2,437,517	0.49	2,437,517
Seylan Bank PLC/ Jayantha Dewage	2,426,000	0.49	2,426,000
Cocoshell Activated Carbon Company Limited	2,400,089	0.48	0
Dr Prathap Ramanujam	2,350,000	0.47	0
	394,427,521	78.89	
Shares held by remaining shareholders	105,572,479	21.11	
	500,000,000	100.00	

Investor Information

4. Public Holding

Name	2017	2016
	No. of Shares	No. of Shares
Major shareholders		
Resus Energy PLC (earlier known as Hemas Power PLC)	-	111,500,000
Indirect Holding		
Almar Trading Co (Pvt) Ltd	364,632	364,632
Pan Asia Banking Corporation / Almar International (Pvt)Ltd	2,437,517	2,437,517
Holding of 10% or more		
Amana Bank Limited/ Vidullanka Lanka PLC	41,124,330	41,124,330
Vidullanka Lanka PLC	9,258,233	19,302,819
Weswin Power (Private) Limited	58,562,660	58,562,660
Omega Group (Private) Limited	24,700,000	24,700,000
Power Hub Green Energy (Private) Limited	16,118,250	16,118,250
Mr Farook Mohmed Firdouse'	10,000,855	10,000,855
Seylan Bank PLC/DrT.Senthilvert	131,004,937	44,613,281
Sampath Bank PLC/DrT.Senthilvert	10,250,000	6,750,000
DrT.Senthilvert	-	2,895,784
Directors' shareholding		
Dr P. Ramanujam	2,350,000	2,350,000
Mr H A S Madanayake	-	400,000
Mr S M Farook	175,000	175,000
Spouses & Children under 18 of directors	705,000	605,000
	307,051,414	341,900,128
Issued share capital	500,000,000	500,000,000
Less: Directors' shareholding and major shareholders	307,051,414	341,900,128
Public Holding	192,948,586	158,099,872
Public holding as a % of issued share	38.59%	31.62%
No. of Share holders representing the public holding	5,962	6,306

5. Share Trading Information

Market Values	2016/17	2015/16
Highest (Rs)	3.60	4.00
Lowest (Rs)	2.50	2.90
Closing (Rs)	3.00	3.20
Price Earnings Ratio (Times)	300	17

6. Equity Information - Company

Market Values	2016/17	2015/16
Earnings per share (Rs)	0.01	0.19
Dividends per share (Rs)	0.15	0.15
Net Asset Value per share (Rs)	1.89	1.93
Dividend Payout Ratio	1500%	79%
Dividend yield	5%	4.7%

7. Group Real Estate Portfolios

Owning Company & Location	Land	
	Freehold	Leasehold
Properties in Ratnapura District		
Panasian Power PLC	2A 1R 5.16P	2A 0R 28.3P
Properties in Nuwara Eliya District		
Manelwala Hydropower (Pvt) Ltd	2A 2R 31.3P	2A 3R 4P
Padiyapelella Hydropower Limited	7A 0R 39.9P	27.1P

Five Years Summary

<i>As at 31st March</i>	2017	2016	2015	2014	2013
	Rs	Rs	Rs	Rs	Rs
A) Summary of Financial position					
Turnover	125,395,386	166,548,590	179,487,184	123,084,852	104,723,416
Gross Profit	105,782,619	138,665,279	162,352,303	111,397,257	94,086,924
Net Profit before Finance Cost	79,676,737	149,064,322	257,698,110	111,796,487	85,689,105
Profit before Taxation	(95,990)	97,441,985	225,132,720	100,530,444	86,727,788
Taxation	4,474,137	(3,750,499)	(1,346,795)	877,161	(1,079,297)
Profit or loss after Taxation	4,378,147	93,691,486	223,401,941	102,065,976	85,650,457
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	201,471,090	272,372,872	403,568,247	180,166,306	128,100,330
Other Reserves	113,494,335	62,879,041	62,879,041	59,079,041	59,079,041
Total Equity	944,965,425	965,251,913	1,096,447,288	869,245,347	817,179,371
Asset & Liabilities					
Current Assets	453,070,691	373,770,856	430,607,641	38,514,794	32,090,682
Current Liabilities	57,556,293	3,020,258	7,107,556	95,758,246	7,065,171
Net Current Assets	395,514,398	370,750,598	423,500,085	(57,243,452)	25,025,511
Property Plant & Equipment	269,748,655	221,110,713	223,540,731	144,910,739	150,639,158
Other Non Current Assets	1,414,380,485	1,366,984,704	1,370,935,347	895,266,461	738,157,176
Related Party Payables	181,107,764	120,256,173	49,297,328	101,049,039	82,200,000
Non Current Liabilities	683,821,694	652,227,216	648,690,815	12,639,362	14,442,474
Net Assets	944,965,425	965,251,913	1,096,447,288	869,245,347	817,179,371
Total Assets	1,867,451,176	1,740,755,560	1,801,542,987	1,078,691,994	920,887,016
Stated Capital	630,000,000	630,000,000	630,000,000	630,000,000	630,000,000
Dividends Declared / Paid	75,000,000	75,000,000	150,000,000	-	50,000,000

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 CEYLON CHAMBER OF COMMERCE ON FRIDAY, 15TH SEPTEMBER 2017 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 2017 with the Report of the Auditors thereon.
2. To re-elect Mr Panadura Liyanage Dilanka Jinadasa, who in terms of Article 24 (2) of the Articles of Association of the Company retires at the Annual General Meeting as a Director.
3. To re-elect Mr Poddiwala Kankanamge Pathmanatha, who in terms of Article 24 (2) of the Articles of Association of the Company retires at the Annual General Meeting as a Director.
4. To re-elect Mr Andrew Deshan Pushparajah, who in terms of Article 24 (2) of the Articles of Association of the Company retires at the Annual General Meeting as a Director.
5. To re-elect Mr Senthilverl Senthia Nandhanan, who in terms of Article 24 (2) of the Articles of Association of the Company retires at the Annual General Meeting as a Director.
6. To appoint as a Director, Dr Thirugnanasambandar Senthilverl who has attained the age of 72 years. The Company has received notice of intention to pass the under noted as an Ordinary Resolution in compliance with Section 211 of the Companies Act No. 07 of 2007.

Ordinary Resolution

"That Dr Thirugnanasambandar Senthilverl who has attained the age of 72 years be and is hereby appointed as a Director of the Company and it is hereby declared as provided for in Section 211 of the Companies Act no. 07 of 2007 that the age limit of 70 years referred to in Section 210 of the said Companies Act shall not apply to Dr Thirugnanasambandar Senthilverl.

7. To re-appoint M/s. KPMG, Chartered Accountants as Auditors to the Company and authorize the Directors to determine their remuneration.
8. To authorize the Directors to determine donations for the year 2017/2018.

BY ORDER OF THE BOARD OF
PANASIAN POWER PLC



S S P CORPORATE SERVICES (PRIVATE) LIMITED
Secretaries

Colombo
15th August 2017

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/*member of Panasian Power PLC hereby appoint.....

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

- | | |
|---------------------------------------|---------------------------|
| Dr Prathap Ramanujam | of Colombo or failing him |
| Mr Deepal Sooriyaarachchi | of Colombo or failing him |
| Mr Panadura Liyanage Dilanka Jinadasa | of Colombo or failing him |
| Mr Poddiwala Kankanamge Pathmanatha | of Colombo or failing him |
| Mr Andrew Deshan Pushparajah | of Colombo or failing him |
| Mr Senthilverl Senthia Nandhanan | 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 15th September 2017 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 2017 with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2.	To re-elect Mr Panadura Liyanage Dilanka Jinadasa, who in terms of Article 24 (2) of the Articles of Association of the Company retires at the Annual General Meeting as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
3.	To re-elect Mr Poddiwala Kankanamge Pathmanatha, who in terms of Article 24 (2) of the Articles of Association of the Company retires at the Annual General Meeting as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
4.	To re-elect Mr Andrew Deshan Pushparajah, who in terms of Article 24 (2) of the Articles of Association of the Company retires at the Annual General Meeting as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
5.	To re-elect Mr Senthilverl Senthia Nandhanan, who in terms of Article 24 (2) of the Articles of Association of the Company retires at the Annual General Meeting as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
6.	To appoint as a Director, Dr Thirugnanasambandar Senthilverl who has attained the age of 72 years. The Company has received notice of intention to pass the under noted as an Ordinary Resolution in compliance with Section 211 of the Companies Act No. 07 of 2007.	<input type="checkbox"/>	<input type="checkbox"/>
	Ordinary Resolution "That Dr Thirugnanasambandar Senthilverl who has attained the age of 72 years be and is hereby appointed as a Director of the Company and it is hereby declared as provided for in Section 211 of the Companies Act no. 07 of 2007 that the age limit of 70 years referred to in Section 210 of the said Companies Act shall not apply to Dr Thirugnanasambandar Senthilverl.		
7.	To re-appoint M/s. KPMG, Chartered Accountants as Auditors to the Company and authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
8.	To authorize the Directors to determine donations for the year 2017/2018.	<input type="checkbox"/>	<input type="checkbox"/>

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

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.

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.

Corporate Information

Name of the Company

Panasian Power PLC

Legal Form

A Public Quoted Company with limited liability incorporated under the Provision of the Companies Act No 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

03, Elibank Road, Colombo 05.

Subsidiary Companies

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

Nature of Business

Generate and supply hydro power to the National Grid

Directors

Dr. Prathap Ramanujam
Mr. Deepal Sooriyaarachchi
Mr. Panadura Liyanage Dilanka Jinadasa
Mr. Poddiwala Kankanamge Pathmanatha
Mr. Andrew Deshan Pushparajah
Mr. Senthilvel Senthil Nandhanan

Audit Committee

Mr. Andrew Deshan Pushparajah (Chairman)
Mr. Deepal Sooriyaarachchi
Mr. Senthilvel Senthil Nandhanan

Remuneration Committee

Mr. Deepal Sooriyaarachchi (Chairman)
Mr. Andrew Deshan Pushparajah
Mr. Panadura Liyanage Dilanka Jinadasa
Mr. Senthilvel Senthil Nandhanan

Related Party Transaction Review Committee

Mr. Andrew Deshan Pushparajah (Chairman)
Mr. Deepal Sooriyaarachchi
Dr. Prathap Ramanujam

Secretaries and Registrars

S S P Corporate Services (Pvt) Limited
No 101, Inner Flower Road,
Colombo 3
Tel: +94 11 2 573894

Auditors

Ms KPMG
Chartered Accountants
32A, Sir Mohamed Macan Marker Mawatha,
Colombo 3
Tel: +94112426301

Bankers

Sampath Bank PLC
110, Sir James Peiris Mawatha
Colombo 2
Tel: +94 11 2 303050

Website

www.panasianpower.com



