Guiding the way to a Sustainable FUTURE

PANASIAN POWER PLC

Panasian Power PLC Annual Report 2017/18

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FINANCIAL REPORTS

Guiding the way to a Sustainable Future

We at Panasian Power PLC relentlessly focus on preserving our environment by introducing sustainable energy solutions. Our solutions are focused with an emphasis on the environment and the community taking a special place. As we move ahead we focus on introducing expansive energy solutions across different platforms whilst satisfying the aspirations of 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 STAKEHOLDER 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.

Padiyapelella Mini Hydropower Project

Kelaniya Rooftop Solar Power Project

Rathganga Mini Hydropower Project

PAP CONTINUES TO SET NEW BENCHMARKS IN THE SECTOR THROUGH A STRATEGY OF CONTINUOUS ORGANIC EXPANSION AND THE CONSTANT REFINEMENT OF BUSINESS PROCESSES AS IT PAVES THE WAY FOR A BRIGHTER, CLEANER AND MORE SUSTAINABLE FUTURE.

ABOUT

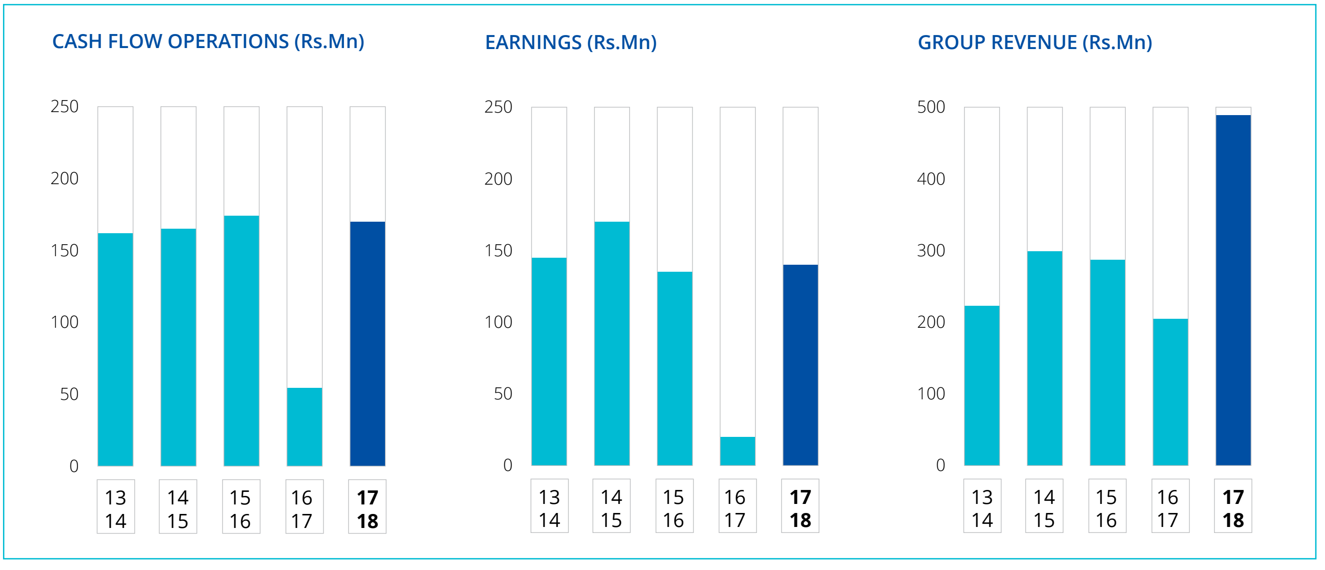
Panasian Power PLC

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 as it paves the way for a brighter, cleaner and more sustainable future.

FINANCIAL HIGHLIGHTS

Year Ended 31st March		2018	2017	Change %
OPERATING RESULTS				
Group Revenue	Rs. '000	**489,393**	204,567	139%
Operating Profit	Rs. '000	**298,625**	109,364	173%
Profit Before Taxation	Rs. '000	**199,866**	30,810	548%
Profit After Taxation	Rs. '000	**152,412**	21,145	621%
Profit Attributable Owners of the Company	Rs. '000	**139,300**	21,820	538%
Gross Dividend Paid	Rs. '000	**-**	75,000	0%
Cash from Operations	Rs. '000	**159,500**	54,616	192%
Financial Position				
Total Assets	Rs. '000	**2,348,386**	2,135,707	10%
Equity Attributable to Owners of the Company	Rs. '000	**1,307,389**	1,221,361	7%
No. of Ordinary Shares	No. '000	**500,000**	500,000	0%
Gearing	%	**44%**	69%	-36%
Shareholder Information				
Return on Equity	%	**11%**	1.79%	515%
Earning Per Share	Rs.	**0.28**	0.04	600%
Dividend Per Share	Rs.	**0.13**	0.15	-13%
Dividend Payout	%	**46%**	375%	-88%
Net Asset Per Share	Rs.	**2.76**	2.44	13%
Market Capitalization	Rs. '000	**1,350,000**	1,500,000	-10%
Price Earnings Ratio	Times	**9.69**	75	-87%
Market Price as at 31st March	Rs.	**2.7**	3	-10%
Interest Cover	Times	**3.02**	1.34	125%




Boralasgamuwa Rooftop Solar Power Project


Padiyapelella Mini Hydropower Project


Manelwala Mini Hydropower Project


Kelaniya Rooftop Solar Power Project

CHAIRMAN'S REVIEW

I am pleased to welcome you to the Annual General Meeting of Panasian Power PLC and present to you the Annual Report and the Consolidated Audited Financial Statements of the Company for the year ended 31st March 2018. The year under review has been a highly eventful one for the company. In May 2017, 29% shares of company was acquired by Mr. PLD Jinadasa, which subsequently triggered a complete overhaul of the business of the Company.

We now have in place a completely new Board of Directors, I am humbled to remain in the capacity of Chairman of the Company for the last 08 years. On our Board, we now have a diverse team of highly respected Directors who are steering the company on a strong path to progress. There has been a tremendous change in the mindset of all the employees of the company in the aftermath of the company changing hands. Ambitious expansion plans have been drawn up to diversify into other renewable energy sectors while foraying into overseas expansion as well, which reflects the tone adopted by the new management to realize the Company's full potential. I have full confidence that these exciting plans will benefit outlook of the company's profitability outlook.

High Potential Industry

During the year under review, the Company and Group posted a profit of LKR 54 Million and LKR 152 respectively.

> "AS A COMPANY, WE ARE LOOKING TO INCREASE OUR SHARE OF HYDRO POWER PROJECTS AND WE ARE MOVING INTO SOLAR ENERGY SIMULTANEOUSLY AS WE POSSES EXPERTISE IN THIS SEGMENT OF RENEWABLE ENERGY."

Return on Investment (ROI) in the energy sector is quite good and the company's expansion into harnessing solar energy will enhance profitability in the medium to long term. This new approach positions the company strongly in the energy sector as the scope for expansion is limitless. Renewable energy is the way of the future for Sri Lanka to achieve energy security and the government is welcoming players in this sector to expand into solar, wind and hydro energy.

Renewable energy is highly cost effective and although the government expects to rely purely on renewable energy by 2030, I believe it might be difficult to achieve this ambition unless certain long-term policies are set in place. Currently, renewable energy accounts for merely 36% of total energy consumption in the country.

As a company, we are looking to increase our share in hydro power and we are moving into solar energy simultaneously as we posses expertise in this sector.

Policy Stability is Key

It is my earnest request to authorities to change their mindset and to welcome small projects with as much enthusiasm as larger counterparts in the renewable energy sector. Unless policy conditions are ideal, it might be unrealistic to hold out for large investments alone. There is a national vision for the renewable sector but it is not being implemented and neither have any measures been set in place to help to realize the vision. The government should, post-haste, decide on long-term tariffs - for the next 20 years at least – to boost investment in the sector. Investors will be reluctant to step forward to invest in the renewable sector without having a long term view of the tariffs and the assurance that no ad hoc changes will be made.

Future Outlook

The future prospects for the Company seems to be bright, backed by the ambitious vision of the new management and its plan to add value to shareholders' investment. The infusion of valuable experienced human resources into the company is already strengthening our position in the industry and empowering us to shape the country's renewable energy industry. Given our strong sustainability conscience which extends to the well being of our employees, the environment and the citizens of the country, Panasian Power is truly poised to make dynamic progress and become a key player in the energy sector in the future.

Acknowledgement

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 / Chief Executive Officer

24th August 2018

GENERAL MANAGER'S REVIEW

The 2017/18 financial year was an exciting time for the company with its acquisition by a new consortium of investors who have articulated a dynamic vision for the company. During this period, we commenced implementation of key strategies envisioned to help unlock the full potential of Panasian Power PLC. For most part of the year, the main endeavour was to streamline existing operations and add capacity to existing projects while acquiring new ones.

Padiyapelella plant was operational since March 2017 for 3.5 MW with that total Hydro power capacity increased to 8.9 MW.

Last year the Company acquired new licenses for hydro power projects and relaunched lapsed approvals for Padiyapelella project Phase II, further the group diversified into solar power generation during the year and completed 1.2 MW of rooftop solar projects, Engaged with another 1 MW ground solar project which will be ready for construction on September 2018. Further, another 3.7 MW of rooftop Solar projects will be completed by end of the financial year 2018/19 increasing the total to 5.9 MW of Solar.

The year under review was overall a good one despite a period of drought that prevailed during the year. The company performed strongly in response to process improvements and enhanced capacity, recording a Rs. 200 mn PBT as against Rs. 21 mn in the preceding year. We are committed to launching new projects in an ongoing manner and have set a target of achieving bottom-line of Rs. 300 mn by 2020 with the addition of solar power projects. We are confident of achieving 30 MW capacity by year 2022 or perhaps even earlier.

Post-acquisition, the newly-instituted management and Board of Directors immediately evaluated and implemented improvements in existing plants to improve efficiency of operations and minimize cost to impact both the bottom-line and topline. A thorough due diligence of plants and existing operational practices was conducted to gain clearer insights.

By infusing greater productivity and streamlining operations, we experienced positive outcomes. One of the key focus areas was to enhance staff competencies by recruiting technically qualified staff adept in the sector. Moreover, certain practices were overhauled to ensure full compliance with the regulator's requirements. Panasian Power recorded satisfactory overall growth despite the fact the new management was only in controlling for 10 months of the year along with external challenges such as lack of adequate rainfall.

Simultaneously, we embarked on adding power generation capacity. Our rooftop solar projects in Boralesgamuwa, Kohuwala and Kolonna added 1.2 MW whilst Kelaniya will be commissioned in August 2018 with a capacity of 0.8 MW, bringing the total capacity to 10.9 MW (8.9MW Hydro and 2 MW Solar) by September 2019.

Complicated Eco-system

The company faced a number of challenges during the period. The revision of the Inland Revenue Act impacted our business as it revoked tax concessions extended to renewable energy projects. Previously, the agreement was signed with the BOI who specified concessions in the form of customs duty exemptions and taxes. Now, the Inland Revenue is responsible for the tax portion While BOI would grant only duly concision for new ProJet's. This effectively denies the company of any new tax holidays, concession or other incentive. In the past, incentives were extended depending on the size of investments. By doing this we feel energy tariffs too on a declining trend.

As a renewable energy company, the scope is huge and since Sri Lanka is officially committed to the Paris Agreement of brining down carbon levels, projects such as ours make a valuable contribution to wards national power generation. Given Sri Lanka's climate, there is ample potential for hydro and solar power generation. We are a developing country and energy demand will keep rising, therefore private players need to be encouraged to add power to the national grid.

“LAST YEAR THE COMPANY ACQUIRED NEW LICENSES FOR HYDRO POWER PROJECTS AND RELAUNCHED LAPSED APPROVALS FOR PADIYAPELELLA PROJECT PHASE II, FURTHER THE GROUP DIVERSIFIED INTO SOLAR POWER GENERATION DURING THE YEAR AND COMPLETED 1.2 MW OF ROOFTOP SOLAR PROJECTS, ENGAGED WITH ANOTHER 1 MW GROUND SOLAR PROJECT WHICH WILL BE READY FOR CONSTRUCTION ON SEPTEMBER 2018. FURTHER, ANOTHER 3.7 MW OF ROOFTOP SOLAR PROJECTS WILL BE COMPLETED BY END OF THE FINANCIAL YEAR 2018/19 INCREASING THE TOTAL TO 5.9 MW OF SOLAR.“

GENERAL MANAGER'S REVIEW

Challenges to Energy Security

While Sri Lanka does have a national vision for the nation's energy security, it needs to be implemented strongly and without change in policies. Moreover, unless the development of renewable energy sector is encouraged, the nation will face an energy crisis in the future. Now is the right climate to improve energy and address all energy concerns. The new Renewable Energy Act does not view hydropower favourably and is mired in policy at odds with the industry.

Opening the bidding process for renewable energy projects without resolving existing policy issues is creating additional complications. Though there are lot of hydro projects in the pipeline for LOI, we have huge bottleneck in power evacuation which slower the redevelopment in most of the area. There for rapid Capital inflows for infrastructure development is must to achieve removable energy targets. There is a need to develop policies in line with availability of infrastructure. In order to attract investors, the approval process needs to be coordinated and streamlined amongst government agencies.

A strategic futuristic plan can substantially boost the renewable energy sector. For example, if there are a long-term tariffs then wind turbines could even be manufactured locally. Opening bidding to foreign bidders will discourage investment by local players as they cannot match the scale of foreign bidders. Revenue gains by dropping tariffs needs to be sacrificed in favour of long term development of the industry. There is a pressing need to ensure access to green financing at a rate of 8-10% for solar and other renewable energy projects.

Sri Lanka power generation sector is still not mature and cannot compete with foreign bidders, which is why it should be incentivized and local home grown projects should be encouraged by keeping foreign bidders out. Although hydro power generation has progressed as a segment of the industry, policymakers fail to see any advantage in developing the industry on price advantage.

Future Outlook

Panasian Power PLC is adding new projects in an ongoing manner and plans to achieve a Rs. 300 Mn bottom-line by 2020 with additional solar projects. We are confident of achieving 30 MW capacity by 2022 or earlier. The company is aligned with the government's goal to generate 30% of electricity from renewable energy in Sri Lanka by 2020, with an aim to increase that level up to 50% by 2030. Over the course of the coming year, we will work to further consolidate operations across our plants while exploring new opportunities for growth and expansion.

Acknowledgement

I would like to convey my heartfelt appreciation to the Chairman and Board of Directors for their counsel and guidance. The management and staff of the company have worked tirelessly to affirm the sagacity of our decision to acquire the company. I would like to thank other stakeholders and regulators for supporting our vision. Our shareholders need to be thanked for the confidence they place is us as we move towards a sustainable future.

Pathmanatha Poddiwala
General Manager

24th August 2018

BOARD OF DIRECTORS

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

BOARD OF DIRECTORS

DR PRATHAP RAMANUJAM
Chairman / Chief Executive Officer

After completing extensive years of service in the Public Sector as a Permanent Secretary to several important Ministries during his last fourteen years in the Public Sector, Dr Prathap Ramanujam who was responsible to setup the Secretariat for Infrastructure Development & Investments which was instruments to initiate 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 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 Officer 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

MR DESHAN PUSHPARAJAH
Independent Non-Executive Director

Mr Deshan Pushparajah holds the role of Managing Director – Global Markets & Investment Banking at Capital Alliance Partners Limited (CAL) and overlooks its Investment Banking, Research and Global distribution 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 SENTHI NANDHANAN
Non-Executive Director

Mr S. Senthi 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.

DR T SENTHILVERL
Non-Executive Director

Dr T Senthilverl counts over five decades of active engagement in manufacturing, trading, land development, irrigation, power and energy sectors, construction, management, industrial turnkey projections. He currently serves on the Boards of several public and private companies including C.W. Mackie PLC, CT Land Development PLC, Lotus Hydro PLC, Sanasa Insurance Co. Ltd., Kelani Vally Canneries Ltd, and SMB Money Brokers (Pvt) Ltd.

Dr Senthilverl has extensive experience in Corporate Management. He holds CEO positions in a leading group of companies

Dr T Senthilverl appointed to the board with effect from 15th September 2017.

Resigned from the board with effect from 18th May 2017.

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 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 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.


Padiyapelella Mini Hydropower Project


Manelwala Hydropower Project


Boralasgamuwa Rooftop Solar Project

MANAGEMENT DISCUSSION & ANALYSIS

Overview

The corporation is a developer, owner and operator of hydropower and solar power energy generation plants.

Portfolio of Assets

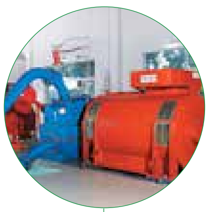
As at the date of this MD&A, the Company owns interests in three hydro power and three solar power power-generating projects.

Hydro Power

- Three facilities in commercial operation (the "Operating Facilities"). Commissioned between 2002 and December 2017, the facilities have a weighted average age of approximately 9.0 years. They sell the generated power under long-term Power Purchase Agreements, long-term industrial and retail contracts ("PPA") that have a weighted average remaining life of 15.5 years (based on gross long-term average production).
- Two hydro projects scheduled to begin construction by 2019 with revenue generation towards the end of 2020, ("Development Projects").
- Numerous projects that have secured land rights, for which an investigative permit application has been filed or for which a proposal has been or could be submitted under a Request for Proposal or a Standing Offer Program (collectively the "Prospective Projects"). These projects are at various stages of development. Some Prospective Projects are targeted toward specific future Requests for Proposals and other Prospective Projects are maintained or continue to be advanced and will be available for future requests for proposals yet to be announced or are targeted toward negotiated PPAs with public utilities or other retail, financial or commercial entities or other various arrangements in Sri Lanka or in other regions such as east Africa and South Asia. Theses numerous Prospective Projects have a

combined potential net installed capacity of 10 MW by FY2020. There is no certainty that any Prospective Project will be realized. The following chart features the Company's direct and indirect interests in the Operating Facilities, Development Projects and Prospective Projects.

Project		Capacity	Expected Commission Date
Hydro Power Projects	Lower Kothmale Mini Hydropower Project	2.5 MW	End of Year 2020/2021
	Padiyapellela Mini Hydropower Project Phase 2	2.4 MW	During the Year 2020/2021
Solar Power Projects	Rooftop Solar Projects	4.5MW	2 MW Commissioned
			2.5 MW will be commissioned during year 2018/2019
	Ground Solar Farms	7 MW	1 MW Will be commissioned on January 2019
			6 MW will be commissioned during the year 2019/2020



MANELWELA

PADIYAPELLELA

FOREIGN EXPANSION

2002	2004/05	2008/09	2015/16	2016/17	2017/18	2018/19	2019/20
Installed Capacity	2 MW	4.4 MW	5.4 MW	8.9 MW	10.2 MW	14.9 MW	23.9 MW
Generated Capacity	6.7 Gwh	14.64 Gwh	19.78 Gwh	14.0 Gwh	37.45 Gwh	41.6 Gwh	66.38 Gwh

RATHGANGA

RATHGANGA EXPANSION

7 SOLAR PROJECTS

9 SOLAR PROJECTS

EXPLORING AFRICA & MYANMAR

2 LOCAL HYDRO PROJECTS

Business Strategy

The Company's strategy for building shareholder value is to develop or acquire high-quality renewable power production facilities whilst diversifying its portfolio mix that generate sustainable cash flows and provide an attractive risk-adjusted return on invested capital and to distribute a sustainable dividend.

Produce only Renewable Energy

The Company is committed to producing electricity exclusively from renewable energy sources.

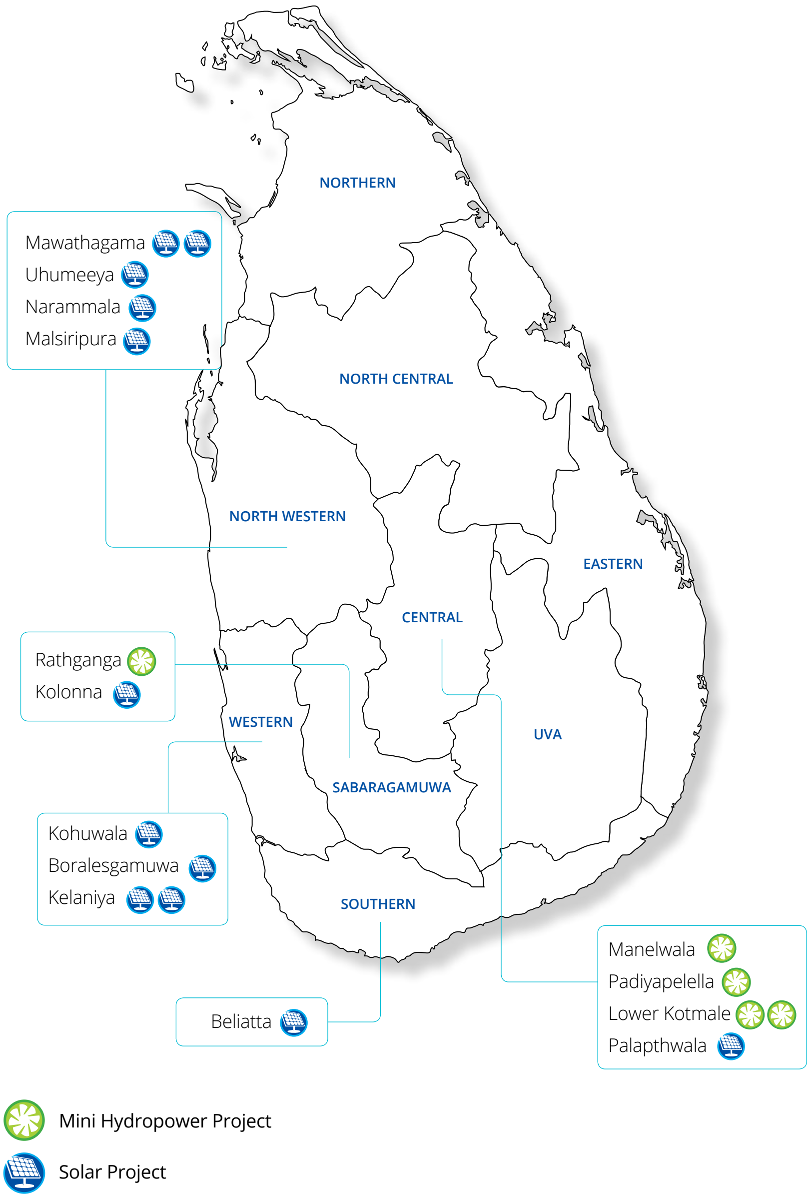
Develop Sustainably

In conducting its business, the Company strives to achieve a balance between economic, social and environmental considerations and is committed to planning, deciding, managing and operating through the lens of sustainability.

Maintain Diversification of Energy Sources

The Company strives to maintain a diversified portfolio of assets in terms of geography and sources of energy to alleviate any seasonal and production variations. In terms of geography PAP has presence in locations that are covered by the two monsoons in Sri Lanka adding that drives a high year round plant factor.

The amount of electricity generated by the Operating Facilities is generally dependent on the availability of water flows and solar irradiation. Lower-than-expected water flows and solar irradiation in any given year could have an impact on the Company's revenues and hence on its profitability. This has been mitigated through our diversification strategy into the Solar sector starting during the year under review.



PAP owns interest in 3 hydroelectric facilities, 1 ground solar farm and 3 rooftop solar projects as of the balance sheet date. This is further backed by the strong pipeline we expect to acquire over the next few months.

Develop Strategic Relationships

Strategic relationships and partnerships are an important component of the Company's business strategy. When the Company teams up with a strategic or financial partner, the Company and the partner share ownership of the projects concerned. PAP has ventured into 3 corporate partnerships for the year under review.

Pursue Opportunities for Renewable Energy Growth

Growing awareness and concern over issues such as climate change, access to clean energy security, energy efficiency and the environmental impacts of conventional fossil fuels are leading governments around the world to increase their demand for and commitment to the development of renewable energy supply. Consequently, PAP believes that the outlook for the renewable energy industry is promising and it therefore intends to pursue growth by developing, acquiring and operating renewable energy projects. Further the price CEB incurs on thermal power is LKR 28 per KWh which is far greater than LKR 15 and LKR 14 that is been paid on average for mini-hydro and solar respectively.

Key Growth Factors

PAP's future growth will be affected by the following key factors:

- Stable and long-term government policies for the procurement of new renewable energy capacity, whether through requests for proposals or other mechanisms;
- Our capacity to evaluate and secure the best prospective sites for the development of new projects in cooperation with local communities;
- Our ability to enter into attractive PPAs and obtain the required environmental and other permits;
- Our ability to make accretive acquisitions in both Sri Lanka and abroad; and Its ability to finance its growth.

Maintain Capacity for Delivering Results

PAP does business in a competitive industry. The experience and dedication of its management team constitute an important asset. Through careful management, it has established a track record of completing projects by the commercial operation start date specified in their PPA amidst the local government uncertainties while adhering to the established construction budgets.

PAP's employees possess the specialized knowledge and skills necessary to carry out its business. The company can also rely on a network of technical, financial and legal partners and has proved its ability to complement its internal capabilities with efficient use of external consultants when required. In addition, PAP retains the services of a capital market specialist in the capacity of a director to assist with the feasibility analysis of its projects. As at the date of this MD&A, the Company employed a total of 50 people.

Local Power & Energy Sector

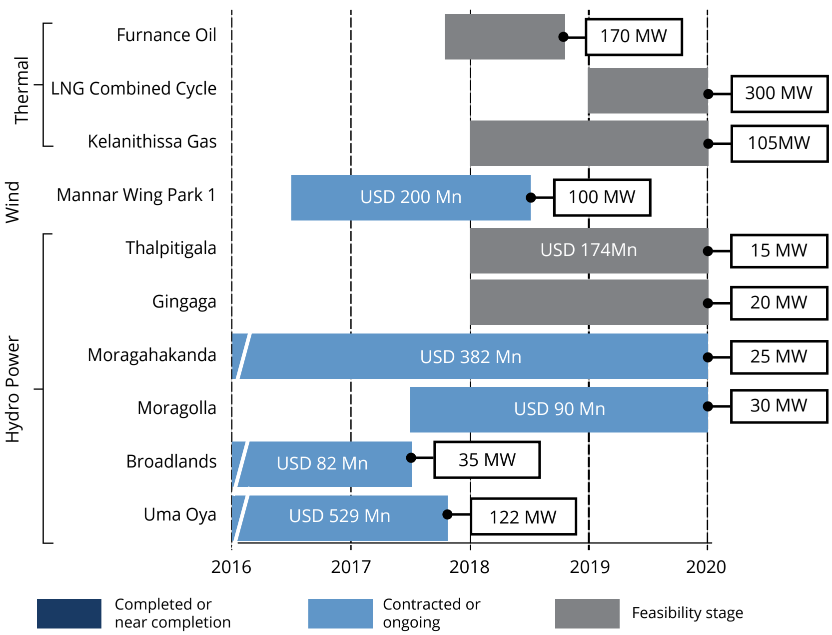
Electricity generation continued to expand with a higher dependence on thermal power generation during 2017. Total electricity generation increased by 3.7 per cent% to 14,671 GWh in 2017, from 14,149 GWh in the preceding year. The drought conditions that prevailed since the latter part of 2016 continued during the first nine months of 2017, significantly hampering hydropower generation and increasing the country's reliance on thermal power generation. Consequently, hydropower generation, excluding mini hydro generation, registered a decline of 12.1 per cent% to 3,059 GWh, whereas fuel oil-based power generation and coal power generation increased by 13.1 per cent% and 1.1 per cent%, to 5,045 GWh and 5,103 GWh, respectively.

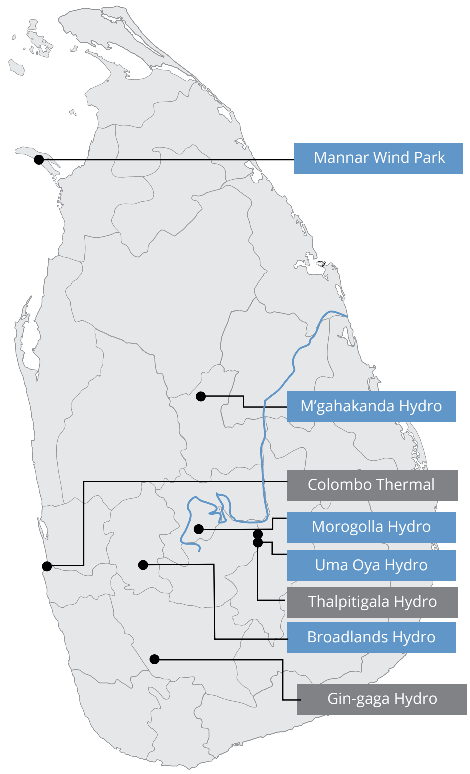
With the rise in mini hydropower generation due to the rainfall received during the latter part of 2017, electricity generation through non-conventional renewable energy (NCRE) sources increased by 26.3 per cent% to 1,464 GWh in 2017, compared to the previous year. Accordingly, during 2017, coal based electricity generation accounted for the largest share within the total generation followed by fuel oil, hydro and NCRE power generation, respectively, during 2017.

The government continued to increase the capacity of renewable energy generation in the country, with a view to enhancing sustainability in the energy sector. The construction of Uma Oya, Moragahakanda and Broadlands hydropower plants was in progress during 2017 and these projects are expected to add 120 MW, 25 MW and 35MW to the national grid by mid-2018, 2018 and mid-2019, respectively. Sri Lanka has set a futuristic and progressive task of increasing its share of renewable energy in electricity generation to 100% by 2030.

Renewable capacity is dominated by mini-hydro power technology, which contributes 293 MW capacity, while wind energy technology represents 124 MW capacity. The CEB plans to increase the renewable energy capacity to 972 MW by 2020, which would contribute 20% to the total power generation in the country. Renewable energy's share in power generation is currently expected to peak in 2025 at 21.4% with an installed capacity of 1,367 MW.

Timetable for Major Power Generation Projects





Source: *JB Securities Macro Economic Report.*

DEVELOPMENTS IN 2017

Operational Excellence in Plants

Post-acquisition, the new management introduced a plant operational maintenance program in line with maintenance requirements while maintaining log sheets for health and safety records.

Expert Management

During 2017, we brought in expertise by recruiting a Plant Operations Manager and dedicated experts to ensure compliance of regulations after evaluation of the previous management limitations. At the same time, staff numbers were rationalized by extending voluntary retirement schemes and robust systems were put into place, once the right team was identified.

Evaluation of Potential Opportunities

The next endeavour was to renew all approvals and acquire new potential hydropower projects.

Padiyapelella Hydropower Project was 3.5 MW project but we could see it had the potential to increase capacity by 25% to the plant. In order to achieve this, additional funds were allocated by Board and today the plant is running at 4.4MW. Our next ambition is to expand capacity to 30 MW by FY 2022.

Under the earlier management, the Phase 2 of the Padiyapelella Hydropower Project was contracted but subsequently cancelled. However, we lodged fresh applications to secure the same contract.

Hedging the Weather Risk

On observing weather patterns, we see a lot of volatility and severe drought. The inclement weather conditions that prevailed during the year consisted of a dry spell in the first half of the year under review slowed down hydropower generation while the second half of the year experienced adequate rain for hydropower generation.

Subsequently, we acquired additional 3 MW Lower Kothmale Oya project in Nuwara Eliya District with the aim to boost the existing capacity. This project is exceptional due to its ability of generating a higher profitability with the low cost power generation and higher return on investment. Another reason for acquiring the Lower Kothmale Oya project is because it is dependent on the south west monsoon unlike the other existing projects which depend on north east monsoon.

Solar to Diversify the Generation Mix

During the year, we ventured into solar power to build up a diversified revenue stream and to help mitigate the risks which can be caused from adverse weather conditions for either hydro or solar part of the business. As at year-end, we have 10-plus solar projects in operation and 5-plus under development through which we will have added 15 MW in solar power in less than a year. Solar power generation is less volatile in nature as the plants will be located in dry zones and have access to sunlight year-around.

New Business Model to Disrupt Solar

In the order to capitalized on the Governments "Soorya Bala" Scheme the company also leases out rooftops and partnership to generate 10 MW of rooftop solar energy by year 2019/20.

Value Addition through EPC

The company continues diversification and has recently received approvals from authorities as an installer for rooftop solar power plants (EPC) requirements for which selected locations have been identified.

Projects under Construction

Currently, 800 KW project in Kelaniya is under construction while agreements are signed for another 3 MW rooftop solar in Kurenegala district. The company was pleased to announce the acquisition of Beliatta project of 1 MW issued in the government's last tender. Land has already been acquired in Beliatta for the purpose and we are currently on the design and approvals stage and hope to commence commercial operations by end 2018. The company is committed to achieve the target 15 MW by 2022.

Future Outlook

Going ahead, we plan to continue our expansion and diversification while at the same time will implement our global ambitions by partnering with potential developers in Kenya and Uganda to negotiate new projects to develop hydropower in the scale of 6-10 MW per plant through joint venture partnerships. The Board has decided to focus on Africa to build a capacity of 40-50 MW before 2025 to divers the company's country risk component and to explore new competitive market conditions. Apart from Africa, the company is also exploring opportunities in Nepal and other Asian countries for power generation.

FINANCIAL REVIEW

Strong Revenue Growth Supported by Diversified Investments in Green Energy

The Group witnessed a phenomenal 139% YoY topline growth to record a consolidated revenue of Rs. 489 Mn for the year under review. This was mainly due the revenue of Rs 196 Mn from Padiyapelella Hydropower Limited. The Group's electricity generation for the period under review was 30 Mn Units (KWh) versus 14 Mn Units (KWh) generated in the previous year. The revenue expansion also resulted due to the completion of three rooftop solar power plants which has a combined capacity of 1.2 MW. The plants are located in Kolonna, Boralesgamuwa and Kohowala with capacities of 300KW, 400KW and 500 KW respectively. During the period, the company also acquired Eco Green Solar Solutions (Pvt) Ltd, which has a 1 MW Solar Power permit in Beliaththa. On the growth front, the progress of the pre-development work in the 5.4 MW hydro projects and 5 MW Solar Projects respectively are currently on track.

Phenomenal 620% Growth in Profits by Leveraging on Scale

During the period under review, the Group recorded a Profit after tax growth of 620% amounting to Rs.152 Mn. Operational excellence, plant productivity focus and prudent cost efficiencies attributed further in expanding the profit margin to 32%. However, net finance cost increased by 26% YoY due to additional debt funding of Rs 700 Mn. The loan was mainly utilized to finance the acquisitions and carry out the construction work of Padiyapelella Hydropower Limited.

Rs. 47.5Mn of Taxation with the Expiration of Tax Holiday of the Parent Company

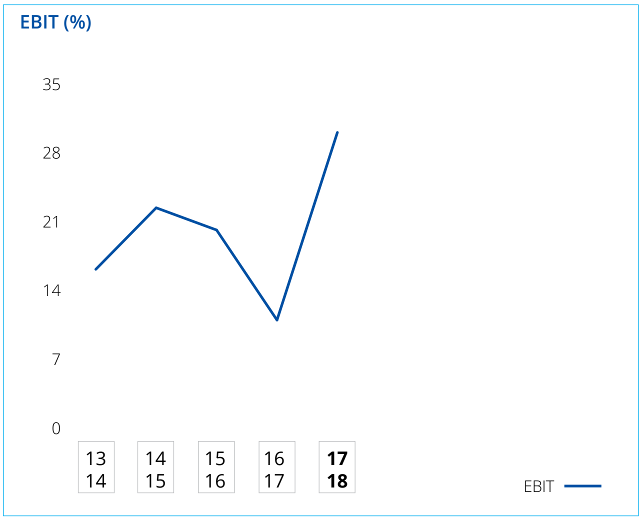
Group taxes include both Income Tax and Deferred Tax and the net result is shown in the Statement of Comprehensive Income. The tax expense of the Group increased to Rs. 47.5 Mn as the 15 year tax holiday which the parent company enjoyed came to an end in 2016/17. Manelwala Hydropower (Pvt) Ltd., pays tax at 12% under section 59E of Inland Revenue Act No. 10 of 2016. Padiyapepella Hydropower Limited enjoys tax holiday period of 5 years pursuant to the agreement entered into with the Board of Investment Sri Lanka.

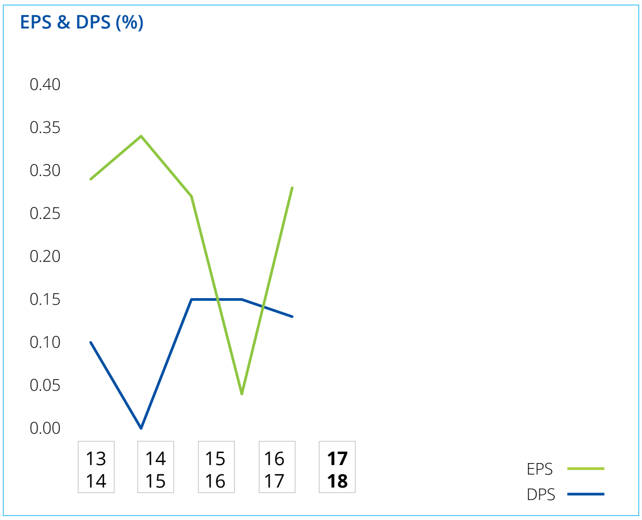
Liquidity and Asset Management

The current ratio reduced to 0.42 times from 0.66 times compared to previous year, mainly due to investment in balance construction of Padiyapelella Plant during the year under review. The fixed assets turnover for the year increased to 32 times from 13 times recorded in previous year due to capitalization of the Padiyapelella Plant cost in March 2017. At the same time , Group signaled a healthy interest coverage ratio of 3.02 times compared to the 1.34 times recorded in the previous year.

Maximization of Shareholder Wealth with a Rs. 0.13 of DPS

EPS of the Group increased to Rs. 0.28 from Rs. 0.04 reported in the preceding year and a DPS amounted to Rs. 0.13 in the 2017/18 while remain committed to safeguard our shareholder wealth and confidence. In addition to that, net asset value has increased to Rs.1.39 Bn from Rs.1.26 Bn in 2016/17.





Top line growth
139%

Bottom line growth
620%

Electricity Generation
30,129MWh

New Solar Projects
1.2MW

Maintenance of a Healthy Capital Structure over the Years

The total shareholders' funds attributable to Equity Holders of the Company increased to Rs. 1.37 Bn with compared to the previous year Rs.1.2 Bn shows Company's commitment towards maintaining a healthy capital structure.

Maintenance of a Healthy Interest Coverage Despite the Marginal Increase in Financial Leverage

The Group managed to increase its interest coverage ratio to 3 times from Rs. 1.3 times despite the marginal increase of debt to equity ratio to 0.70 times compare to 0.68 times record in the preceding year signaling better management practices. Long term loan obtained for the balance construction work of Padiyapelella Hydropower Project reflected in these indicators.

CORPORATE GOVERNANCE

The Board of Directors of Panasian Power 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.

Panasian Power PLC has benchmarked best practices in terms of transparency in reporting –whether financial and non-financial, a fact which has greatly facilitated the enhancement of trust placed by stakeholders in the entity. The Company has been structured and controlled internally through a process of continuous review in enabling the observance of the key principles of 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:

<table>
<tr><th>Corporate Governance Principle</th><th>Principle No.</th><th>Level of Compliance</th></tr>
<tr><td colspan="3">A. Directors</td></tr>
<tr><td>A.1 The Board</td><td colspan="2">The company should be headed by an effective Board, which should direct, lead and control the Company.

Board consists with Chairman/ CEO, Executive Director and five Non-Executive Directors who are professionals in the fields of Engineering, Finance, Investment Banking and Management</td></tr>
<tr><td>Frequency of Board Meetings</td><td>A.1.1</td><td>Generally, the Board meetings are held on quarterly basis and meets frequently whenever it is necessary.

Quarterly Board meetings are scheduled to determine the Company's strategic direction, review the operational and financial performance, and to provide oversight.

The attendance of Directors at the Board meetings held during the year is depicted below:

<table>
<tr><th>Name of Director</th><th>Board Meeting</th></tr>
<tr><td>Dr P Ramanujam</td><td>4/4</td></tr>
<tr><td>Mr D Sooriyaarachchi</td><td>4/4</td></tr>
<tr><td>Mr P L D Jinadasa</td><td>3/4</td></tr>
<tr><td>Mr P K Pathmanatha</td><td>3/4</td></tr>
<tr><td>Mr A D Pushparajah</td><td>4/4</td></tr>
<tr><td>Mr S S Nandhanan</td><td>2/3</td></tr>
<tr><td>Dr T Senthiverl</td><td>2/2</td></tr>
</table></td></tr>
<tr><td>Responsibilities of the Board</td><td>A.1.2</td><td>The Board of Directors is responsible for creating sustainable value to shareholders and stake holder interests are satisfied in the business decisions.

The Board adopted the following responsibilities;
• Ensure 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;

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.</td></tr>
</table>

Corporate Governance Principle	Principle No.	Level of Compliance
Compliance with Laws & independent Professional advice	A.1.3	The Board collectively and Directors individually act in accordance with the laws applicable to the business enterprise. In discharging their duties, the Directors seek independent professional advice from external parties when necessary at the expense of the Company.
Company Secretary	A.1.4	Company secretary had provided the Board with support and advice relating to Corporate Governance matters, Board procedures and applicable rules and regulations during the financial year.
Independent judgment	A.1.5	All Directors exercise independent judgment in all decisions pertaining to strategy, performance, resource allocation and standards of business conduct.
Dedication of adequate time & effort by the Board	A.1.6	The members of the Board dedicated adequate time and effort to fulfil their duties & responsibilities as Directors of the Company and ensure that they are satisfactorily discharged. In addition to the Board meetings, Directors attended to Sub-Committee meetings and also contributed to decision making. Board Sub-Committees include; - Audit Committee - Remuneration Committee - Related Party Review Committee Attendance to Sub-Committee meetings are shown below;

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 A D Pushparajah	Chairman	4/4	Member	1/1	Chairman	1/1
Mr D Sooriyaarachchi	Member	3/4	Chairman	1/1	Member	1/1
Mr S S Nandhanan	Member	3/4	Member	1/1	N/A	
Mr P L D Jinadasa	N/A		N/A		Member	0/1
Dr P Ramanujam	N/A		N/A		Member	1/1

Corporate Governance Principle	Principle No.	Level of Compliance
Training for new and existing Directors	A.1.7	Directors are encouraged to participate in continuous professional and self-development activities.
A.2 Chairman and Chief Executive Officer	The Board recognizes the requirement for continuous training an expression of knowledge and skills required to effectively perform their duties as Directors. The Board regularly review the training and development needs of the Directors.	
Separation role of Chairman & CEO	A.2.1	Considering the scale of operations of the Company it has been considered appropriate not to separate the role of the Chairman and CEO

Corporate Governance Principle	Principle No.	Level of Compliance
A.3 Chairman's Role	The Chairman is responsible for preserving order and facilitating the effective discharge of Board functions.	
Chairman's Role	A.3.1	The Chairman in running of the Board, facilitates the effective discharge of board proceedings and ensures:- • the effective participation of both Executive and Non- Executive Directors, • effective contributions by all Directors at proceedings, • the views of Directors on issues under consideration are ascertained, • Board control on the affairs of the Company and its obligations to all stakeholders. The balance of power between Executive and Non-Executive Directors is maintained.
A.4 Financial Acumen	The Board should ensure the availability within it of those with sufficient financial acumen and knowledge to offer guidance on matters of finance.	
	A.4	The Board included Directors, who possess the necessary knowledge and competence to offer the Board guidance on financial matters.
A.5 Board Balance	The Board should have a balance of Executive and Non-Executive Directors such that no individual or small group of individuals can dominate the Board's decision-taking.	
Board Balance	A.5.1	The Board comprises of the Chairman/ CEO, a Executive Director and five Non-Executive Directors of whom two are Independent Directors. The profiles of the Non-Executive Directors are given on pages 11 to 13 of this Annual Report.
Independent Directors	A.5.2	Two out of the five Non-Executive Directors are considered independent for the concluded financial year.
	A.5.3	Board considers Non-Executive Director's independence on annual basis. Each is independent from management and free from any relationship that can interface with independent judgment. The Independent Directors have submitted written declarations of their independence as required by Section 7.10.2(b) of the Listing Rules.
	A.5.4	The Board annually determines the independence of each Non-Executive Director based on the declarations submitted by them.
	A.5.5	Messrs. D Pushpharajah and D Sooriyaarachchi meet the criteria for independence specified by Rule 7.10.4 of the Listing Rules of the Colombo Stock Exchange.
Meeting of Non-Executive Directors	A.5.9	The Chairman mets with the NED's without the presence of the Executive Directors on a need basis. There were no formal specific meetings held with NED's during the year.
Recording of concerns in board minutes	A.5.10	All concerns raised by the Directors about the matters of the Company which cannot be unanimously resolved have been duly recorded in the Board minutes in sufficient details.
A.6 Supply of Information	Board should be provided with timely information in a form and quality appropriate to enable it to discharge its duties.	
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 it duties effectively.

Corporate Governance Principle	Principle No.	Level of Compliance
	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.
A.7 Appointments to The Board	A formal and transparent procedure should be followed for the appointment of new Directors to the Board.	
Appointments to the Board	A.7.1 A.7.2	The Board has not established a Nominations Committee to make recommendations on Board appointments. Hence appointments to the Board are made collectively and with the consent of all the Directors.
	A.7.3	The Colombo Stock Exchange is informed upon the appointment of a new Director to the Board, along with a brief resume of the Director which includes; • the nature of his expertise in relevant functional area • other Directorships or memberships in Board sub committees • whether the Director is considered an Independent Director
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
A.10 Disclosure of information in respect of Directors	Details in respect of each Director should be disclosed in the Annual Report for the benefit of the shareholders.	
Disclosure of information in respect of Directors	A.10.1	The biographical details of the Directors' are set out on pages 11 to 13 of this Annual 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 Annual Report.
A.11 Appraisal of the Chief Executive Officer	The Board of Directors should at least annually assess the performance of the Chief Executive Officer.	
Target/Goals for the CEO	A.11.1	At the commencement of each financial year, the Board in consultation with the Chief Executive Officer sets financial and non-financial goals based on the short, medium and long-term objectives of the Company.
Evaluation of the performance of the CEO	A.11.2	The Board annually appraise the performance of the Chief Executive Officer.
Directors' Remuneration		
B.1 Remuneration Procedure	The Company should have a formal and transparent procedure for developing policy on executive remuneration and fixing the remuneration packages of individual Directors. No Director should be involved in deciding his/her own remuneration.	
Remuneration Committee	B.1.1	The Board has implemented a formal and transparent procedure for developing policies on remuneration by setting up a Remuneration Committee. Its purpose is to assist the Board of Directors in matters relating to compensation of the Company's Directors, Executive Officers and such other employees as determined by the Committee.

CORPORATE GOVERNANCE

Corporate Governance Principle	Principle No.	Level of Compliance
Composition	B.1.2	The Remuneration Committee consists of two Independent Non-Executive Directors and two Non-Executive Directors. The Chairman of the Committee is an independent Director. Following Directors served on the Remuneration Committee during the financial year under review. Mr. D Sooriyaarachchi - Chairman Mr. D Pushparajah Mr. P L D Jinadasa Mr. S S Nandhanan
	B.1.3	The members of the Committee are indicated in the Annual Report of the Board of Directors on pages 11 to 13.
Remuneration of 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.
Consultation of the Chairman and access to professional advice	B.1.5	Committee consult the Chairman about its proposal relating to the remuneration of other Executive Directors and has access to professional advice in discharging their responsibilities.
B.2 Level and make-up of Remuneration		The level of remuneration of both Executive and Non-Executive Directors should be sufficient to attract and retain the Directors needed to run the Company successfully. A proportion of Executive Directors' remuneration should be structured to link rewards to the corporate and individual performance.
Level and mark up of Remuneration	B.2.1 B.2.2	The Committee ensures that the remuneration of executives at each level 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.
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 B.2.8	The Remuneration Committee determines the remuneration of Directors in the event of early termination.
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.
B.3 Disclosure of Remuneration	The Company should disclose the Remuneration Policy and the details of Remuneration of the Board as a whole.	
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		
C.1 Constructive use of the Annual General Meeting and Conduct of General Meetings	The Board should use the Annual General Meeting to communicate with shareholders and encourage their active participation.	
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.1.3	The Chairpersons of the Audit and Remuneration Committees are present at the AGM to answer any questions raised by the shareholders if so requested by the Chairman.
Adequate notice of AGM	C.1.4	The Notice of the Annual General Meeting and the relevant documents are published and dispatched to the shareholders within 15 working days prior to the meeting as required by Section 135(1) of the Companies Act No. 7 of 2007.
Procedure for voting	C.1.5	The procedure governing votes at the General Meeting is circulated with the Notice of Meeting.
C.2 Communication with shareholders	The Board should implement effective communication with shareholders.	
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 Sshareholders and responding to them	C.2.5	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.
C.3 Major and Material Transactions	Directors should disclose to shareholders all proposed material transactions which would materially alter the net asset position of the Company, if entered into.	

Corporate Governance Principle	Principle No.	Level of Compliance
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 statues.
Accountability and Audit		
D.1	The Board should present a balanced and understandable assessment of the Company's financial position, performance and prospects.	
Board's 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.
Director's Report	D.1.2.	The declarations required to be made by the Board is given in the Annual Report of the Board of Directors refer pages 42 to 43.
Statement of Directors and Auditors responsibility for the financial statement	D.1.3	The Statement of Directors Responsibility in preparation of the Financial Statements is given on Page 44 while the Independent Auditors Report on pages 45 to 47 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 14 to 19 of this report.
Declaration on Going concern	D.1.5	The declarations by the Board that the Company is a going concern is given in the Annual Report of the Board of Directors.
Summoning an Extra Ordinary General Meeting (EGM) to notify 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 31 of the Financial Statements.
D.2 Internal Control	The Board should have sound system of internal control safeguard shareholders' investments and the Company's assets.	
Evaluation of Internal Controls	D. 2.1	The Board has established an effective system of internal control to safeguard the assets of the Company and review the risks facing the Company and effectiveness of the system of internal controls.
Internal Audit function	D. 2.2	An Internal Audit is executed during first half of the period under review and supervision was done by the Audit Committee.
Review the Internal Control and Risk Management	D. 2.3	Audit committee monitors, reviews, and evaluates the effectiveness of the risk management and internal control system including the internal controls over financial reporting.

Corporate Governance Principle	Principle No.	Level of Compliance
D.3 Audit Committee	The Board should establish formal and transparent arrangements for selecting and apply accounting policies, financial reporting and internal control principles and maintaining an appropriate relationship with the Company's Auditors.	
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. Following Directors were served on the Audit Committee during 2017/18 Mr Andrew Deshan Pushparajah - Chairman – (Independent Non-Executive Director) Mr Deepal Sooriyaarachchi - (Independent Non-Executive Director) Mr. Senthilverl Senthi Nandhanan – (Non-Executive Director)
Duties of the Audit Committee	D.3.2	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. In the event the auditors are contracted for non-audit services, the Committee reviews the nature and extent of such services with the aim of balancing objectivity, independence and value for money.
Terms of Reference of the Audit Committee	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 of the Audit Committee	D.3.4	The report of the Audit Committee is available on pages 37 to 38 which includes the names of the members.
D.4 Code of Business Conduct and Ethics	Companies should adopt a Code of Business Conduct & Ethics for Directors, and Key Management Personnel and must promptly disclose any waivers of the Code for Directors or others.	
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.
Affirmation by the Chairman for no violation	D.4.2	The Chairman must affirm in the Company's Annual Report that he is not aware of any violation of any of the provisions of the Code of Business Conduct & Ethics.
D.5 Corporate Governance Disclosures	The Company should disclose the extent of adoption of Best Practices in Corporate Governance.	
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		
E.1 Shareholders voting	Institutional shareholders have a responsibility to make considered use of their votes and should be encouraged to ensure their voting intentions are translated into practice.	
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.

CORPORATE GOVERNANCE

Corporate Governance Principle	Principle No.	Level of Compliance
Evaluation of Governance Disclosures	E.2	When evaluating the governance arrangements particularly, in relation to the Board structure and composition, institutional investors are encouraged to give due weight to all relevant factors drawn to their attention.
Other Investors		
Investing & 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.

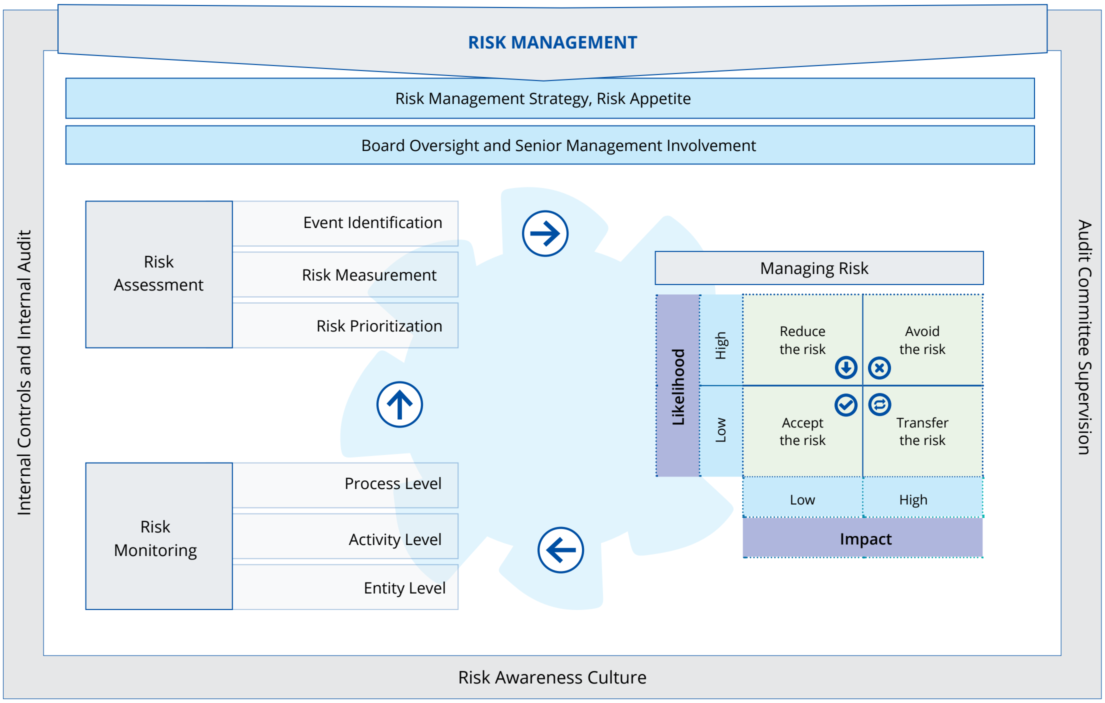
The following table presents the Company's compliance with Section 7.10 of Listing Rules on Corporate Governance issued by the Colombo Stock Exchange.

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

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

RISK MANAGEMENT

Panasian Power PLC 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.

Risks	Responses
Business Risk	
Failure to implement strategic plans, Revenue improvement & cost saving initiatives and undertake profitable investments. The inability of the group to achieve its business objectives.	Strategies are reviewed and redefined to match best with industry changes. Regular review of plant performance and continuous improvements to the systems and procedures which are being practiced. Cost saving has been given top most priority through monitoring and control of operations. New investments undergo thorough appraisal procedures before commitment internally as well as by independent consultants. Necessary procedures have been implemented to avoid reduction in revenue, cashflow, profitability and damages to investor confidence.

Risks	Responses
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 . Maintains positive relationship and close follow up on collections.
Interest Rate Risk	
Adverse results on profitability as result of adverse movement of interest rate.	Financial agreements vetted by legal and capital market specialist. Timely negotiations with multiple funding institutions 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.
Social, Political and Environmental Risk	
Adverse social activities, political decisions and environmental conditions affect the revenue and continuity of the hydropower plants.	Sustainable focus towards People, Plant & Profits and continuous CSR initiatives. Strong SPPA agreement with CEB to cover project life. Respond as an industry/sector for unfavourable political decisions. Maintaining adequate insurance covers for natural perils. Proper hydrology based generation forecasts.
Operational Risk	
Operational Risk	
Risks from break down of internal controls, processes and procedures.	Existence of Internal Audit function throughout the period. Overlook by the Audit Committee.
HR Risk	
Risk arising a result of the failure to attract, develop and retain skilled workforce.	Implementation of good HR practices.

RISK MANAGEMENT

Additional risks identified specifically for solar and overall

Technical Risks including low performance of technology, technical availability, defects in technical equipment's, reduction of yield due to high dust in solar panels, technical issues in connection to the grid, dynamic change in technology.	Proven technology Quality components correctly dimensioned Manufacturer warranties and performance guarantees and terms Construction of substations
Environmental and Climatic Risks including risks related to the location and surrounding environment of the project: effect on local habitats, weather, environmental opposition, damage for the installations due to lighting strikes, severe drought season, volatility in temperatures and low rainfall.	Use of technical protection measures Selection of the best Site to implement the projects Construction of alternative storage methods Use of stringent safety protection Full Environmental and Social Impact Assessment
Construction Risks including lack of funds to complete the projects, delay in equipment delivery, delay in completion, failure in meeting project specifications, transportation price (cost overruns).	Fixed Price Engineering Fixed time and budget turnkey contract (Engineering Procurement and Construction Contract (EPC)) Completion Guarantees Monitoring reports Performance reports /Tests Exclusive Agreements Penalty clauses Insurance Use proven technology from well-known vendors
Financing Risks including Interest Rate volatility, Currency risk, Inflation risk, Refinancing Risk, Violation of Terms.	Use of Fixed rates Hedging Financial Covenants Fixed O&M Insurance Attractive terms
Regulation Risks including Permitting risks, licensing and leasing issues, connection approval risks, environmental approval risks, safety regulations.	Exclusive Off-Take agreements with the Bulk Traders and connection agreement with GRID Operators Use of environmental protection measures
Stakeholder Risks including Equity and Leverage balance risk, Results in inefficient management, PR and compliance issues, Inefficient management, delays and losses due to project management risk.	Credit assessment of sponsors The project will be managed by professional managers with proven track record and under best management practices
Operational Risks	Performance Warranty Operating and Maintenance Agreement Manufacturer performance warranties
Government Related risks including changes in governmental policies and priorities.	Strong political and institutional support from the State Government and from the State Energy Company Project support agreement with the Government, political guarantee

Determination
- Determining the Strategic Goals and Objectives of the Company
- Determining the Strategic Goals and Objectives of the risk management process

Assessment
- Identify the risk
- Identify how the risks evolve through the organization
- Assessment of possible impacts and likelihood of occurrence using consistent parameters

Development
- Establish the risk appetite
- Develop the risk response strategy by the managers
- Deciding the risk management strategies for the risks identified among risk retention, avoidance, reduction transfer and sharing

Implementation
- Implement the selected strategies
- Delegating the responsibilities and communicating them to the relevant party
- Risk financing: decision making on retention or to transfer the risks

Control
- Implementing the controls
- Continuous monitoring of the control mechanisms

Revision
- Reviewing and updating the exiting control mechanism
- Forming and Implementing the new control mechanisms

RISK MANAGEMENT

COMMUNICATE AND CONSULT

MONITOR AND REVIEW

Identify

Risks are identified at the outset through a continuous process of careful monitoring, and the operations staff is made aware of the risks identified.

Analyze and prioritize

The likelihood of their occurrence and the consequences are analyzed with previously established risk criteria. Risks are prioritized to ascertain if they are acceptable or weather further action is required. Adequate resources are then committed to manage them.

Plan and Schedule

Information gathered from analyzing the risk is used to formulate strategies, plans, change requests and action for mitigation. Risk Scheduling is then carried out to ensure these plans, once approved, are incorporated in daily processes and infrastructure.

Track and Communicate

The status of the risks identified are then tracked. This includes monitoring their size, probability of occurrence. Possible impact and the degree of company exposure. Progress of the respective action plans is ascertained.

Control

The risk action plans are executed, and their status reported on a continuous basis. This include initiating change control requests when changes in the risk status or plans could affect the availability of the service or change the service level agreement.

Learn

Finally, the lesson learned, together with the tools used, are formalized to capture, categorise and index the knowledge gained in a reusable form, and shared whenever required.

AUDIT COMMITTEE REPORT

Role of the Committee

The Audit Committee is a formally constituted Sub-Committee of the Board of Directors. It reports to and is accountable to the Board. The primary role of the Committee is to implement, address issues and support the oversight function of the Board in relation to the Group's financial results, audits, corporate risks and internal controls. It ensures compliance with best practices, accounting standards as defined by the Institute of Chartered Accountants of Sri Lanka and applicable local laws and regulations and the requirements of the Listing Rules of the Colombo Stock Exchange (CSE).

The Terms of Reference (ToR) of the Audit Committee, as formulated by the Board, is reviewed annually. The effectiveness of the Audit Committee is evaluated annually by each member of the Audit Committee. The work practices and performance of the external auditors are also reviewed.

Composition of the Committee

The Audit Committee comprises two Independent Non-Executive Directors and one Non-Executive Director. The Audit Committee is chaired by Mr. Andrew Deshan Pushparajah appointed with effect from 18th May 2017, Mr Deepal Sooriyaarachchi an Independent Non-Executive Director and Mr Senthilverl Senthi Nandhanan a Non- Executive Director appointed with effect from 12th June 2018. The composition meets the requirements stipulated in the Listing Rules of the CSE. The Company Secretary functions as the Secretary to the Audit Committee and brief profiles of the members of the Committee is included in pages 11 to 13.

Objectives 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.

Meetings

The Committee met 4 times during the year under review. The Chairman/CEO, the Executive Director and the Accountant were invited to attend its meetings. The external auditors also attended to meetings on invitation, to brief the Committee on specific issues.

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

Name of Director	Directorship Status	Attendance
Mr Andrew Deshan Pushparajah	Independent Non-Executive Director	3/4
Mr Deepal Sooriyaarachchi	Independent Non-Executive Director	3/4
Mr Senthilverl Senthi Nandhanan	Non-Executive Director	3/4

The Committee focuses 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 judgmental 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.

AUDIT COMMITTEE REPORT

- 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.

- 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.

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 Deshan Pushparajah who is also an Independent Non-Executive Director, Mr P L Dilanka Jinadasa Non-Executive Director and Mr. Senthilverl Senthi Nandhanan Non-Executive Director as members. A Brief profile of the members of the Committee are given on pages 11 to 13.

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.

Deepal Sooriyaarachchi
Chairman

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

Formation 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) to assist the Board in reviewing all Related Party Transactions carried out by the Company and its subsidiaries.

Composition of the Committee

The RPTRC is comprised of Mr Deshan Pushparajsh, an Independent Non-Executive Director as the Chairman, Mr Deepal Sooriyaarchchi, an Independent Non-Executive Director and Dr Prathap Ramanujam the Chairman of the Company. Brief profiles of each member of the Committee are given on pages 11 to 13.

Meetings

The Committee met once during the year under review and all the members were attended. Committee reviewed related party transactions carried out during the year under review and set out in Note 31 to Financial Statements.

Purpose of the Committee

The purpose of the committee is to conduct an independent review approval and oversight of all 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.

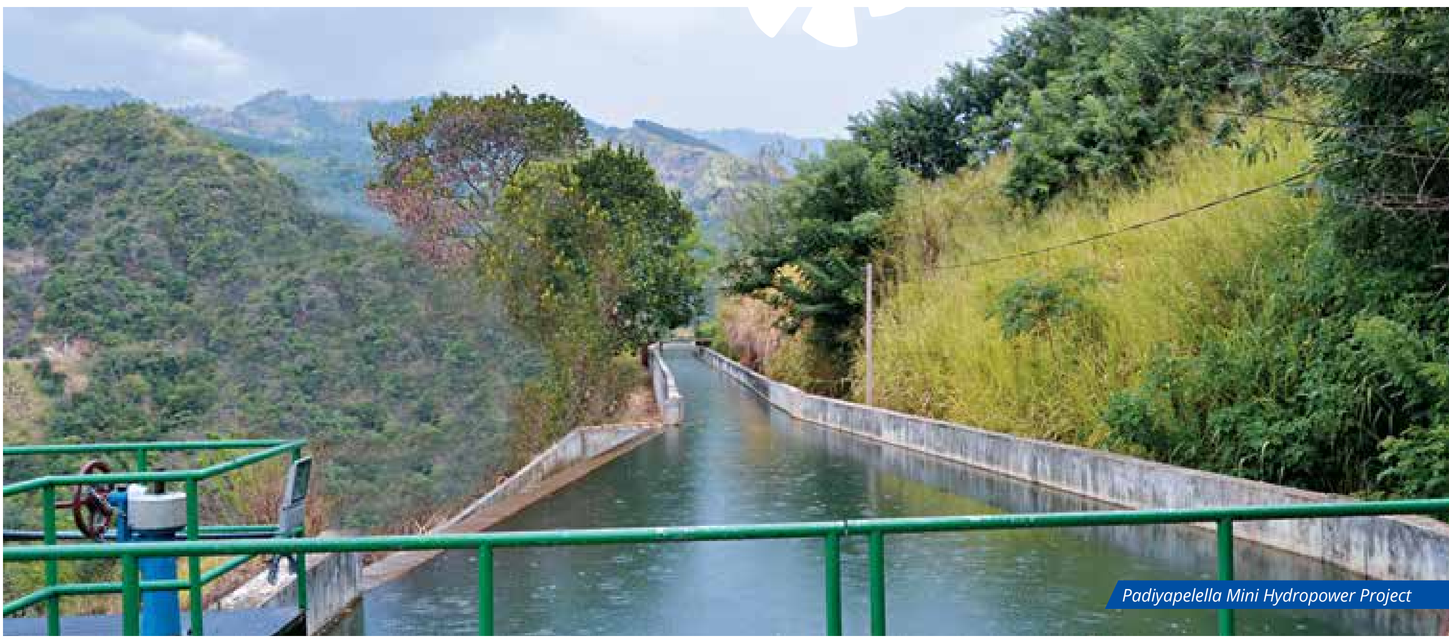
A D Pushparajah
Chairman


Boralasgamuwa Rooftop Solar Power Project


Padiyapelella Mini Hydropower Project


Padiyapelella Mini Hydropower Project

FINANCIAL REPORTS


Padiyapelella Mini Hydropower Project

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, 2018. 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's Review describes the Company's affairs and mentions important events of the year.

Principal Activity

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

Financial Statements

The Financial Statements of the Company are given in pages 48 to 96.

Auditor's Report

The Auditor's Report on the Financial Statements is given on pages 45 to 47.

Accounting Policies

The Accounting Policies adopted in preparation of Financial Statements are given on pages 52 to 64 There were no material changes in the Accounting Policies adopted.

Director's Interests

None of the Directors had a direct or indirect interest in any contracts or proposed contracts with the Company other than as disclosed in Notes 31 to the Financial Statements.

Directors Remuneration and Other Benefits

Directors' remuneration in respect of the Company for the financial year ended 31st March 2018 is given in Note 8 to the Financial Statements.

Corporate Donations

Donations made by the Group and the Company amounted to Rs. 1,172,232 (2017 - Rs. 999,570). No donations were made for political purposes.

Directors and their Shareholdings

Directors of the Company and their respective shareholding as at 31st March, 2018.

Shareholding	As at 31.3.2018	As at 31.03.2017
Dr P Ramanujam	2,350,000	2,350,000
Mr D Sooriyaarachchi	Nil	Nil
Mr P L D Jinadasa	145,000,000	Nil
Mr P K Pathmanatha	Nil	Nil
Mr A D Pushparajah	Nil	Nil
Mr S S Nandhanan	75,000	Nil
Dr T Senthilverl	633,751	Nil
Seylan Bank PLC/ Dr T Senthilverl	131,004,937	Nil
Sampath Bank PLC/ Dr T Senthilverl	10,250,000	Nil

The following Directors resigned from the Board during the year:

Name	Resigned date
Mr R M Sangani	18th May 2017
Mr S M Farook	18th May 2017
Mr A L Weerasinghe	18th May 2017

The following persons were appointed as Directors during the year:

Name	Resigned date
Mr P L D Jinadasa	18th May 2017
Mr P K Pathmanatha	18th May 2017
Mr A D Pushparajah	18th May 2017
Mr S S Nandhanan	05th June 2017
Dr T Senthilverl	15th September 2017

Auditors

The Financial Statements for the year ended 31st March 2018 have been audited by 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. 350,000 (2017- Rs. 319,000) as audit fees by the Company.

As far as the Directors are aware, the Auditors do not have any relationship (other than that of an Auditor) with the Company other than those disclosed above. The Auditors also do not have any interest in the Company.

Dividends

The Directors paid an Interim Dividend of Rs.0.13 per share for the Financial Year ended 31st March, 2018.

Investments

Details of investments held by the Company are disclosed in Notes 14 to16 the Financial Statements.

Property, Plant and Equipment

An Analysis of the property, plant and equipment of 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.

Capital Commitments

There are no material capital commitments that would require disclosures in the Financial Statements.

Stated Capital

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

Reserves

Total Group reserves as at 31st March 2018 amount to Rs. 453,226,549 Million comprising of retained earnings. Movements are shown in the Statement of Changes in Equity in the Financial Statements.

Employment Policies

The Company is an equal opportunity employer without any discrimination.

Taxation

The tax position of the Company is given in Note 30 to the Financial Statements.

Disclosure as per Colombo Stock Exchange Rule No.7.6

Shareholding	31.03.2017	31.03.2018
Market price per shares as at 31st March 2017	3.00	2.70
Highest share price during the year	3.20	3.10
Lowest share price during the year	2.50	2.60

Shareholding

The number of registered shareholders of the Company as at 31st March, 2018 was 5,791 and public holding percentage is 40.63% as at 31st March 2018. The distribution and analysis of shareholdings are given on page 97 to 99.

Major Shareholders

The twenty largest shareholders/option holders of the Company as at 31st March 2018, together with an Analysis are given on pages 97 and 98.

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.

Environment, Health and Safety

All the laws and regulations in this regard are strictly adhered to.

Corporate Governance/Internal Control

The Company has put in place systems and procedures to ensure the implementation of sound corporate governance principles. The Audit Committee report and the Remuneration Committee report and Related of Party Transactions Review Committee Report are given in pages 37 to 40.

Contingent Liabilities

There were no material contingent liabilities outstanding as at 31st March 2018, other than those disclosed in Note 35 to the financial statements.

Post Balance Sheet Events

Subsequent to the date of the Balance Sheet, no circumstances have arisen which would require adjustments to the accounts. Significant post balance sheet events which in the opinion of the Directors require disclosure are described in Note 36 to the financial statements.

Annual General Meeting

The Annual General Meeting of the Company will be held at Auditorium of Ceylon Chamber of Commerce, No. 50, Nawam Mawatha, Colombo 02 on 14th September 2018 at 9.30 A.M.

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

Dr P Ramanujam
Director

P K Pathmanatha
Director

S S P Corporate Services (Private) Limited,
Secretaries

24th August 2018

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 48 and 49 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 pages 45 to 47.

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 0.13 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

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.

Tel : +94 - 11 542 6426
Fax : +94 - 11 244 5872
+94 - 11 244 6058
Internet : www.kpmg.com/lk

To the Shareholders of Panasian Power PLC
Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Panasian Power PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at March 31, 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes set out on pages from 48 to 96.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at March 31, 2018, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the ***Auditor's Responsibilities for the Audit of the Financial Statements*** section of our report. We are independent of the Group in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company financial statements and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Company financial statements and the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

01. Annual impairment testing for Goodwill and impairment testing for investment in Subsidiaries.

Risk descrption	Our response
As disclosed in Note 13 to the financial statements, Goodwill on consolidation amounts to Rs. 461 Mn which is subject to an annual impairment testing by estimating the value in use based on the assumptions disclosed in Note 13.4.1 to these financial statements. As disclosed in Note 14 in the separate financial statements of the Company, Panasian Power PLC has investments in Manelwala Hydro Power (Private) Limited amounting 565 Mn and Padiyapallella Hydro Power (Private) Limited amounting 537 Mn. These investments were tested for impairment by estimating the value in use based on the assumptions specified in Note 13.4.1 to these financial statements.	Our audit procedures included: • Assessing the cash flow forecast prepared by the management against corroborative information and obtaining management representation pertaining to the same. • Testing the mathematical accuracy of, and the input data used in, the underlying calculations in the discounted cash flow valuation models. • With the assistance of our own internal business valuation specialists, challenging the reasonableness of the key assumptions in the cash flow models. • Assessing the adequacy of the disclosures in the financial statements.

KPMG

01. Annual impairment testing for Goodwill and impairment testing for investment in Subsidiaries.	
Risk descrption	Our response
Due to the inherent uncertainty involved in forecasting and discounting future cash flows, being the basis of the assessment of value in use, this is one of the key judgmental areas. Therefore, we have determined this to be a key audit matter.	

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If base on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company and the Group's internal control.

KPMG

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 3272.

KPMG

Chartered Accountants
Colombo, Sri Lanka

24th August 2018

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Group		Company	
For the year ended 31st March,		**2018**	2017	**2018**	2017
	Note	Rs.	Rs.	Rs.	Rs.
Revenue	5	**489,392,823**	204,567,345	**172,080,099**	125,395,386
Cost of sales		**(125,436,933)**	(41,664,219)	**(20,339,242)**	(19,612,767)
Gross profit		**363,955,890**	162,903,126	**151,740,857**	105,782,619
Other income	6	**-**	1,869,565	**50,405,098**	1,869,565
Administrative expenses		**(65,339,973)**	(55,408,595)	**(36,342,235)**	(27,975,447)
Finance income	7.1	**376,237**	3,292,413	**227,857**	1,062,130
Finance costs	7.2	**(99,088,106)**	(81,846,397)	**(94,218,562)**	(80,834,857)
Net finance costs		**(98,711,869)**	(78,553,984)	**(93,990,705)**	(79,772,727)
Share of profit of equity accounted investees, net of tax	15	**(38,000)**	-	**-**	-
Profit before taxation	8	**199,866,047**	30,810,112	**71,813,015**	(95,990)
Income tax expense	9	**(47,454,178)**	(9,665,480)	**(17,245,858)**	4,474,137
Profit for the year		**152,411,869**	21,144,632	**54,567,157**	4,378,147
Other comprehensive income for the year					
Items that will not be reclassified to profit or loss					
- Re-measurment of defined benefit obligation	24	**(143,310)**	(394,248)	**60,184**	(332,386)
- Deferred tax effect on Re-measurment of defined benefit obligation		**(26,746)**	59,854	**(48,312)**	52,457
- Revaluation of Property, plant and equipment	12	**-**	174,206,960	**-**	54,344,657
- Deferred tax effect of revaluation		**-**	(16,510,917)	**-**	(3,729,363)
- Deferred tax implication on other comprehensive income due to rate deferential		**(10,610,725)**	-	**(2,135,331)**	-
- Deferred tax on land revaluation reserve		**(1,543,425)**	-	**(826,218)**	-
- Adjustment	40	**733,759**	-	**-**	-
Other comprehensive income for the year, net of tax		**(11,590,447)**	157,361,649	**(2,949,677)**	50,335,365
Total Comprehensive Income		**140,821,422**	178,506,281	**51,617,480**	54,713,512
Profit Attributable to:					
Owners of the Company		**139,299,969**	21,819,566	**54,567,157**	4,378,147
Non-controlling interests		**13,111,900**	(674,934)	**-**	-
		152,411,869	21,144,632	**54,567,157**	4,378,147
Total comprehensive income Attributable to:					
Owners of the Company		**128,374,031**	173,955,622	**51,617,480**	54,713,512
Non-controlling interests		**12,447,391**	4,550,659	**-**	-
		140,821,422	178,506,281	**51,617,480**	54,713,512
Earnings per share (Rs.)	10	**0.28**	0.04	**0.11**	0.01

The accounting policies and notes on pages 52 to 96 form an integral part of these financial statements.

The figures in bracket indicate deductions.

STATEMENT OF FINANCIAL POSITION

		Group		Company	
As at 31st March,		**2018**	2017	**2018**	2017
	Note	Rs.	Rs.	Rs.	Rs.
Assets					
Non-current assets					
Property, plant and equipment	12	**1,534,126,217**	1,581,806,819	**260,676,820**	269,748,655
Intangible assets	13	**478,073,421**	466,544,153	**1,211,975**	2,454,136
Investment in subsidiaries	14	**-**	-	**1,155,377,694**	1,142,177,694
Investment in joint venture	15	**6,614,444**	-	**-**	-
Advances paid for investments	16	**5,115,150**	-	**5,115,150**	-
Total non-current assets		**2,023,929,232**	2,048,350,972	**1,422,381,639**	1,414,380,485
Current assets					
Inventory	17	**71,192,635**	-	**-**	-
Investment in unit trust	18	**-**	878,393	**-**	878,393
Trade and other receivables	19	**136,699,397**	81,309,911	**30,533,130**	11,612,470
Loan due from related companies	20	**27,000,000**	-	**-**	-
Amount due from related companies	21	**4,302,700**	-	**449,498,635**	440,165,442
Cash and cash equivalents	22	**85,262,284**	5,167,799	**544,648**	414,386
Total current assets		**324,457,016**	87,356,103	**480,576,413**	453,070,691
Total assets		**2,348,386,248**	2,135,707,075	**1,902,958,052**	1,867,451,176
Equity and liabilities					
Equity					
Stated capital	23	**630,000,000**	630,000,000	**630,000,000**	630,000,000
Revaluation reserves		**224,161,998**	243,960,597	**110,532,786**	113,494,335
Retained earnings		**453,226,549**	347,400,747	**256,050,119**	201,471,090
Equity attributable to owners of the Company		**1,307,388,547**	1,221,361,344	**996,582,905**	944,965,425
Non Controlling Interest		**86,559,660**	43,633,537	**-**	-
Total Equity		**1,393,948,207**	1,264,994,881	**996,582,905**	944,965,425
Non-current liabilities					
Employee benefits	24	**5,578,355**	5,018,452	**4,664,290**	4,527,020
Finance lease obligation	25	**2,233,827**	3,095,167	**-**	-
Interest bearing loans and borrowings	26	**64,260,562**	669,864,314	**-**	666,605,000
Deferred tax liabilities	27	**105,485,032**	59,514,819	**30,554,234**	12,689,674
Total non-current liabilities		**177,557,776**	737,492,752	**35,218,524**	683,821,694
Current liabilities					
Finance lease obligations	25	**828,640**	618,711	**-**	-
Interest bearing loans and borrowings	26	**679,411,694**	66,444,644	**673,204,277**	40,598,978
Amount due to related companies	28	**-**	-	**172,507,854**	181,107,764
Trade and other payable	29	**81,102,284**	32,200,198	**15,380,943**	7,603,667
Income tax payable	30	**8,654,277**	1,603,172	**3,180,179**	789,020
Bank overdraft	22	**6,883,370**	32,352,717	**6,883,370**	8,564,628
Total current liabilities		**776,880,265**	133,219,442	**871,156,623**	238,664,057
Total liabilities		**954,438,041**	870,712,194	**906,375,147**	922,485,751
Total equity and liabilities		**2,348,386,248**	2,135,707,075	**1,902,958,052**	1,867,451,176

The accounting policies and notes on pages 52 to 96 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.

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

A D Pushparajah
Director

Colombo
24th August 2018

STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March	Note	Stated capital	Revaluation reserve	Retained earnings	Total	Non-Controlling Interest	Total equity
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Group							
Balance as at 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
Balance as of 01st April 2017		630,000,000	243,960,597	347,400,747	1,221,361,344	43,633,537	1,264,994,881
Adjustment	40	-	(6,603,656)	(27,630)	(6,631,286)	(736,810)	(7,368,096)
Total comprehensive income for the year							
- Profit		-	-	139,299,969	139,299,969	13,111,900	152,411,869
- Other comprehensive income		-	(10,845,440)	(153,827)	(10,999,267)	(591,180)	(11,590,447)
Transaction with owners							
- Dividends		-	-	-	-	(4,500,000)	(4,500,000)
		630,000,000	226,511,501	486,519,259	1,343,030,760	50,917,447	1,393,948,207
Effect of change in holdings of subsidiaries	38.1	-	(2,349,503)	(33,292,710)	(35,642,213)	35,642,213	-
Balance as at 31st March 2018		630,000,000	224,161,998	453,226,549	1,307,388,547	86,559,660	1,393,948,207

	Stated capital	Revaluation reserve	Retained earnings	Total
	Rs.	Rs.	Rs.	Rs.
Company				
Balance as at 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
Balance as of 01st April 2017	630,000,000	113,494,335	201,471,090	944,965,425
Total comprehensive income for the year				
- Profit	-	-	54,567,157	54,567,157
- Other comprehensive income	-	(2,961,549)	11,872	(2,949,677)
Balance as at 31st March 2018	630,000,000	110,532,786	256,050,119	996,582,905

The accounting policies and notes on pages 52 to 96 form an integral part of these financial statements.

The figures in bracket indicate deductions.

STATEMENT OF CASH FLOWS

	Group		Company	
For the year ended 31st March,	**2018**	2017	**2018**	2017
	Rs.	Rs.	Rs	Rs
Cash flows from operating activities				
Profit before tax	**199,866,047**	30,810,112	**71,813,015**	(95,990)
Adjustments for,				
Depreciation of property, plant and equipment	**50,707,896**	23,029,467	**10,129,120**	8,038,720
Amortisation of intangible asset	**1,670,732**	1,670,732	**1,242,161**	1,242,161
Provision for retiring gratuity	**1,364,966**	1,122,126	**1,145,827**	1,000,037
Dividend income	**-**	-	**(50,405,098)**	-
Provision for doubtful debtors	**-**	1,119,592	**-**	859,075
Gain on sale of property plant and equipment	**-**	(1,869,565)	**-**	(1,869,565)
Interest income	**(376,237)**	(3,292,413)	**(227,857)**	(1,062,130)
Interest expense	**99,088,106**	81,846,397	**94,218,562**	80,834,857
Operating profit before working capital changes	**352,321,510**	134,436,448	**127,915,730**	88,947,165
(Increase) / Decrease in Inventory	**(71,192,635)**	-	**-**	-
(Increase) / Decrease in trade and other receivables	**(55,389,486)**	(27,278,049)	**(18,920,660)**	(913,370)
(Increase) / Decrease in amounts due from related parties	**(4,302,700)**	-	**41,071,905**	(109,595,711)
Increase / (Decrease) in other payables	**41,533,990**	26,462,987	**7,777,276**	5,225,731
Increase /(Decrease) in amounts due to related parties	**-**	-	**(8,599,910)**	60,851,591
Cash generated from operating activities	**262,970,679**	133,621,386	**149,244,341**	44,515,406
Interest paid	**(96,642,079)**	(74,642,419)	**(92,019,285)**	(73,630,879)
Income tax paid	**(279,430)**	(4,363,345)	**-**	(306,058)
Retiring gratuity paid	**(948,373)**	-	**(948,373)**	-
Net cash generated from/ (used in) operating activities	**159,500,230**	54,615,622	**56,276,683**	(29,421,531)
Cash flows from investing activities				
Acquisition of property, plant and equipment	**(3,027,294)**	(204,401,799)	**(1,057,285)**	(2,332,005)
Loans given to related parties	**(27,000,000)**	-	**-**	-
Net withdrawal from/(Investments in) unit trusts	**878,393**	64,827,455	**878,393**	19,338,791
Proceeds from sale of property plant and equipment	**-**	1,869,565	**-**	1,869,565
Investment in joint venture company	**(6,614,444)**	-	**-**	-
Investment of subsidiary company	**(13,200,000)**	-	**(13,200,000)**	-
Investment of intangible asset	**-**	**-**	**-**	-
Advances paid for investments	**(5,115,150)**	-	**(5,115,150)**	-
Interest received	**376,237**	3,292,413	**227,857**	1,062,130
Net cash generated from/ (used in) investing activities	**(53,702,258)**	(134,412,366)	**(18,266,185)**	19,938,481
Cash flows from financing activities				
Proceeds from loans and borrowings	**67,000,000**	725,000,000	**-**	700,000,000
Repayment of borrowings	**(62,082,729)**	(635,775,178)	**(36,198,978)**	(635,000,000)
Dividends paid	**(4,500,000)**	(75,000,000)	**-**	(75,000,000)
Payment of finance lease liabilities	**(651,411)**	(787,984)	**-**	-
Net cash generated from/ (used in) financing activities	**(234,140)**	13,436,838	**(36,198,978)**	(10,000,000)
Net increase / (decrease) in cash and cash equivalents	**105,563,832**	(66,359,906)	**1,811,520**	(19,483,050)
Cash and cash equivalents at the beginning of the year	**(27,184,918)**	39,174,988	**(8,150,242)**	11,332,808
Cash and cash equivalents at the end of the year (Note 22)	**78,378,914**	(27,184,918)	**(6,338,722)**	(8,150,242)

The accounting policies and notes on pages 52 to 96 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, Panasian Investment (Private) Limited and Eco Green Solar Solutions (Pvt) Ltd are private companies with limited liability incorporated in Sri Lanka under the provisions of the Companies Act No 7 of 2007.

(c) 83% 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 immediate parent of the Company is Panasian Power PLC.

(d) 1. The sub subsidiary PAP Solar One (Pvt) Ltd is a limited liability company incorporated in Sri Lanka under the provisions of the Companies Act No.07 of 2007.

2. Panasian Investments (Private) Limited is the immediate parent of PAP Solar One (Private) Limited.

(e) Joint Venture Powergen One (Pvt) Ltd is a limited liability company incorporated in Sri Lanka under the provisions of the Companies Act No.07 of 2007. Panasian Investments (Private) Limited has invested 50% of ordinary shares of Powergen One (Pvt) Ltd.

1.2 Consolidated Financial Statements

The consolidated financial statements of the Company as at, and for the year ended 31st March 2018 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 24th August 2018.

1.4 Principal activities and nature of operations

The principal activity of the Company and its Subsidiaries Manelwala Hydropower (Private) 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.

The Subsidiary, Panasian Investments (Pvt) Limited obtained the approval from Sustainable Energy Authority as a EPC (Engineering, Prouument and Construction) supplier for rooftop solar power plants.

The subsidiary Eco Green Solar Solutions (Pvt) Ltd., obtained the Letter of Intent from Ceylon Electricity Board to generate and supply solar power to National Grid for 20 years.

The sub subsidiary PAP Solar One (Pvt) Ltd., operate 800 KW rooftop solar projects in Kohuwala and Kolonna. The Company entered in to an agreement to generate and supply solar power to National Grid for 20 Years.

The joint venture company Powergen One (Pvt) Ltd., operate 400 KW rooftop solar project in Boralasgamuwa and entered in to an agreement to generate and supply solar power to National Grid for 20 Years.

1.5 Parent enterprise and ultimate parent enterprise

The Company does not have parent or ultimate parent as of 31st March 2018.

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 separate 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.

- Land, Electro mechanical equipment and Civil construction included in Property, plant and equipment 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.

NOTES TO THE FINANCIAL STATEMENTS

2.5.3 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.

2.5.4 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.

2.5.5 Defined benefit obligation

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

2.5.6 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.

2.5.7 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.

2.5.8 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.

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

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

3.1.3 Non-controlling interest

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

- At fair value
- At their proportionate share of the 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 derecognizes 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 Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in a joint venture.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

3.1.6 Reporting date

Group subsidiaries have the same reporting period as the parent Company.

3.1.7 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 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 company becomes a party to the contractual provisions of the instrument.

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

Financial instruments are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets or financial liabilities other than financial instruments 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

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.

Group does not have 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 derecognized the gain or loss accumulated in equity is reclassified to the income statement.

Group dose not have 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 derecognizes a financial asset when;

- The right to receive cash flows from the asset have expired or the entity has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and either

- The entity has transferred substantially all the risks and rewards of the asset, or

- The entity has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset or the carrying amount allocated to the portion of the asset transferred and the sum of the consideration received together with receivable and any cumulative gain or loss that had been 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 trade and other payables, bank overdrafts, loans and borrowings, and related party payables.

3.3.2.2 Derecognition of financial liabilities

The Group derecognizes 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 counterparty.

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 of 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 equipment 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 12.1 and 12.4.

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.

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 years
Headrace Channel	38 years
De-silting Tank	41 years
Spillway Gate	35 years
Forebay tank	41 years
Penstock	38 years
Power House	38 years
Rest rooms	35 years
Electro Mechanical Equipment	
Turbines	21-25 years
Generators	23-25 years
Transfomers and Power Lines	23-25 years
Voltage Panel	21 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.

NOTES TO THE FINANCIAL STATEMENTS

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 Right to generate solar power

Right to generate solar power, 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 20 years on a straight-line basis.

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 Inventory

Inventories are stated at the lower of cost or net realisable value. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

The costs of raw materials are the purchase prices on a FIFO basis. "The cost of work -in- progress and finished goods is the actual cost of direct materials, direct labor and an appropriate proportion of fixed production overheads based on normal operating capacity on actual basis.

3.8 Liabilities and provisions

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

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

3.9 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.

3.10 Employee benefits

3.10.1 Short-term employee benefits

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

3.10.2 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.

3.10.2.1 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.

3.10.3 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.

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

3.13.2 Deferred tax

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

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

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

3.14 Statements of cash flows

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

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

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

3.15 Contingencies and capital commitments

Contingencies are possible assets or obligations that arise from a past event and would be confirmed only on the occurrence or non-occurrence of uncertain future events, which not wholly within control of the Group.

Commitments and Contingent liabilities are disclosed in Note 34 and 35 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.

3.19 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 sours of revenue of the group is generation of electricity using hydropower.

4. New and amended standards issued but not effective as at the reporting date

The Institute of Chartered Accountants of Sri Lanka has issued the following standards which become effective for annual periods beginning after the current financial year. Accordingly these standards have not been applied in preparing theses financial statements. The Group 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 Group will be adopting these standards when they become effective.

4.1 SLFRS 9

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 SLFRS 15

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.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of SLFRS 15.

4.3 SLFRS 16

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". The Group is assessing the impact on the implementation of the above standard.

	For the year ended 31st March,	Group 2018 Rs.	Group 2017 Rs.	Company 2018 Rs.	Company 2017 Rs.
5	**Revenue**				
	Supply of electricity	**437,362,423**	204,567,345	**172,080,099**	125,395,386
	Sale of solar power plants	**52,030,400**	-	**-**	-
		489,392,823	204,567,345	**172,080,099**	125,395,386
6	**Other income**				
	Dividend income from subsidiary companies	**-**	-	**50,405,098**	-
	Profit on disposal of property plant and equipment	**-**	1,869,565	**-**	1,869,565
		-	1,869,565	**50,405,098**	1,869,565
7	**Finance income/ (costs)**				
7.1	**Finance income**				
	Interest income	**376,237**	3,292,413	**227,857**	1,062,130
		376,237	3,292,413	**227,857**	1,062,130
7.2	**Finance costs**				
	Interest on loans and borrowings	**(98,452,541)**	(80,846,197)	**(94,218,562)**	(80,834,857)
	Interest on finance lease obligations	**(635,565)**	(1,000,200)	**-**	-
		(99,088,106)	(81,846,397)	**(94,218,562)**	(80,834,857)
	Net finance costs	**(98,711,869)**	(78,553,984)	**(93,990,705)**	(79,772,727)
8	**Profit before taxation**				
	Profit before taxation is stated after charging all the expenses including the following:				
	Direct costs				
	Staff cost (Note 8.1)	**16,402,027**	13,301,466	**7,388,190**	8,064,878
	Insurance	**2,349,874**	2,410,472	**992,708**	1,019,085
	Repairs and maintenance services	**2,943,268**	3,465,101	**1,010,854**	1,729,930
	Depreciation on property, plant and equipment	**45,264,85**	18,710,645	**8,441,141**	6,519,120
	Amortisation of intangible assets	**1,650,757**	1,650,757	**1,222,186**	1,222,186
	Administrative expenses				
	Depreciation on property, plant and equipment	**5,443,042**	4,318,825	**1,687,979**	1,519,600
	Amortization of intangible assets	**19,975**	19,975	**19,975**	19,975
	Donations	**1,172,232**	999,570	**475,275**	526,570
	Directors' fees	**9,068,518**	8,994,756	**5,523,724**	4,126,427
	Audit Fees	**851,000**	747,000	**350,000**	319,000
	Staff cost (Note 8.2)	**23,488,341**	24,459,800	**10,976,714**	12,478,981
	Provision for doubtful debts	**-**	1,119,592	**-**	859,075

NOTES TO THE FINANCIAL STATEMENTS

		Group		Company	
	For the year ended 31st March,	**2018**	2017	**2018**	2017
		Rs.	Rs.	Rs.	Rs.
8	**Profit before taxation (Contd.)**				
8.1	**Staff Cost - Direct cost**				
	Salaries and wages	**15,206,444**	11,949,497	**6,662,519**	7,250,559
	Defined contribution plan cost - EPF and ETF	**1,195,583**	1,351,969	**725,671**	814,319
		16,402,027	13,301,466	**7,388,190**	8,064,878
8.2	**Staff cost - Administrative expenses**				
	Salaries and wages	**20,061,701**	21,670,807	**7,968,836**	9,976,540
	Defined contribution plan cost - EPF and ETF	**2,061,675**	1,666,867	**1,862,051**	1,502,404
	Defined benefit plan cost - retiring gratuity	**1,364,965**	1,122,126	**1,145,827**	1,000,037
		23,488,341	24,459,800	**10,976,714**	12,478,981
	Total staff cost	**39,890,368**	37,761,266	**18,364,904**	20,543,859
	Number of employees at year end	**50**	48	**25**	22
9	**Income tax expense**				
	Current tax expense				
	Current tax expense for the year	**7,323,276**	2,366,049	**2,391,159**	545,714
	Over provision in respect of previous year	**7,259**	7,000	**-**	-
	Tax on dividend paid by subsidiaries	**5,600,567**	-	**-**	-
		12,931,102	2,373,049	**2,391,159**	545,714
	Deferred tax expense				
	Origination of temporary differences	**34,523,076**	7,292,431	**14,854,699**	(5,019,851)
	Income tax expense in statement of profit or loss	**47,454,178**	9,665,480	**17,245,858**	(4,474,137)
	Recognised in statement of other comprehensive income				
	Deferred tax expense on defined benefit obligation	**26,746**	(59,854)	**48,312**	(52,457)
	Deferred tax expense on revaluation gain	**-**	16,510,917	**-**	3,729,363
	Deferred tax implication on other comprehensive income due to rate differential	**10,610,725**	-	**2,135,331**	-
	Deferred tax expense on land revaluation reserve	**1,543,425**	-	**826,218**	-
	Adjustment (Note 40)	**(733,759)**	-	**-**	-
		11,447,137	16,451,063	**3,009,861**	3,676,906
9.1	**Tax reconciliation statement**				
	Profit before taxation	**199,866,047**	30,810,112	**71,813,015**	(95,990)
	Consolidation adjustment	**5,862,756**	-	**-**	-
	Non business income	**(271,237)**	(5,161,978)	**(50,632,232)**	(2,931,695)
	Aggregate disallowed expenses	**58,072,047**	34,576,406	**13,323,351**	11,789,271
	Aggregate allowable expenses	**(163,024,317)**	(169,944,327)	**(14,580,084)**	(29,493,668)
	Total Statutory Income	**100,505,296**	(109,719,787)	**19,924,050**	(20,732,082)

For the year ended 31st March,	Group 2018 Rs.	Group 2017 Rs.	Company 2018 Rs.	Company 2017 Rs.
Exempt income from business	**(36,509,348)**	132,976,745	**-**	20,732,082
Taxable Income from business	**63,995,948**	23,256,958	**19,924,050**	-
Interest Income	**44,355**	103,978	**975**	79,414
Profit on disposal of Property, Plant & Equipment	**-**	1,869,565	**-**	1,869,565
Tax Loss utilised during the year	**(13,404,279)**	(8,168,174)	**-**	-
Total taxable income	**50,636,024**	17,062,327	**19,925,025**	1,948,979
Income tax charged at				
Tax at rate of 12%	**5,123,137**	1,820,335	**2,390,886**	-
Tax rate of 28%	**2,200,139**	545,714	**273**	545,714
Taxation on current profits	**7,323,276**	2,366,049	**2,391,159**	545,714

9.2 Deferred tax expense

	Group 2018 Rs.	Group 2017 Rs.	Company 2018 Rs.	Company 2017 Rs.
Origination / (Reversal) of temporary difference arising from				
Property, plant and equipment	**31,255,909**	8,003,678	**15,025,191**	(4,829,585)
Employee benefits	**(194,439)**	(187,103)	**(158,070)**	(171,325)
Intangible assets	**38,988**	145,651	**(12,422)**	(18,941)
Carried forward tax losses	**3,379,246**	(749,272)	**-**	-
Leases	**43,372**	79,477	**-**	-
	34,523,076	7,292,431	**14,854,699**	(5,019,851)

9.3 Tax losses brought forward

	Group 2018 Rs.	Group 2017 Rs.	Company 2018 Rs.	Company 2017 Rs.
Tax loss brought forward	**14,610,668**	24,703,081	**-**	-
Adjustment to tax loss brought forward	**1,047,319**	(1,924,239)	**-**	-
Tax loss utilized during the year	**(13,404,279)**	(8,168,174)	**-**	-
	2,253,708	14,610,668	**-**	-

Panasian Power PLC

The Company enjoyed 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 on 31st March 2017 the profits and income of the enterprise has been taxed at the rate of 12% as per the Inland Revenue Act 10 of 2006 and after 1st April 2018 the tax rate has increased to 14% as per the section 104 of Inland Revenue act 24 of 2017. Income from other sources of the Company will be taxed at the standard rate of 28%.

9 Income tax expense (Contd.)

Manelwala Hydropower (Private) Ltd

The Company enjoyed 5 year tax holiday that ended in June 2014 as per provisions of the agreement entered into with the Board of Investments of Sri Lanka. Immediately upon completion of the tax holiday period, the business income became liable to tax at a concessionary rate of 10% for a period of 2 years. After the expiration of the aforesaid tax exemption period, the profits and income of the enterprise is charged tax at the rate of 12% as per the Inland Revenue Act 10 of 2006 and after 1st April 2018 the tax rate has increased to 14% as per the section 104 of Inland Revenue act 24 of 2017. 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 3rd 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 per centum (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 per centum (10%), the profits and income of the Company shall be charged for any year of assessment at the rate of twenty per centum (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	
	2018	2017	**2018**	2017
	Rs.	Rs.	Rs.	Rs.
Net profit attributable to ordinary shareholders (Rs.)	**139,299,969**	21,819,566	**54,567,157**	4,378,147
Weighted average number of ordinary shares	**500,000,000**	500,000,000	**500,000,000**	500,000,000
Earnings per share (Rs.)	**0.28**	0.04	**0.11**	0.01

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	
		2018	2017	**2018**	2017
		Rs.	Rs.	Rs.	Rs.
Interim dividend (Rs.)		**65,000,000**	75,000,000	**65,000,000**	75,000,000
Final dividend (Rs.)		**-**	-	**-**	-
Number of ordinary shares		**500,000,000**	500,000,000	**500,000,000**	500,000,000
Dividend per share	- Interim (Rs.)	**0.13**	0.15	**0.13**	0.15
	- Final (Rs.)	**-**	-	**-**	-

12 Property, plant and equipment

12.1 Group

	Freehold land	Office equipment	Furniture and fittings	Motor vehicles	Civil construction: Intake weir and Headrace channel	Civil construction: De-silting tank and forbay tank
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost						
Balance as at 01st April	29,049,000	6,552,034	5,246,909	19,113,160	456,550,000	119,750,000
Additions during the year	-	1,236,536	247,048	412,960	150,750	-
Revaluation gain	-	-	-	-	-	-
Accumulated depreciation on Revalued Assets	-	-	-	-	-	-
Disposals during the year	-	-	-	-	-	-
Balance as at 31st March	29,049,000	7,788,570	5,493,957	19,526,120	456,700,750	119,750,000
Accumulated depreciation						
Balance as at 01st April	-	4,973,420	3,012,192	8,656,172	-	-
Depreciation for the year	-	867,335	1,107,335	3,468,372	11,579,946	2,874,166
Accumulated depreciation on Revalued Assets	-	-	-	-	-	-
Accumulated depreciation on disposals	-	-	-	-	-	-
Balance as at 31st March	-	5,840,755	4,119,527	12,124,544	11,579,946	2,874,166
Carrying amount as 31st March 2018	29,049,000	1,947,815	1,374,430	7,401,576	445,120,804	116,875,834
Carrying amount as 31st March 2017	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.10,739,518 (Rs.9,923,932 in 2017).

12.3 Revaluation of Property plant and equipment

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

Details of the fair values are provided in note 12.7.

Carrying amount of revalued property,plant and equipment if carried at cost as at 31st March 2018;

	Group: Cost	Group: Accumulated depreciation	Group: Carrying amount
	Rs.	Rs.	Rs.
Electro mechanical equipment	545,909,478	285,237,172	260,672,306
Civil construction	939,581,872	291,406,353	648,175,519
Freehold land	19,135,544	-	19,135,544
Total	1,504,626,894	576,643,525	927,983,369

Electro mechanical equipment						
Spillware gate and rest rooms	Pen stock and power house	Turbines and Generators	Transformers and power lines	Voltage panel and crane	Total 2018	Total 2017
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
56,975,000	347,700,000	441,375,000	64,912,500	51,225,000	1,598,448,603	1,300,083,213
-	-	-	980,000	-	3,027,294	208,903,661
-	-	-	-	-	-	174,206,960
-	-	-	-	-	-	(81,033,265)
-	-	-	-	-	-	(3,711,966)
56,975,000	347,700,000	441,375,000	65,892,500	51,225,000	1,601,475,897	1,598,448,603
-	-	-	-	-	16,641,784	78,357,548
1,547,411	8,824,605	15,638,131	2,659,595	2,141,000	50,707,896	23,029,467
-	-	-	-	-	-	(81,033,265)
-	-	-	-	-	-	(3,711,966)
1,547,411	8,824,605	15,638,131	2,659,595	2,141,000	67,349,680	16,641,784
55,427,589	338,875,395	425,736,869	63,232,905	49,084,000	1,534,126,217	-
56,975,000	347,700,000	441,375,000	64,912,500	51,225,000	-	1,581,806,819

NOTES TO THE FINANCIAL STATEMENTS

12 Property, plant and equipment (Contd.)

12.4 Company

	Freehold land	Office equipment	Furniture and fittings	Motor vehicles	Civil construction: Intake weir and Headrace channel	Civil construction: De-silting tank and forbay tank
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost						
Balance as at 01st April	10,950,000	5,245,860	4,368,781	1,347,790	56,800,200	32,000,000
Additions during the year	-	855,272	202,013	-	-	-
Revaluation gain	-	-	-	-	-	-
Accumulated depreciation on Revalued Assets	-	-	-	-	-	-
Disposals during the year	-	-	-	-	-	-
Balance as at 31st March	10,950,000	6,101,132	4,570,794	1,347,790	56,800,200	32,000,000
Accumulated Depreciation						
Balance as at 01st April	-	4,093,411	2,462,563	1,170,502	-	-
Depreciation for the year	-	649,882	980,599	57,498	1,494,736	780,487
Accumulated depreciation on Revalued Assets	-	-	-	-	-	-
Accumulated depreciation on disposals	-	-	-	-	-	-
Balance as at 31st March	-	4,743,293	3,443,162	1,228,000	1,494,736	780,487
Carrying amount as 31st March 2018	10,950,000	1,357,839	1,127,632	119,790	55,305,464	31,219,513
Carrying amount as 31st March 2017	10,950,000	1,152,449	1,906,218	177,288	56,800,200	32,000,000

123.5 Cost of fully depreciated assets which are still in use as at reporting date is Rs.5,055,729 (Rs.4,621,793 in 2017).

12.6 Revaluation of Property plant and equipment

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

Details of the fair values are provided in note 12.7.

Carrying amount of revalued property,plant and equipment if carried at cost as at 31st March 2018;

	Company: Cost	Company: Accumulated depreciation	Company: Carrying amount
	Rs.	Rs.	Rs.
Electro mechanical equipment	106,088,061	75,604,793	30,483,267
Civil construction	148,160,843	113,994,178	34,166,665
Freehold land	5,048,444	-	5,048,444
Total	259,297,348	189,598,971	69,698,377

Electro mechanical equipment						
Spillware gate and rest rooms	Pen stock and power house	Turbines and Generators	Transformers and power lines	Voltage panel and crane	Total 2018	Total 2017
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
16,000,000	46,400,000	80,375,000	11,912,500	12,075,000	277,475,131	253,774,394
-	-	-	-	-	1,057,285	2,332,005
-	-	-	-	-	-	54,344,657
-	-	-	-	-	-	(29,263,959)
-	-	-	-	-	-	(3,711,966)
16,000,000	46,400,000	80,375,000	11,912,500	12,075,000	278,532,416	277,475,131
-	-	-	-	-	7,726,476	32,663,681
457,143	1,221,052	3,448,475	488,369	551,000	10,129,120	8,038,720
-	-	-	-	-	-	(29,263,959)
-	-	-	-	-	-	(3,711,966)
457,143	1,221,052	3,448,475	488,369	551,000	17,855,596	7,726,476
15,542,857	45,178,948	76,926,525	11,424,131	11,524,000	260,676,820	-
16,000,000	46,400,000	80,375,000	11,912,500	12,075,000	-	269,748,655

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. Market value of machinery plus margin for importation and installation. Depreciation rate for the usage of assets.	The estimated fair value would increase/ (decrease) if – Market value per perch was higher (lower) Cost per cubic meter was higher (lower) 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).	

12.3.3 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
Padiyapalelle Hydropower (Private) Limited	Walapane, Nuwaraeliya	27.10	1,159.90

		Group		Company	
	As at 31st March,	**2018**	2017	**2018**	2017
		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	**12,554,406**	10,903,649	**9,125,839**	7,903,653
	Amortisation charge for the year	**1,650,757**	1,650,757	**1,222,186**	1,222,186
	At the end of the year	**14,205,163**	12,554,406	**10,348,025**	9,125,839
	Carrying amount	**3,354,837**	5,005,594	**1,211,975**	2,434,161
13.2	**Right to generate solar power**				
	Eco Green Solar Solutions (Pvt) Ltd	**13,200,000**	-	**-**	-
		13,200,000	-	**-**	-
13.3	**Software License**				
	Cost				
	At the beginning of the year	**79,900**	79,900	**79,900**	79,900
	Additions during the year	**-**	-	**-**	-
	At the end of the year	**79,900**	79,900	**79,900**	79,900
	Amortisation				
	At the beginning of the year	**59,925**	39,950	**59,925**	39,950
	Amortisation charge for the year	**19,975**	19,975	**19,975**	19,975
	At the end of the year	**79,900**	59,925	**79,900**	59,925
	Carrying amount	**-**	19,975	**-**	19,975
13.4	**Goodwill on acquisition of subsidiaries**	**461,518,584**	461,518,584	**-**	-
	Total intangible assets	**478,073,421**	466,544,153	**1,211,975**	2,454,136

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

13.2.1 The right to generate solar power represent the amounts paid to purchase exclusive rights to generate solar power.

13 Intangible assets (Contd.)

13.4.1 Goodwill on acquisition of subsidiary resulted through the acquisition of equity in Manelwala Hydropower (Private) Ltd and Padiyapelella Hydropower Limited. The detail breakup of Goodwill is as follows,

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

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;

Discount rate

The discount rate of 13.98% used is the risk free rate adjusted by the addition of an appropriate risk premium.

Period covered & Tariff

Period covered was as per the Standardised Power Purchase Agreement (SPPA) with Ceylon Electricity Board.

Subsidiary	Remaining years	Tariff per KWh (Rs.)
Manelwala Hydropower (Private) Ltd	5 years*	14.86
Padiyapallella Hydropower Limited	19 years	15.73

* *The value in use computation has been prepared by assuming the current SPPA will be extended/renewed by the expiration of remaining years.*

Inflation rate

The basis used to determine the value assigned to the budgeted cost inflation, is the inflation rate, based on projected economic conditions.

13.5 Remaining amortisation period

Remaining amortisation amount of rights to generate renewable energy and software license is as follows,

	Group		Company	
	Right to generate renewable energy	Software license	Right to generate renewable energy	Software license
	Rs.		Rs.	Rs.
Due within five year	6,654,837	-	1,211,975	-
Due after five years	9,900,000	-	-	-
	16,554,837	-	1,211,975	-

As at 31st March,		Group 2018 Rs.	Group 2017 Rs.	Company 2018 Rs.	Company 2017 Rs.
14 Investment in subsidiaries	% Holding				
Manelwala Hydropower (Private) Limited	100%	-	-	**565,107,184**	565,107,184
Panasian Investments (Pvt) Limited	100%	-	-	**40,000,000**	40,000,000
Padiyapelella Hydropower Limited	90%	-	-	**537,070,510**	537,070,510
Eco Green Solar Solution (Pvt) Ltd	100%	-	-	**13,200,000**	-
		-	-	**1,155,377,694**	1,142,177,694

14.1 Business combination and acquisition

Acquisition of Eco Green Solar Solutions (Private) Limited

On 19th March 2018, the Company entered in to an agreement to acquire of 100% shares of Eco Green Solar Solutions (Private) Limited.

Assets acquired and liabilities assumed

The fair value of identifiable assets acquired and liabilities assumed of Eco Green Solar Solutions (Private) Limited as the date of acquisition were:

Year ended 31st March 2018	Fair Value recognised on acquisition Rs
Assets	
Intangible asset - right to generate solar power	13,200,000
Total	13,200,000
Fair value of purchase consideration paid	13,200,000
Total identifiable net assets at fair value	(13,200,000)
Goodwill arrising on acquisition	-
Purchase consideration transferred	
Cash Paid	6,600,000
Payable upon receiving SPPA	6,600,000
	13,200,000

15 Investment in joint venture

Powergen One (Pvt) Ltd (PGO) is a joint venture in which the Group has joint control and a 50% ownership interest. PGO principally engaged in the supply of solar power to the national grid.

PGO is structured as a separate vehicle and the Group has a residual interest in the net assets of PGO. Accordingly, the Group has classified its interest in PGO as a joint venture.

The following table summarises the financial information of PGO as included in its own financial statements. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in PGO.

NOTES TO THE FINANCIAL STATEMENTS

15 Investment in joint venture (Contd.)

	2018	2017
	Rs.	Rs.
Percentage ownership interest	50%	-
Non-current assets	52,030,400	-
Current assets (including cash and cash equivalents - 2018: Rs.110,250/=)	4,301,700	-
Non-current liabilities	(27,000,000)	-
Current liabilities	(4,377,700)	-
Net assets (50%)	24,954,400	
Group's share of net assets (50%)	12,477,200	-
Elimination of unrealised profit	(5,862,756)	-
Carrying amount of interest in joint venture	6,614,444	
Revenue	-	-
Administrative expenses	(76,000)	-
Profit and total comprehensive income (100%)	(76,000)	-
Profit and total comprehensive income (50%)	(38,000)	-
Group's share of total comprehensive income	(38,000)	-

	Group		Company	
As at 31st March,	2018	2017	2018	2017
	Rs.	Rs.	Rs.	Rs.
16 Advances paid for investments				
Lower Kothmale Oya Power Two (Private) Ltd	3,000,000	-	3,000,000	-
Madakubura Mini Hydropower project	2,115,150	-	2,115,150	-
	5,115,150	-	5,115,150	-

On 31st July 2017, the Company entered in to an agreement with the owners of Lower Kothmale Oya Power Two (Private) Ltd, to purchase the total ordinary share capital of the company upon receiving Letter of Intent from Ceylon Electricity Board. The Company has paid an advance for said acquisition amounting to Rs. 3 million to owners of Lower Kothmale Oya Power Two (Pvt) Ltd.

On 31st July 2017, the Company entered in to a memorandum of understanding with the owners of Medakumbura Mini Hydropower Project , to purchase the approvals and location of the project upon receiving Letter of Intent from Ceylon Electricity Board. The Company has paid an advance for said acquisition amounting to Rs. 2 million to owners of Medakumbura Mini Hydropower Project.

	Group		Company	
As at 31st March,	2018	2017	2018	2017
	Rs.	Rs.	Rs.	Rs.
17 Inventory				
Inventory	18,814,188	-	-	-
Work in progress projects	52,378,447	-	-	-
	71,192,635	-	-	-

Inventory represents the equipments imported and other materials to be used for installation of rooftop solar power plants.

Work in progress projects represents the cost of the cumulative work done as of 31st March 2018 for rooftop solar projects in Kohuwala and Kolonna.

		Group		Company	
	As at 31st March,	**2018**	2017	**2018**	2017
		Rs.	Rs.	Rs.	Rs.
18	**Investment in unit trust**				
	Investment in Unit Trust	-	878,393	-	878,393
		-	878,393	-	878,393
19	**Trade and other receivables**				
	Trade Receivable (Note 19.1)	**123,144,873**	68,840,353	**26,583,952**	9,241,292
	Other Receivable (Note 19.1)	**13,554,524**	12,469,558	**3,949,178**	2,371,178
		136,699,397	81,309,911	**30,533,130**	11,612,470
19.1	**Trade receivable**				
	Ceylon Electricity Board	**124,264,465**	69,959,945	**27,443,027**	10,100,367
	Less; Provision for doubtful debts	**(1,119,592)**	(1,119,592)	**(859,075)**	(859,075)
		123,144,873	68,840,353	**26,583,952**	9,241,292
19.2	**Other receivables**				
	Deposits paid	**6,752,000**	1,805,000	**550,000**	5,000
	Prepayments	**3,016,143**	8,659,798	**1,359,750**	569,561
	Advance paid	**2,808,252**	757,559	**1,209,394**	605,809
	Other receivable	**978,129**	1,247,201	**830,034**	1,190,808
		13,554,524	12,469,558	**3,949,178**	2,371,178
20	**Loan due from related companies**				
	Powergen One (Pvt) Ltd	**27,000,000**	-	-	-
		27,000,000	-	-	-

Panasian Investments (Pvt) Ltd, has granted a loan to its' joint venture (Powergen One (Pvt) Ltd) a Loan amounting to Rs. 27 million for the purpose of investment on a 400KW rooftop solar power plant and the loan is payable on demand by Powergen One (Pvt) Ltd.

		Group		Company	
	As at 31st March,	**2018**	2017	**2018**	2017
		Rs.	Rs.	Rs.	Rs.
21	**Amount due from related companies**				
	Padiyapelella Hydropower Limited	-	-	**448,462,385**	440,165,442
	Eco Green Solar Solution (Pvt) Ltd	-	-	**1,036,250**	-
	Powergen One (Pvt) Ltd	**4,302,700**	-	-	-
		4,302,700	-	**449,498,635**	440,165,442

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		Group		Company	
	As at 31st March,	**2018**	2017	**2018**	2017
		Rs.	Rs.	Rs.	Rs.
22	**Cash and cash equivalents**				
	Cash at bank	**85,037,284**	4,962,799	**444,648**	334,386
	Cash in hand	**225,000**	205,000	**100,000**	80,000
	Cash and cash equivalents	**85,262,284**	5,167,799	**544,648**	414,386
	Bank overdraft	**(6,883,370)**	(32,352,717)	**(6,883,370)**	(8,564,628)
	Cash and cash equivalents for the purpose of cash flow statement	**78,378,914**	(27,184,918)	**(6,338,722)**	(8,150,242)
23	**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	
	As at 31st March,	**2018**	2017	**2018**	2017
		Rs.	Rs.	Rs.	Rs.
24	**Employee benefit obligations**				
	Present value of unfunded obligations	**5,578,355**	5,018,452	**4,664,290**	4,527,020
	Total present value of the obligation	**5,578,355**	5,018,452	**4,664,290**	4,527,020
	Movement in present value of the defined benefit obligation				
	Balance as at the beginning of the year	**5,018,452**	3,502,078	**4,527,020**	3,194,597
	Current service cost	**727,008**	709,886	**602,585**	664,604
	Interest cost	**637,958**	412,240	**543,242**	335,433
	Actuarial (gain) / losses	**143,310**	394,248	**(60,184)**	332,386
		6,526,728	5,018,452	**5,612,663**	4,527,020
	Payments during the year	**(948,373)**	-	**(948,373)**	-
	Balance as at end of the year	**5,578,355**	5,018,452	**4,664,290**	4,527,020
	Expense recognised in profit or loss;				
	Interest cost	**637,958**	412,240	**543,242**	335,433
	Current service cost	**722,008**	709,886	**602,585**	664,604
		1,364,966	1,122,126	**1,145,827**	1,000,037
	Actuarial gains or losses recognised in other comprehensive income				
	Recognised during the year	**143,310**	394,248	**(60,184)**	332,386

Principal actuarial assumptions used;

		2018	2017
		%	%
(i)	Rate of discount	11	12
(ii)	Salary increment rate	10	10
(iii)	Retirement age of 55 years		
(iv)	The company will continue in business as going concern		
(v)	Assumption regarding future mortality are based on published statistics and mortality tables.		

24.1 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 2018. 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	Company
				Rs.	Rs.
1%	-	-	-	5,299,329	4,453,652
-	1%	-	-	5,892,379	4,899,427
-	-	1%	-	5,915,440	4,918,236
-	-	-	1%	5,274,030	4,433,175

This note indicates the assumptions used and the movement in the employee benefits. As at 31st March 2018 the gratuity liability was actuarially valued under the projected unit credit (PUC) method by Mr. M. Poopalanathan of Actuarial & Management Consultants (Pvt) Limited. The liability is not externally funded. The valuation is performed annually.

	Group		Company	
As at 31st March,	**2018**	2017	**2018**	2017
	Rs.	Rs.	Rs.	Rs.
25 Finance lease obligations				
Balance as at the beginning of the year	**5,121,896**	5,909,880	**-**	-
Obtained during the year	**-**	-	**-**	-
Lease rentals paid during the year	**(1,181,976)**	(787,984)	**-**	-
Balance at the end of the year	**3,939,920**	5,121,896	**-**	-
Finance charges unamortised	**(877,453)**	(1,408,018)	**-**	-
Balance as at the end of the year	**3,062,467**	3,713,878	**-**	-
Due within one year	**828,640**	618,711	**-**	-
Due after one year and within five years	**2,233,827**	3,095,167	**-**	-
	3,062,467	3,713,878	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

		Group		Company	
	As at 31st March,	**2018**	2017	**2018**	2017
		Rs.	Rs.	Rs.	Rs.
26	**Interest bearing loans and borrowings**				
	Balance as at the beginning of the year	**736,308,958**	639,880,158	**707,203,978**	635,000,000
	Obtained during the year	**67,000,000**	725,000,000	**-**	700,000,000
	Repayments made during the year	**(62,082,729)**	(635,775,178)	**(36,198,978)**	(635,000,000)
	- Accrued interest	**2,446,027**	7,203,978	**2,199,277**	7,203,978
	Balance as at the end of the year	**743,672,256**	736,308,958	**673,204,277**	707,203,978
	Due within one year - Loan repayment	**676,965,667**	59,240,666	**671,005,000**	33,395,000
	Due within one year - Accrued interest	**2,446,027**	7,203,978	**2,199,277**	7,203,978
		679,411,694	66,444,644	**673,204,277**	40,598,978
	Due after one year and within five years	**52,286,158**	502,399,314	**-**	499,140,000
	Due after five years	**11,974,404**	167,465,000	**-**	167,465,000
		64,260,562	669,864,314	**-**	666,605,000

26.1 Analysed by lending institutions

Lending Institution	Group		Company		Borrowing terms
	2018	2017	**2018**	2017	
	Rs.	Rs.	Rs.	Rs.	
Sampath Bank PLC	**700,000,000**	700,000,000	**700,000,000**	700,000,000	This loan fully settled subsequently on 23rd May 2018, applicable interest rate was AWPLR plus 2% per annum.
	-	25,000,000	**-**	-	Repayable with in 06 months and applicable interest rate was AWPLR plus 4% per annum.
NDB Bank PLC	**27,000,000**	-	**-**	-	The loan obtained by Panasian Investments (Pvt) Ltd and repayable in 78 monthly installments including capital grace period of 6 months and applicable interest rate is 6.3% per annum.
NDB Bank PLC	**20,000,000**	-	**-**	-	Loan obtained from Manelwala Hydropower (Pvt) Ltd and repayable in 78 monthly installments including capital grace period of 6 months and applicable interest rate is 6.3% per annum.
NDB Bank PLC	**20,000,000**	-	**-**	-	Loan obtained from PAP Solar One (Pvt) Ltd and repayable in 78 monthly installments including capital grace period of 6 months and applicable interest rate is 6.3% per annum.

Company has pleged 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 Padiypelella 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
Solar power plant located in Boralesgamuwa	27,000,000
Solar power plant located in Kohuwala	20,000,000
Solar power plant located in Kolonna	20,000,000
	767,000,000

Company has provided other securities as follows,

Security Provided	Loan Amount
	Rs.
- 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 (Private) Ltd with the bank.	700 Million
- Corporate Guarantee from Panasian Power PLC	27 Million
- Corporate Guarantee from Panasian Power PLC	20 Million
- Corporate Guarantee from Panasian Power PLC	20 Million

People's Leasing and Finance PLC	3,221,230	-	-	Repayable in 60 monthly instalments commencing from January 2016 and applicable interest rate is 13% per annum. No securities were pledged for the loan.

		Group		Company	
	As at 31st March,	**2018**	2017	**2018**	2017
		Rs.	Rs.	Rs.	Rs.
27	**Deferred tax liabilities**				
	Balance as at beginning of the year	**59,514,819**	35,771,325	**12,689,674**	14,032,619
	Origination and reversal of temporary difference				
	- Recognised in profit or loss	**34,523,076**	7,292,431	**14,854,699**	(5,019,851)
	- Recognised in other comprehensive income	**11,447,137**	16,451,063	**3,009,861**	3,676,906
	Balance as at end of the year	**105,485,032**	59,514,819	**30,554,234**	12,689,674

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.

27 Deferred tax liabilities (Contd.)

27.1 Deferred tax liabilities (Group)

Composition of deferred tax assets and liabilities is as follows,

	2018		2017	
	Assets	Liabilities	Assets	Liabilities
	Rs.	Rs.	Rs.	Rs.
Deferred tax liability				
Property, plant and equipment	-	(105,471,883)	-	(63,605,249)
Land revaluation reserve (Note 27.3)	-	(1,543,425)	-	-
Correction of error (Note 40)	733,759	-	-	-
Intangible assets	-	(184,639)	-	(145,651)
Employee benefits	769,610	-	-	-
Lease obligation	-	(122,849)	601,917	(79,447)
Carried forward tax loss	334,395	-	3,713,641	-
	1,837,764	(107,322,796)	4,315,558	(63,830,377)
Net deferred tax		(105,485,032)		(59,514,819)

27.1.1 Recognised deferred tax assets and liabilities

	Net balance as at 01.04.2017	Recognised in profit or loss	Recognised in OCI	Net balance as at 31.03.2018	Deferred tax liability	Deferred tax asset
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Property, plant and equipment	(63,605,249)	(31,255,909)	(10,610,725)	(105,471,883)	(105,471,883)	-
Land revaluation reserve	-	-	(1,543,425)	(1,543,425)	(1,543,425)	-
Correction of error	-	-	733,759	733,759	-	733,759
Intangible assets	(145,651)	(38,988)	-	(184,639)	(184,639)	-
Employee benefits	601,917	194,439	(26,746)	769,610	-	769,610
Carried forward tax loss	3,713,641	(3,379,246)	-	334,395	-	334,395
Lease obligation	(79,477)	(43,372)	-	(122,849)	(122,849)	-
	(59,514,819)	(34,523,076)	(11,447,137)	(105,485,032)	(107,322,796)	1,837,764

	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 assets	-	(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

27.2 Deferred tax liabilities (Company)

Composition of deferred tax assets and liabilities is as follows,

	2018		2017	
	Assets	Liabilities	Assets	Liabilities
	Rs.	Rs.	Rs.	Rs.
Deferred tax liability				
Property, plant and equipment	**-**	**(30,412,379)**	-	(13,251,857)
Land revaluation reserve (Note 27.3)	**-**	**(826,218)**	-	-
Intangible assets	**31,363**	**-**	18,941	-
Employee benefits	**653,000**	**-**	543,242	-
	684,363	**(31,238,597)**	562,183	(13,251,857)
Net deferred tax	**-**	**(30,554,234)**	-	(12,689,674)

27.2.1 Recognised deferred tax assets and liabilities

	Net balance as at 01.04.2017	Recognised in profit or loss	Recognised in OCI	Net balance as at 31.03.2018	Deferred tax liability	Deferred tax asset
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Property, plant and equipment	(13,251,857)	(15,025,191)	(2,135,331)	**(30,412,379)**	(30,412,379)	-
Land revaluation reserve	-	-	(826,218)	**(826,218)**	(826,218)	-
Intangible assets	18,941	12,422	-	**31,363**	-	31,363
Employee benefits	543,242	158,070	(48,312)	**653,000**	-	653,000
	(12,689,674)	(14,854,699)	(3,009,861)	**(30,554,234)**	(31,238,597)	684,363

	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 assets	-	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

27.3 As per the newly enacted Inland Revenue Act No 24 of 2017, business income includes gains from realisation of capital assets and liabilities of a business. Accordingly, the gain from the realisation of an asset or liability shall be the amount by which the sum of the consideration received for the asset or liability exceeds the acquiring cost of the asset or liability at the time of realisation. The Group has recognised a revaluation reserve on free hold land (Capital asset of the Group) amounting to Rs.10,238,078/- (Company 5,901,556/-) as at 31st March 2018 which is the amount by which the sum of the carrying value of the freehold land exceeds the acquiring cost of the land based on the revaluation carried out and accounted for as at the balance sheet date. Hence, the Group has recognised a deferred tax liability of Rs. 1,543,425/- (Company Rs. 826,218/-) on revaluation reserve of freehold lands.

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		Group		Company	
	As at 31st March,	**2018**	2017	**2018**	2017
		Rs.	Rs.	Rs.	Rs.
28	**Amount due to related companies**				
	Panasian Investment (Private) Ltd	**-**	-	**33,079,882**	35,000,000
	Manelwala Hydropower (Private) Limited	**-**	-	**139,427,972**	146,107,764
		-	-	**172,507,854**	181,107,764
29	**Trade and other payables**				
	Trade payables	**50,784,962**	-	**-**	-
	Other payables	**24,152,284**	25,054,366	**14,201,954**	6,955,423
	Accrued expenses	**6,165,038**	7,145,832	**1,178,989**	648,244
		81,102,284	32,200,198	**15,380,943**	7,603,667
30	**Income tax payable**				
	Opening balance	**1,603,172**	3,809,049	**789,020**	642,322
	During the year provision	**7,323,276**	2,366,049	**2,391,159**	545,714
	Income tax under provision for previous year	**7,259**	7,000	**-**	-
	WHT claimed against income tax	**-**	(215,581)	**-**	(92,958)
	During the year payments	**(279,430)**	(4,363,345)	**-**	(306,058)
	Closing balance	**8,654,277**	1,603,172	**3,180,179**	789,020

31 Related party transactions

31.1 Parent and Ultimate parent

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

31.2 Key management personnel and related companies

According to the Sri Lankan Accountinf standards (LKAS) 24- Related party disclosure "Key management personnel" are those having authority and responsibility for planning, directing and cotrolling 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 2018.

Name of the Company	Relationship	Nature of Transaction	Outstanding amount as at 01/04/2017	Transaction Amount Rs.	Outstanding amount as at 31/03/2018
Panasian Investment (Private) Limited			(35,000,000)		
	Subsidiary	Fund transfers		5,900,000	
		Funds settled	-	(4,573,444)	
		Expense reimbursement	-	593,562	**(33,079,882)**
Manelwala Hydropower (Private) Limited			(146,107,764)		
	Subsidiary	Fund transfers	-	(32,250,000)	
		Funds settled	-	40,700,000	
		Expense reimbursement	-	(18,527,164)	
		Expenses shared		2,801,859	
		Dividend declaration	-	13,955,098	**(139,427,972)**
Padiyapelella Hydropower Limited			440,165,442		
	Subsidiary	Fund transfers	-	(39,100,000)	
		Funds settled	-	3,860,000	
		Expense reimbursement	-	7,577	
		Expenses shared	-	7,079,366	
		Dividend declaration		36,450,000	**448,462,385**
Eco Green Solar Solutions (Private) Limited	Subsidiary	Expense reimbursement	-	1,036,250	**1,036,250**

The outstanding balances to and from the related entities do not accrue interest.

32 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 and related fair value hierarchy.

32.1 Group

	Carrying Amount						Fair Value			
As at 31st March 2018	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
Financial assets measured at fair value										
Investment in unit trusts	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Financial assets not measured at fair value										
Trade and other receivables	-	-	-	130,875,002	-	130,875,002	-	-	-	-
Cash and cash equivalents	-	-	-	85,262,284	-	85,262,284	-	-	-	-
	-	-	-	216,137,286	-	216,137,286	-	-	-	-
Total financial assets	-	-	-	216,137,286	-	216,137,286	-	-	-	-
Financial liabilities not measured at fair value										
Bank overdrafts	-	-	-	-	6,883,370	6,883,370	-	-	-	-
Trade and other payables	-	-	-	-	74,937,246	74,937,246	-	-	-	-
Finance lease liabilities	-	-	-	-	3,062,467	3,062,467	-	-	-	-
Bank Borrowings	-	-	-	-	743,672,256	743,672,256	-	-	-	-
Total financial liabilities	-	-	-	-	828,555,339	828,555,339	-		-	-
As at 31st March 2017										
Financial assets measured at fair value										
Investment in unit trusts	-	878,393	-	-	-	878,393	-	-	878,393	878,393
	-	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 overdraft	-	-	-	-	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	-	-	-	-

32.1 Company

	Carrying Amount						Fair Value			
As at 31st March 2018	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
Financial assets measured at fair value										
Investment in unit trusts	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Financial assets not measured at fair value										
Trade and other receivables	-	-	-	27,962,986	-	30,331,968	-	-	-	-
Amounts due from related parties	-	-	-	449,498,635	-	449,699,797	-	-	-	-
Cash and cash equivalents	-	-	-	544,648	-	544,648	-	-	-	-
	-	-	-	478,007,269	-	480,576,412	-	-	-	-
Total financial assets	-	-	-	478,007,269	-	480,576,412	-	-	-	-
Financial liabilities not measured at fair value										
Bank overdrafts	-	-	-	-	6,883,370	6,883,370	-	-	-	-
Other payables	-	-	-	-	14,201,954	14,201,954	-	-	-	-
Amounts due to related parties	-	-	-	-	172,507,854	172,507,854	-	-	-	-
Bank Borrowings	-	-	-	-	673,204,277	673,204,277	-	-	-	-
Total financial liabilities	-	-	-	-	866,797,455	866,797,455	-		-	-
As at 31st March 2017										
Financial assets measured at fair value										
Investment in unit trusts	-	878,393	-	-	-	878,393	-	-	878,393	878,393
	-	878,393	-	-	-	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	-	-	-	-
	-	-	-	451,011,928	-	451,011,928	-	-	-	-
Total financial assets	-	878,393	-	451,011,928	-	451,890,321	-	-	878,393	878,393
Financial liabilities not measured at fair value										
Bank overdraft	-	-	-	-	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	-	-	-	-

33 Financial Risk Management

33.1 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.

33.2 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.

33.3 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;

	Group		Company	
As at 31st March,	**2018**	2017	**2018**	2017
	Rs.	Rs.	Rs.	Rs.
Trade and other Receivables	**130,875,002**	70,087,554	**30,331,968**	10,432,100
Amounts due from related parties	**-**	-	**449,699,797**	440,165,442
Investment in unit trusts	**-**	878,393	**-**	878,393
Cash at bank	**85,037,284**	4,962,799	**444,648**	334,386
	215,912,286	75,928,746	**480,476,412**	451,810,321

Trade and other receivables

Company's trade 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

Company 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.

33.4 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 access the liquidity requirements of each operating unit to ensure it has sufficient cash to meet operational needs. Regular reviews are also carried out to check actual performance against budgeted targets.

Surplus cash held by the operating units over and above balance required for working capital management are invested in interest bearing time deposits.

33.4.1 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

		Contractual Cash Flows					
31st March 2018	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	**6,883,370**	**6,883,370**	**6,883,370**	-	-	-	-
Secured bank loans	**743,672,258**	**743,672,258**	**673,609,619**	**5,410,407**	**11,451,298**	**39,482,926**	**13,718,006**
Financial lease liabilities	**3,062,467**	**3,062,467**	**196,996**	**984,980**	**470,122**	**1,410,367**	-
Trade and other payables	**74,937,246**	**74,937,246**	**12,489,541**	**62,447,705**	-	-	-
	828,555,339	**828,555,339**	**683,875,180**	**22,321,364**	**11,921,420**	**40,893,293**	**13,718,006**

33 Financial Risk Management (Contd.)

Group

			Contractual Cash Flows				
31st March 2017	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	-
Trade 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

Company

			Contractual Cash Flows				
31st March 2018	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	**6,883,370**	**6,883,370**	**6,883,370**	**-**	**-**	**-**	**-**
Secured bank loans	**673,204,277**	**673,204,277**	**673,204,277**	**-**	**-**	**-**	**-**
Amounts due to related parties	**172,507,854**	**172,507,854**	**-**	**172,507,854**	**-**	**-**	**-**
Other Payables	**14,201,954**	**14,201,954**	**14,201,954**	**-**	**-**	**-**	**-**
	866,797,455	**866,797,455**	**694,289,601**	**172,507,854**	**-**	**-**	**-**

			Contractual Cash Flows				
31st March 2017	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

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.

33.5 Market Risk

Market risk is the risk that changes on 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.

33.5.1 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.

	Group		Company	
As at 31st March,	**2018**	2017	**2018**	2017
	Rs.	Rs.	Rs.	Rs.
Fixed rate instruments				
Financial liabilities	**73,283,695**	7,818,859	**-**	-
	73,283,695	7,818,859	**-**	-
Variable rate instruments				
Financial Assets	**-**	878,393	**-**	878,393
Financial Liabilities	**670,388,561**	725,000,000	**673,204,277**	700,000,000
	670,388,561	725,878,393	**673,204,277**	700,878,393

Cashflow sensitivity for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting 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
31st March 2018				
Variable rate instruments	**(942,186)**	**942,186**	**(942,186)**	**942,186**
Cash flow sensitivity (net)	**(942,186)**	**942,186**	**(942,186)**	**942,186**
31st 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

33.5.2 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.

33 Financial Risk Management (Contd.)

33.6 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.

34 Capital commitments

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

35 Contingent liabilities

The company entered in to an agreement with owners of Lower Kothmale Oya Power Two (Private) Limited., to acquire the project upon receiving "Letter of Intent" from Ceylon Electricity Board. The total purchase consideration for the above acquisition is LKR 15 million and 3 million was paid as an advance for acquisition. Balance 12 million will become payable upon receiving Letter of Intent to the said project.

The company entered in to memorandum of understanding with owners of Medakumbura Mini Hydro Power Project, to acquire the project upon receiving "Letter of Intent" from Ceylon Electricity Board. The total purchase consideration for the above acquisition is LKR 10 million and 2 million paid as an advance for acquisition. Balance 8 million will become payable upon receiving Letter of Intent to the said project.

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

36 Events occurring after reporting date

The Company has fully settled the long-term loan obtained from Sampath Bank PLC amounted to LKR 700 million on 24th May 2018 and obtained a new long-term loan amounting to LKR 200 million. Further subsidiary company Padiyapelella Hydropower Limited obtained a long-term loan from Sampath Bank PLC amounting to LKR 500 million on 24th May 2018. The interest rate for the above loans are at AWPLR + 2% pa.

The Board of Directors of the Company has declared an interim dividend of Rs. 0.13/- per share for the financial year ended 31st March 2018.

As required by Section 56 (2) of the Companies Act No. 7 of 2007, the Board of Directors have confirmed that the Company satisfies the Solvency test in accordance with Section 57 of the Companies Act No. 7 of 2007, and have obtained a certificate from Auditors, prior to declaring an interim dividend.

In accordance with Sri Lanka Accounting Standard (LKAS) 10, Events after the reporting period, the interim dividend has not been recognised as a liability in the financial statements as at 31st March 2018.

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

37 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 2018 was as follows

	Group	
	2018	2017
	Rs.	Rs.
Total Liabilities	**954,438,041**	870,712,194
Less: Cash and cash equivalents	**(85,262,284)**	(5,167,799)
Adjusted net debt	**869,175,757**	865,544,395
Total Equity	**1,393,948,207**	1,264,994,881
Net debt to equity ratio	**0.62**	0.68

38 Non Controlling Interest (NCI)

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

	Padiyapellella Hydropower Limited	
As at 31 st March	**2018**	2017
	Rs.	Rs.
NCI Percentage	**17%**	10%
Non current assets	**939,785,775**	965,436,520
Current assets	**102,234,689**	33,394,976
Non current liabilities	**(37,461,497)**	(18,231,164)
Current liabilities	**(495,384,498)**	(544,264,966)
Net assets	**509,174,469**	436,335,366
Net assets attributable to NCI	**86,559,660**	43,633,537
Revenue	**196,327,910**	26,480,511
Profit / (Loss) for the year	**131,119,002**	(6,749,335)
Other comprehensive income	**(6,645,091)**	52,255,927
Total comprehensive income	**124,473,911**	45,506,592
Profit / (Loss) allocated to NCI	**13,111,900**	(674,934)
OCI allocated to NCI	**(591,180)**	5,225,593
Cash flows from operating activities	**85,849,103**	151,896,130
Cash flows from investing activities	**(1,290,471)**	(200,643,104)
Cash flows from financing activities	**(29,500,000)**	25,000,000
Net increase/ (decrease) in cash and cash equivalents	**55,058,632**	(23,746,974)

38 Non Controlling Interest (NCI) (Contd.)

38.1 Further disposal to NCI

On 26th March 2018, an arrangement was made through a Board approval to settle the Company's bank borrowing Rs. 700 million with a counter bank loan, switching the bank loan into the books of its subsidiary, Padiyapelella Hydropower Limited. As a result of this arrangement, the Company has agreed with the other investor of Padiyapelella Hydropower, Palace Path Holdings (Private) Limited, to transfer 7% of stake of Padiyapelella Hydropower Limited to Palace Path Holdings (Private) Limited, without any consideration. As a result, the Company's stake over Padiyapelella Hydropower has reduced to 83%.

39 Director's responsibilities

The board of directors of the company are responsible for the preparation of financial statements.

40 Correction in accounting for plant cost revaluation and overstatement of trade payables

After the financial period end date of 31st March 2017, Padiyapelella Hydropower Limited has received certain final bills from contractors which were related to the cost of the constructed hydro power plant. Pending these invoices, a revaluation was carried out on 31st March 2017 between the physical condition and the market value of the plant. As a result, the revaluation gain of the prior year has been overstated.

A duplicate entry has been made for a contractor payment relevant to the plant cost which was revealed during the year. Due to this, the previously recognized revaluation gain is understated.

The said prior year errors of subsidiary Padiayapelella Hydropower has been corrected during the year without restating the consolidated financial statements, as the impact to the consolidated financial statement is not material.

Summary of the impact to Padiyapelella Hydropower Limited financial statements is disclosed below;

	Increase/ (decrease)
Statement of financial position (extract)	
Other payables	7,368,096
Deferred tax liability	(733,759)
	6,634,337
Statement of income (extract)	
Cost of sales	(30,500)
	(30,500)
Statement of comprehensive income (extract)	
Tax relating to components of other comprehensive income	733,759
Gain on revaluation of property, plant and equipment	(7,337,595)
	(6,603,837)

Due to the above corrections,there was no impact to the statement of financial position as at the beginning of the earliest comparative period.

INVESTOR INFORMATION

1. Analysis of shareholders According to the number of shares as at 31st March 2018

	Resident			Non Resident			Total		
Shareholding	Number of Shareholders	No. of Shares	Percentage %	Number of Shareholders	No. of Shares	Percentage %	Number of Shareholders	No. of Shares	Percentage %
01 - 1,000	2,155	1,312,586	0.26	8	5,397	0.00	2,163	1,317,983	0.26
1,001 - 10,000	2,545	11,748,225	2.35	9	62,600	0.01	2,554	11,810,825	2.36
10,001 - 100,000	878	28,586,839	5.72	14	650,601	0.13	892	29,237,440	5.85
100,001 - 1,000,000	150	41,657,269	8.33	5	1,348,000	0.27	155	43,005,269	8.60
Over 1,000,000	27	414,628,483	82.93	-	-	-	27	414,628,483	82.93
	5,755	497,933,402	99.59	36	2,066,598	0.41	5,791	500,000,000	100.00

2. Shareholders by Category as at 31st March 2018

Categories of shareholders	Number of shareholders	No. of shares
Individual	5649	246,879,158
Institutional	142	253,120,842
Total	5791	500,000,000

3. Twenty Major Shareholders of the Company as at 31st March 2018

	2018		2017
Name	No. of Shares	Percentage %	No. of Shares
Mr. Jinadasa Panadura Liyanage Dilanka	145,000,000	29.00	0
Seylan Bank PLC/Dr. Thirunanasambandar	138,005,799	27.60	131,004,937
Ayenka Holding (Pvt) Ltd	36,194,000	7.24	0
Resus Energy PLC	30,627,231	6.13	36,500,000
Commercial Bank of Ceylon PLC/A.K pathirage	11,000,000	2.20	11,000,000
Sampath Bank PLC/ Dr. T. Senthilverl	10,250,000	2.05	10,250,000
California Link (Pvt) Ltd	5,826,746	1.17	0
Miss. Dodanwela Dilshani	4,366,667	0.87	0
Softologic Life Insurance PLC-A/C 02 (Life Fund)	3,090,000	0.62	3,090,000
Mr. Weeraratne Pattiyapawulage Don Raj Rohitha	2,800,000	0.56	2,800,000
Mr. Beruwalage Herbert	2,764,200	0.55	2,764,200
Mrs. Silva Manawaduge Prasadie Rashmini	2,473,208	0.49	0
Seylan Bank PLC/Jayantha Dewage	2,426,000	0.49	2,426,000
Cocoshell Activated Cargon Company Limited	2,400,089	0.48	2,400,089
Dr. Ramanujam Prathap	2,350,000	0.47	2,350,000
Mr. Nazeer Mohamed Hussain Mohamed	1,803,000	0.36	0
Mr. Osman Mohamed Shahid	1,626,500	0.33	0
Mr. Abishek Sithanpalam	1,430,234	0.29	0
Mr. Vignarajam	1,402,400	0.28	0
Mr. Karunaratne Kahandha Mudiyanselage	1,224,309	0.24	0
	407,060,383	81.42	
Shares held by remaining shareholders	92,939,617	18.58	
	500,000,000	100.00	

INVESTOR INFORMATION

4. Public Holding

Description	Number of shares 2018	Number of shares 2017
Major shareholders		
Indirect Holding		
Jinadasa Brothers (Pvt) Ltd	533,868	-
Almar Trading Co (Pvt) Ltd	-	364,632
Pan Asia Banking Corporation / Almar International (Pvt)Ltd	-	2,437,517
Holding of 10% or more		
Amana Bank Limited/ Vidul Lanka PLC	-	41,124,330
Vidul Lanka PLC	-	9,258,233
Weswin Power (Private) Limited	-	58,562,660
Omega Group (Private) Limited	-	24,700,000
Power Hub Green Energy (Private) Limited	-	16,118,250
Mr. Farook Mohmed Firdouse'	-	10,000,855
Seylan Bank PLC/Dr.T.Senthilverl	-	131,004,937
Sampath Bank PLC/Dr.T.Senthilverl	-	10,250,000
Dr. T. Senthilverl	-	-
Mr. P.L.D. Jinadasa	-	-
Directors' shareholding		
Dr. P. Ramanujam	2,350,000	2,350,000
Mr. D. Sooriyaarachchi	-	-
Mr. P.L.D. Jinadasa	145,000,000	-
Mr. P.K.Pathmanatha	-	-
Mr. A.D. Pushparajah	-	-
Mr. S. Senthinandhanan	75,000	-
Dr. T. Senthilverl	633,751	-
Seylan Bank PLC/ Dr.T.Senthilverl	138,005,799	-
Sampath Bank PLC/ Dr.T.Senthilverl	10,250,000	-
MR. S.M. Farook	-	175,000
Spouses & Children under 18 of directors	-	705,000
	296,848,418	307,051,414
Issued share capital	500,000,000	500,000,000
Less: Directors' shareholding and major shareholders	296,848,418	307,051,414
Public Holding	203,151,582	192,948,586
Public holding as a % of issued share	40.63%	38.59%
No. of Share holders representing the public holding	5,784	5,962

5. Share Trading Information

Market Values	2017/2018	2016/17
Highest (Rs)	3.20	3.60
Lowest (Rs)	2.60	2.50
Closing (Rs)	2.70	3.00
Price Earnings Ratio (Times)		300

5. Equity Information - Company

Market Values	2017/2018	2016/17
Earnings per share (Rs)	3.20	0.01
Dividends per share (Rs)	2.60	0.15
Net Asset Value per share (Rs)	2.70	1.89
Dividend Payout Ratio		1500%
Dividend yield		5%

7. Group Real Estate Portfolios

Market Values	2017/2018	2016/17
Properties in Ratnapura District		
Panasian Power PLC	3A 2R 20P	1A 28.3P
Properties in Nuwara Eliya District		
Manelwala Hydropower (Pvt) Ltd	3A 2R 29P	2A 2R 4.9P
Padiyapelella Hydropower Limited	6A 3R 37.2P	27.1P

FIVE YEARS SUMMARY

As at 31st March	**2018**	2017	2016	2015	2014
	Rs.	Rs.	Rs.	Rs.	Rs.
A) Summary of Financial position					
Turnover	**172,080,099**	125,395,386	166,548,590	179,487,184	123,084,852
Gross Profit	**151,740,858**	105,782,619	138,665,279	162,352,303	111,397,257
Net Profit before Finance Cost	**115,398,623**	79,676,737	149,064,322	257,698,110	111,796,487
Profit before Taxation	**71,813,015**	(95,991)	97,441,984	225,132,720	100,530,444
Taxation	**(17,245,858)**	4,474,134	(3,750,500)	(1,346,795)	877,161
Profit or loss after Taxation	**84,567,157**	4,378,147	93,691,485	223,401,941	102,065,976
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	**256,050,119**	201,471,089	272,372,871	403,568,247	180,166,306
Other Reserves	**110,532,786**	113,494,358	62,879,041	62,879,041	59,079,041
Total Equity	**996,582,905**	944,965,447	965,251,912	1,096,447,288	869,245,347
Asset & Liabilities					
Current Assets	**480,576,413**	453,070,691	373,770,856	430,607,641	38,514,794
Current Liabilities	**871,156,623**	57,556,293	3,020,259	7,107,555	95,758,246
Net Current Assets	**(390,580,210)**	395,514,398	370,750,597	423,500,086	(57,243,452)
Property Plant & Equipment	**260,676,820**	269,748,655	221,110,713	223,540,731	144,910,739
Other Non Current Assets	**1,161,704,819**	1,144,380,485	1,145,873,991	1,147,394,615	895,266,461
Related Party Payables	**172,507,854**	181,107,764	120,256,173	49,297,328	101,049,039
Non Current Liabilities	**35,218,524**	683,821,694	652,227,216	648,690,815	12,639,362
Net Assets	**996,582,905**	944,965,425	965,251,912	1,096,447,288	869,245,347
Total Assets	**1,902,958,052**	1,867,451,176	1,740,755,560	1,801,542,987	1,078,691,994
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	-

NOTES

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, NO.50, NAWAM MAWATHA, COLOMBO 02, ON FRIDAY, 14TH SEPTEMBER 2018 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 2018 with the Report of the Auditors thereon.

2. 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."

3. To re-appoint M/s. KPMG, Chartered Accountants as Auditors to the Company and authorize the Directors to determine their remuneration.

4. To authorize the Directors to determine donations for the year 2018/2019.

BY ORDER OF THE BOARD OF
PANASIAN POWER PLC

Abeysekera

S S P CORPORATE SERVICES (PRIVATE) LIMITED
Secretaries

Colombo
Date: 24th August 2018

Notes

1. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of him/her. Such Proxy need not be a member of the Company.
2. A Form of Proxy accompanies this notice.
3. The completed Form of Proxy should be deposited at the Registered Office of the Company, No. 3, Elibank Road, Colombo 5 not later than 48 hours before the time appointed for the meeting.
4. Shareholders attending the meeting are kindly requested to bring with them their National Identity Card or other similar form of identification for production at the reception desk.

FORM OF PROXY

I/We*.. (NIC No..)

of ....

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

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

Dr. Prathap Ramanujam	of Colombo or failing him
Mr. 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 or failing him
Dr. Thirugnasambandar Senthilverl	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 he Company to be held on 14th September 2018 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 2018 with the Report of the Auditors thereon.	☐	☐
2. 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."

	FOR	AGAINST
3. To re-appoint M/s. KPMG, Chartered Accountants as Auditors to the Company and authorize the Directors to determine their remuneration.	☐	☐
4. To authorize the Directors to determine donations for the year 2018/2019.	☐	☐

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

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 liablity incorporated under the Provision of the Companies Act No 07 of 2007. The Company has been registered under Section 17(2) of the BOI Law No 4 of 1978 on 26 November 2008

Date of incorporation
22 April, 2002

Company Registration Number
PV 9959 PB/PQ

Accounting Year End
31, March

Stated Capital
Rs. 630,000,000

Number of shares representing the stated capital
500,000,000 Ordinary Shares

Registered Office and Head Office
03, Elibank Road, Colombo 05

Subsiadiary Companies
Manelwala Hydropower (Pvt) Limited
Panasian Investments (Pvt) Limited
Padiyapelella Hydropower Limited
PAP Solar One (Pvt) Limited
Eco Green Solar Solutions (Pvt) Ltd

Joint Ventur
Powergen One (Pvt) Ltd

Nature of business
Generate and supply renewable energy 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 Senthilverl Senthi Nandhanan
Dr Thirugnanasambandar Senthilverl

Audit Committee
Mr Andrew Deshan Pushparajah (Chairman)
Mr Deepal Sooriyaarachchi
Mr Senthilverl Senthi Nandhanan

Remuneration Committee
Mr Deepal Sooriyaarachchi (Chairman)
Mr Andrew Deshan Pushparajah
Mr Panadura Liyanage Dilanka Jinadasa
Mr Senthilverl Senthi 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: +94 11 2 426301

Bankers
Sampath Bank PLC
National Development Bank PLC

Website
www.panasianpower.com

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