RESUS ENERGY

Acclimatized

ANNUAL REPORT 2018/19

Acclimatized

Standing strong and versatile amidst a challenging test of time, we have endured, sustained and changed adaptively to uphold our momentum of commendable growth and evolution. The life that we spark through the realms of renewable energy is inspired by over a decade of astounding success and industry leading expertise, bringing world class quality in sourcing the best in commercially viable energy. We continue to acclimatize, in our quest to revolutionize power paradigms, to be ahead of the pack and moreover in our commitment to protect the planet and its people...

We are Acclimatized...

CONTENTS

STRATEGIC REPORT 27

Management Discussion and Analysis

CORPORATE GOVERNANCE 75

OUR RESULTS 120

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www.resusenergy.lk

INTRODUCTION TO OUR ANNUAL REPORT

102-12, 32, 46, 48, 49, 50, 51, 52, 53, 54, 56

Demonstrating the Resus Group's commitment towards comprehensive, transparent and balanced reporting, we present with pleasure our fourth Integrated Annual Report. The Company and its subsidiaries operate in compliance with the governing laws and regulations and conduct business in a socially and environmentally responsible manner. As the primary communication to stakeholders, this Report aims to present the integrated manner in which the Group manages its business and sustainability considerations, thereby balancing the competing needs of its stakeholders.

Scope and Boundary

This Annual Report covers the business operations of Resus Energy PLC and its subsidiaries based in Sri Lanka for the 12-month period ending 31st March 2019. Comparative information has been provided for the 12-month period ending 31st March 2018. There have been no changes in the scope of reporting, accounting policies and boundaries from the previous year. Non-financial information in this report pertaining to the previous year has not been restated, unless otherwise stated. In determining the content to be included in this Report we have adopted the principle of materiality enabling the Group to define key triple bottom line issues that are of utmost significance for businesses and stakeholders, both internal and external, in the short, medium and long term. Our focus on materiality is vital as we seek to drive performance, improve our sustainability framework and institutionalise the Group's corporate governance philosophy at all levels.

Information Verification and Quality Assurance

In establishing transparency and credibility of our Reporting process and providing superior value to all users and stakeholder groups, the information presented in this report has been reviewed, as applicable, by:

- The Board of Directors
- Audit Committee of the Company
- Independent Auditors Messrs. Ernst & Young, Chartered Accountants, confirming the accuracy of the Financial Statements

Available Forms

RESUS ENERGY PLC
Annual Report 2018/19

www.resusenergy.lk

Print
Available on request

CD-Rom
Posted to all Shareholders

Online
Available as PDF

Feedback

We welcome your comments and inquiries on this report. Please contact:

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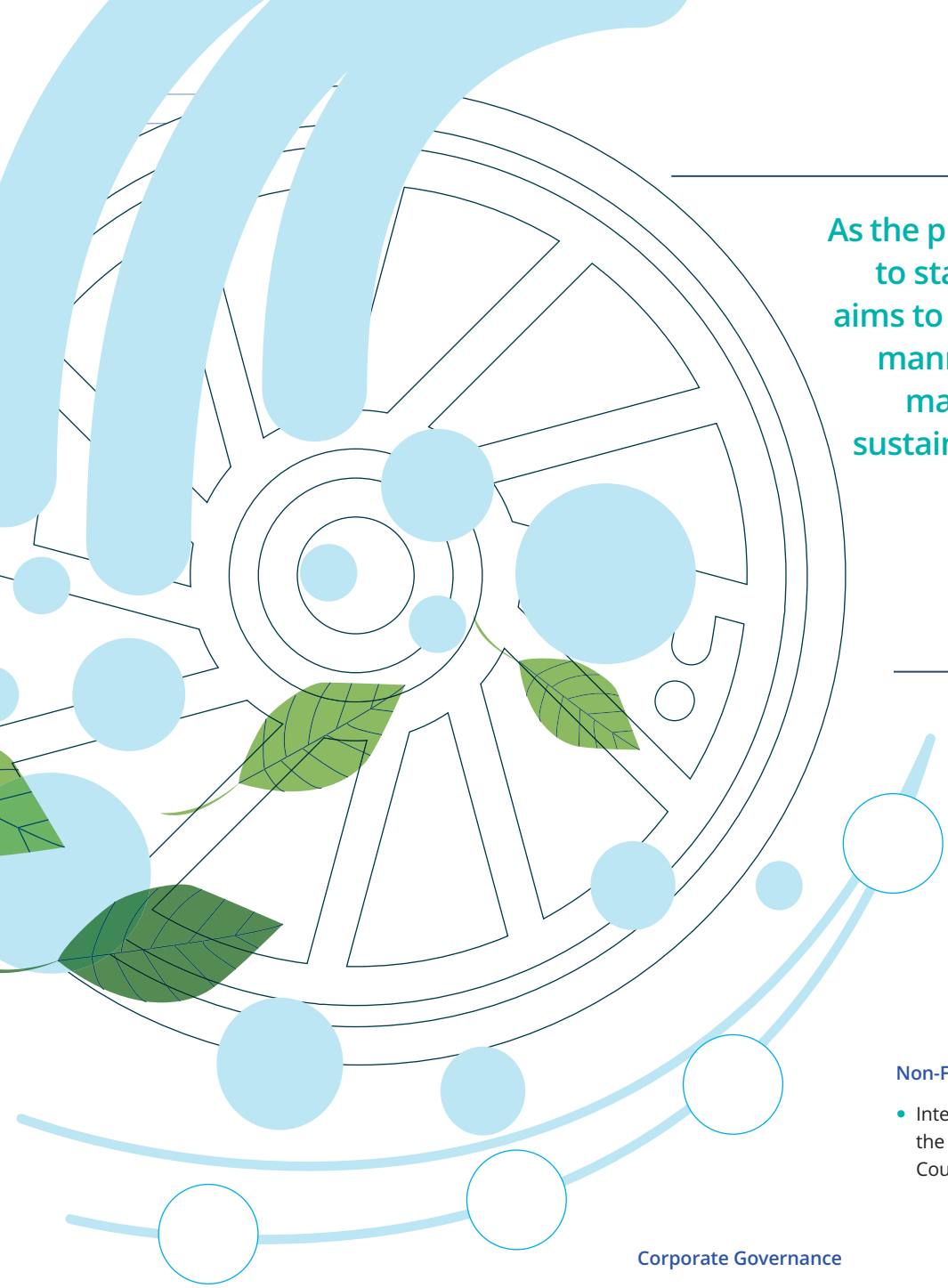


As the primary communication to stakeholders, this Report aims to present the integrated manner in which the Group manages its business and sustainability considerations, thereby balancing the competing needs of its stakeholders.

Standards and Principles

Financial Reporting

- Sri Lanka Accounting Standards (LKAS and SLFRS)
- The Companies Act No.7 of 2007

Non-Financial Reporting

- Integrated Reporting Framework of the International Integrated Reporting Council (IIRC)

Corporate Governance

- Code of Best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka
- Listing Rules of the Colombo Stock Exchange

Sustainability Reporting

- Global Reporting Initiative (GRI) - 'In accordance' – Core
- The Greenhouse Gas Protocol Corporate Standard and Emission factors published by the Sri Lanka Sustainable Energy Authority

ABOUT US

102-16

Resus Energy PLC is a renewable energy investment and development company in Sri Lanka. The Group currently has operational power plants in the regions of Kandy, Kegalle, and Nuwara Eliya with the head office located in Colombo. With the core operations revolving around Renewable and Sustainable energy, Resus is committed towards delivering value to its shareholders with integrity and in a socially responsible manner. As a Company that cares for the people and the planet we relentlessly work towards efficient management of the economic, social and environmental impacts of our operations.

VISION

RESUS ENERGY STRIVES TO BUILD A COMMERCIALLY SUSTAINABLE AND AN ENERGETIC WORLD CLASS ORGANIZATION THAT "CARES FOR PEOPLE AND PLANET" IN MEETING ELECTRICITY NEEDS OF THE PEOPLE.

MISSION

WE GENERATE ELECTRICITY USING RENEWABLE ENERGY SOURCES. IN DOING SO, WE CREATE AN ORGANIZATION THAT IS: COMMERCIALLY SUSTAINABLE THAT PROVIDES SUPERIOR VALUE TO OUR SHAREHOLDERS; CHALLENGING AND FULFILLING WORK ENVIRONMENT TO OUR EMPLOYEES; CARING FOR STAKEHOLDERS AND OUR NATURAL ENVIRONMENT.

CORE VALUES

- CREATIVITY
- INTEGRITY
- CONCERN FOR PEOPLE AND PLANET
- OBSESSION FOR PERFORMANCE
- SENSE OF URGENCY

OUR JOURNEY

102-10

2003/04

JUNE

Incorporation of Hemas Power (Pvt) Limited as a fully-owned subsidiary of Hemas Holdings PLC

2004/05

SEPTEMBER

Commissioned the first power project, Heladhanavi Limited – a 100MW thermal power plant, as a joint venture between Hemas Power (Pvt) Limited and Lakdhanavi Limited

2008/09

OCTOBER

Commissioned the first hydropower project, Giddawa Hydro Power (Pvt) Limited – a 2.0MW hydropower project in Digana, Theldeniya

2015/16

APRIL

Signed SPPA's for 1.5MW Moragaha Oya hydropower project and 1.8MW Gomale Oya hydropower project.

SEPTEMBER

Carried out a Capital Reduction and a Share Repurchase distributing Rs.1.6billion to its shareholders

Raised Rs.1.0Bn bank loans for Group capital restructuring

OCTOBER

Signed a SPPA for 1.9MW Upper Huluganga hydropower project

Sale of 7% ownership stake of Panasian Power PLC

2016/17

AUGUST

Commissioned Gomale Oya Hydro Power (Pvt) Limited – a 1.8MW hydropower project in Imewatte, Magala

OCTOBER

Sale of 15% ownership stake of Associate Company Pan Asian Power PLC

MARCH

Commissioned Moragaha Oya (Pvt) Limited – a 1.5MW hydropower project in Panwila, Kandy

2017/18

APRIL

Acquisition of J.B.Power (Pvt) Limited, with rights to develop a 0.7MW hydropower plant in Maliboda, Deraniyagala

FEBRUARY

Obtained rights to build two solar power projects of 1MW each in the Ampara district under the 60MW PV Power Plants of the "Soorya Bala Sangramaya-Phase Two"

2009/10

SEPTEMBER

Raised Rs.626Mn by way of an Initial Public Offering and listed on the Main Board of the Colombo Stock Exchange as 'Hemas Power PLC'

DECEMBER

Acquired an operational hydropower project, Upper Agra Oya Hydro Power (Pvt) Limited – a 2.6MW hydropower project in Lindula, Thalawakelle

2011/12

APRIL

Secured permits for hydropower projects in Bundibugyo, Uganda with an aggregate capacity of 10MW under Butama Hydro Electricity Company Limited, a fully owned subsidiary of Hemas Power PLC incorporated in Uganda

SEPTEMBER

Commissioned Magalganga mini hydropower project under Okanda Power Grid (Pvt) Limited – a 2.4MW hydropower project in Maliboda, Deraniyagala

2014/15

OCTOBER

Sale of joint venture stake in Heladhanavi Limited to Lakdhanavi Limited and became a 100% Renewable Energy Company

DECEMBER

Sale of entirety of shares of Butama Hydro Electricity Company Limited

Sale of 75% ownership stake in Hemas Power PLC by Hemas Holdings PLC to a consortium comprising NDB Capital Holdings Limited, ACL Cables PLC and Trydan Partners (Pvt) Limited

Changed the name of the Company to 'Resus Energy PLC'

2018/19

APRIL

Acquisition of Sierra Power (Pvt) Limited, with rights to develop a 2MW hydropower plant in Nuwara Eliya

NOVEMBER

Commissioned J.B.Power (Pvt) Limited – a 0.7MW hydropower plant in Maliboda, Deraniyagala

FEBRUARY

Resus Energy PLC merged with its wholly owned subsidiaries Giddawa Hydro Power (Pvt) Ltd, Okanda Power Grid (Pvt) Ltd and Upper Agra Oya Hydro Power (Pvt) Ltd

MARCH

Signed SPPA's for two solar power projects of 1MW each in Ampara district under the 60MW PV Power Plants of the "Soorya Bala Sangramaya-Phase Two"

OUR GROUP STRUCTURE

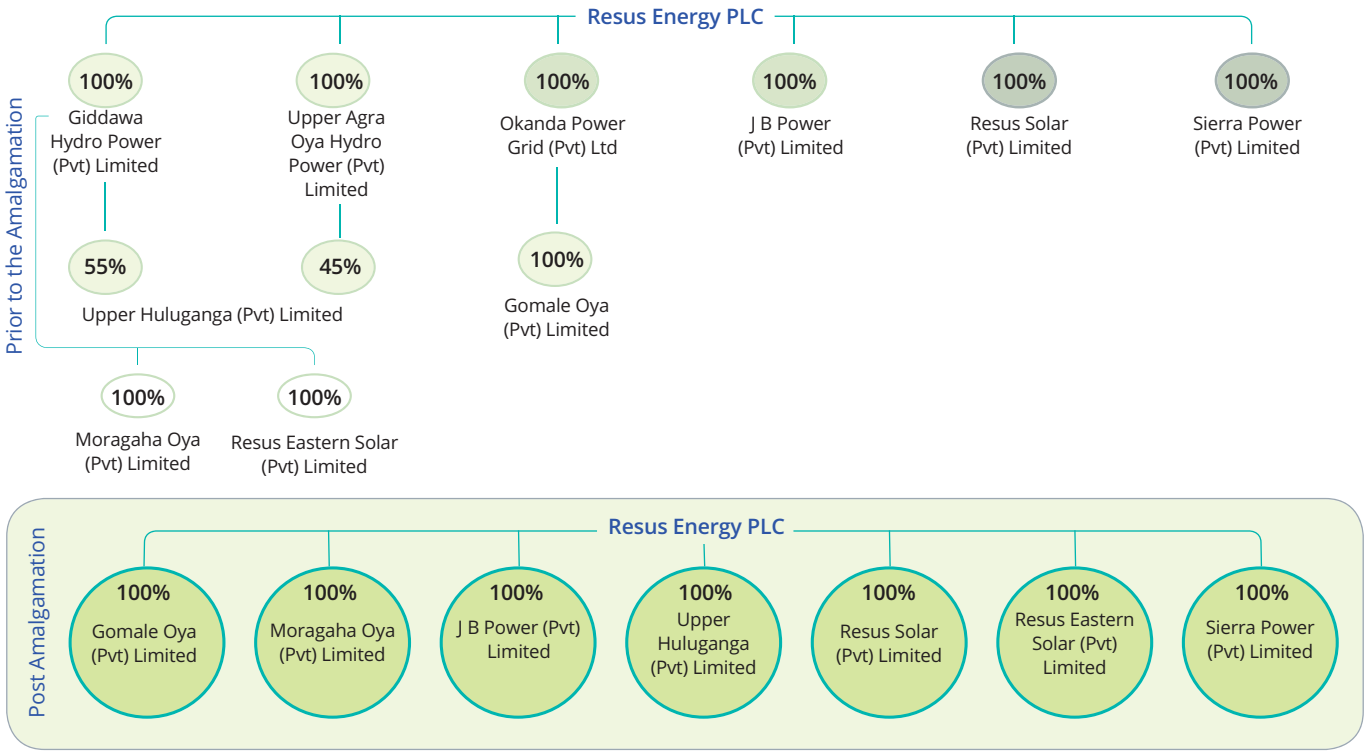
102-5,7,10, 45

Resus Energy PLC is a limited liability company listed on the Colombo Stock Exchange. The Company and its subsidiaries are incorporated and domiciled in Sri Lanka.

Changes in our organisational structure during the year

Amalgamation of Giddawa Hydro Power (Pvt) Ltd, Okanda Power Grid (Pvt)Ltd, Upper Agra Oya (Pvt) Ltd with Resus Energy PLC

Resus Energy PLC merged with its fully owned subsidiaries, Giddawa Hydro Power (pvt) Ltd, Okanda Power Grid (Pvt) Limited and Upper Agra Oya Hydro Power (Pvt) Limited under section 242(1) of the Companies Act No.7 of 2007 and continued operations as Resus Energy PLC effective from 28th February 2019. This restructuring was carried out with the intention of enhancing the efficiency of the management of administrative functions and to maximise value creation. The pre and post amalgamation group structures are demonstrated below:



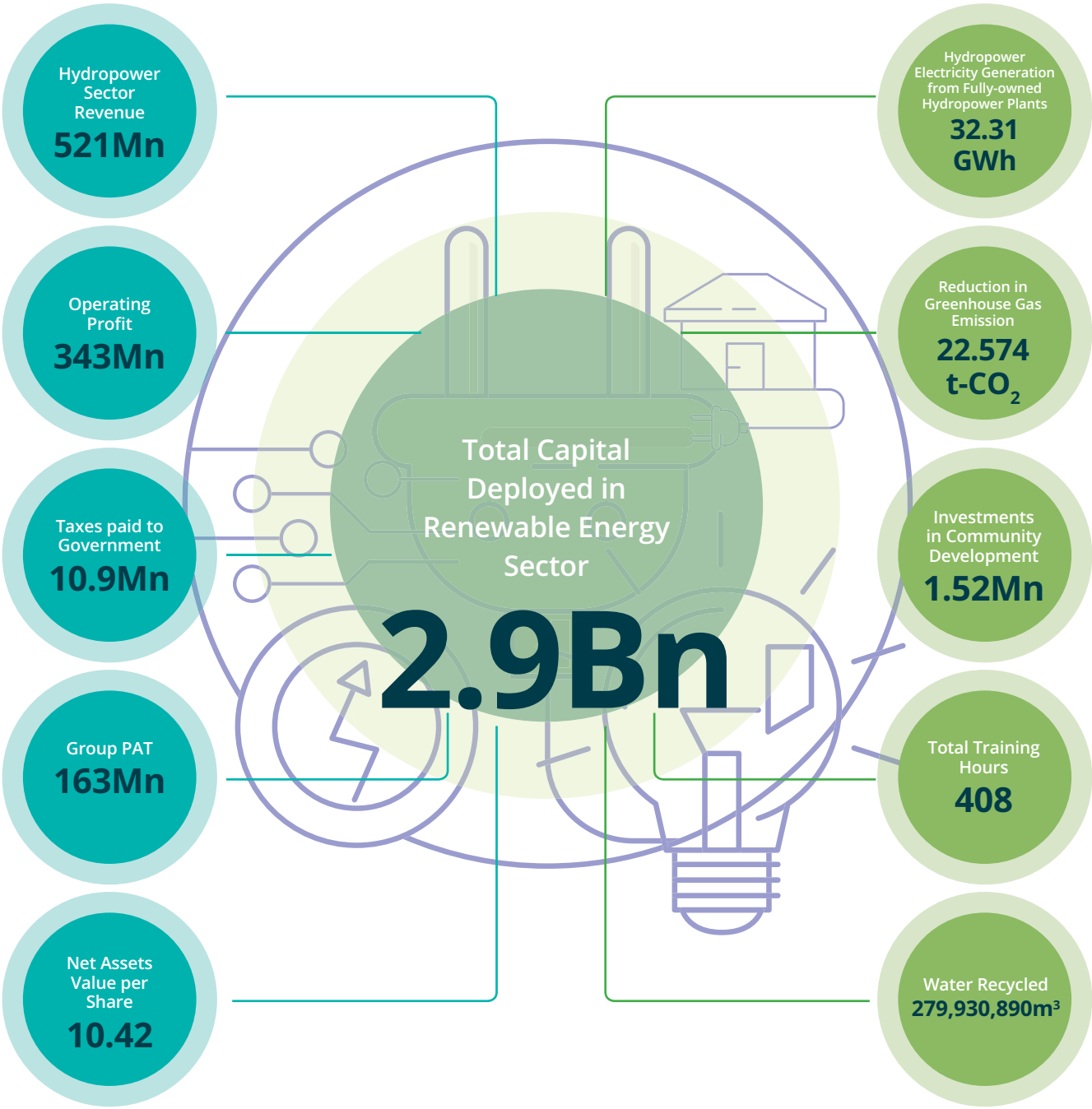
Acquisition during the year

The Company fully acquired Sierra Power (Pvt) Limited in April 2018 a special purpose entity with rights to develop a 2MW hydro power plant in the district of Nuwara Eliya. The project is progressing with construction work underway as at the reporting date.

Diversification into Solar Energy

Our expansion into Solar Energy also marks a milestone in our journey in the renewable energy space. Reiterating our belief that there is massive potential in the renewable energy sector and in keeping with changing market trends we have extended our operations to solar energy. Standard Power Purchase Agreements were signed in March 2019 to build two solar power projects of 1MW each under the 60MW PV Power Plants of the "Soorya Bala Sangramaya-Phase Two".

DELIVERY OF VALUE



HIGHLIGHTS

FINANCIAL HIGHLIGHTS

102-7

Year Ended 31st March	2019	2018	Change	2017
	Rs.	Rs.		Rs.
Results for the year				
Group Revenue	**521,062,459**	408,644,139	28%	240,042,608
Results from Operating Activities	**342,652,100**	248,096,545	38%	79,673,819
Net Finance Cost	**(149,912,879)**	(118,621,042)	26%	(105,946,124)
Profit/(Loss) before Tax	**192,739,221**	129,475,503	49%	(85,295,701)
Profit/(Loss) for the year	**162,845,889**	116,165,674	40%	(88,545,625)
Profit/(Loss) attributable to Equity Holders of the Parent	**162,845,889**	116,165,674	40%	(79,112,656)
Loss attributable to Non-Controlling Interest	**-**	-	0%	(9,432,969)
Dividends	**(613,067,090)**	(116,780,526)	425%	-
Financial Position Highlights				
Equity Attributable to Equity Holders of the Parent	**786,569,568**	852,418,727	(8%)	868,138,709
Total Assets	**2,979,687,357**	2,487,198,010	20%	2,091,352,676
Total Debt	**1,937,762,195**	1,479,771,186	31%	1,168,517,308
No of Ordinary Shares	**75,508,262**	58,390,263	29%	58,390,263
Gearing (%)	**71.1%**	63.4%	12%	57.5%
Shareholder Information				
Earnings/(Loss) per Share	**2.16**	1.54	37%	(1.35)
Return on Equity	**19.87%**	13.50%	47%	(8.70%)
Net Assets per Share	**10.42**	14.60	(29%)	14.87
Interest Cover	**2.29**	2.09	9%	0.75
Dividend per Share	**10.50**	2.00	425%	-
Dividends Payout	**136.50%**	100.53%	35%	-
Dividend Cover	**0.26**	0.99	(74%)	-
Market Price as at 31st March	**18.50**	19.90	(7%)	19.00
Market Capitalisation	**1,396,902,847**	1,161,966,234	20%	1,109,414,997

NON- FINANCIAL HIGHLIGHTS

Year Ended 31st March		2019	2018	2017
FINANCIAL CAPITAL				
201-1	Economic value added (Rs.Mn)	**488.4**	377.1	190.6
ENVIRONMENTAL CAPITAL				
302-1	Energy consumption (GJ)	**714.1**	739.9	881.0
303-1	Total water withdrawal (m^3)	**279,930,890**	204,455,933	139,691,519
305-1	Direct greenhouse gas emissions-Scope1 (t-CO_2)	**48.2**	57.2	52.2
305-2	Energy indirect greenhouse gas emissions-Scope2(t-CO_2)	**16.3**	20.9	26.6
305-3	Other indirect greenhouse gas emissions-Scope 3(t-CO_2)	**7.1**	4.8	6.8
306-1	Water discharge (m^3)	**279,930,890**	204,454,690	139,683,371
307-1	Environmental fines and non-compliance	**Nil**	Nil	Nil
HUMAN CAPITAL				
	TOTAL WORKFORCE	**92**	88	85
403-2	Number of injuries	**Nil**	1	1
	Lost days	**Nil**	3	3
404-1	Average training hours per employee	**4.4**	4.3	3.5
406-1	Incidences of discrimination	**Nil**	Nil	Nil
407-1	Incidences of child labour	**Nil**	Nil	Nil
409-1	Incidences of forced labour during the year	**Nil**	Nil	Nil
SOCIAL AND RELATIONSHIP CAPITAL				
413-1	Community engagement (No. of employees)	**60**	64	56
416-1	Incidences of non-compliance concerning health and safety impacts of services	**Nil**	Nil	Nil
419-1	Incidences of non-compliance with laws and regulations	**Nil**	Nil	Nil

STRATEGIC REFLECTIONS FROM OUR CHAIRMAN

CHAIRMAN'S STATEMENT

Dear Shareholder,

Welcome to the sixteenth Annual General Meeting of Resus Energy PLC. I am happy to present to you our fourth Integrated Annual Report and the Audited Financial Statements for the year ended 31st March 2019.

The last year was an extremely successful one, both in terms of the Company's long-term sustainability and operational performances. It had also been a very busy year for the group.

The group went through a corporate restructuring exercise, leading to the merger of three of our fully owned subsidiaries with the parent company, Resus Energy PLC. We intend to streamline our long-term expenses through this exercise and create greater value to our stakeholders. This also enabled us to pay you, our valued shareholders, an unprecedented Rs.9.00 interim dividend through a combination of cash and scrips. At the same time, the development work of our 1.9MW Upper HuluGanga project and 700KW RanwalaOya project was completed. Whilst the RanwalaOya project was commissioned and is now operational, the commissioning of the Upper HuluGanga project is delayed due to lack of water-flow. The year also marked our entry into the solar-power segment. We completed the peripheral work associated with our first two projects aggregating to 2MW in capacity in Ampara, under the Sooryabalasangramaya Phase II tender, and have signed the Power Purchase Agreements. We are hopeful that this would bring in a healthy balance to our operations negating the pressure from volatility in whether patterns effecting our hydropower performances.

Operationally, the power plants did reasonably well as our catchment areas received better rain fall than the year before. With that our total electricity generation increased 17.4% year-on-year to 32.31GWh. On the other hand, the considerable increase in avoided-cost-tariff also boosted our groups' revenue. With the combine effect of all of these, our operational profits for the year increased 38.1% to stand at Rs.342.7Mn over Rs.248.1Mn reported in the previous year. That translated into a net profit of Rs.162.8Mn against the net profit of Rs.116.2Mn in the last year.

On the macro front, although the national policy is directionally favorable to renewable energy, the economic conditions and the general working environment in the country continued to be at odds with the investment climate. The short to medium term impact of the recent terrorist attacks and blackouts, is yet to be observed, though it is most certainly unfavorable to the economy. As a long-term player in renewable energy space, we remain hopeful that a more favorable environment for development will emerge soon.

With that, I wish to conclude this note by thanking our team for their commitment and hard work to bring the Company to this level and for the conclusion of a successful year. I wish to also extend my gratitude to my colleagues on the Board for steering the Company and guiding it at high-level with great success. I also thank all of you, our valued shareholders for the continued trust and confidence placed in us.

Suren Madanayake
Chairman

Colombo, Sri Lanka
23rd May 2019

BUSINESS REFLECTIONS FROM OUR MD

MANAGING DIRECTOR'S REVIEW

"The higher generation, increased the group's Operating Profits for the current year to stand at Rs.342.7Mn compared to Rs.248.1Mn recorded in the previous year. This is a 38.1% increase year-on-year".

MANAGING DIRECTOR'S REVIEW

102-14,15, 201-2

Last year, our Company took two giant strides towards its long-term sustainability.

Firstly, we began the development of our first two solar projects, aggregating to 2MW in capacity, in the Ampara area. The Power Purchase Agreements (PPA) in this connection were signed in March this year. This is our key to sustain a well-balanced portfolio of assets between hydropower and solar-power. Secondly, three of our fully owned subsidiaries merged with the parent Company - Resus Energy PLC, enabling more efficient administration of our overheads, taxes and staff-employment to create more sustainable long- term value to stakeholders. The merger also enabled creation of considerable reserves, which the Company was able to make use of, to distribute the tax-paid dividends it had previously received without having to pay the dividend tax twice over.

At the same time, our project development activities leapfrogged amidst numerous challenges, emanated from social and environmental pressure groups, and the red-tape at public institutions. We completed both 1.9MW Upper HuluGanga project and 700KW RanwalaOya project. Whilst the Upper-HuluGanga project could not be commissioned on time due to lack of waterflow in the river, the RanwalaOya was commissioned nearly 4-months ahead of the schedule. Once the Upper-HuluGanga project is commissioned, our group operational capacity will increase to approximately 13MW.

Our overall operational performances too were substantially better than the year before. Although a drought kicked in towards the middle of December, cutting short the north-east monsoon, the inter monsoon and the south-west monsoon periods had the full effect. There was good rainfall from April till about end November. As a result, although the Okanda and GomaleOya plants could not achieve the expected operational results, as those plants did not get the tail-end effect of the north-east monsoon rains, the other plants did well.

With our strategy to diversify and balance our portfolio, we are awaiting fingers-crossed on the outcome of the second Sooryabalasangramaya Phase II tender we participated in, in April 2018. The tender offered 90 x 1MW solar power projects on build, own and operate basis. We believe our pricing for this tender is competitive. The shape of our asset portfolio will be far more robust if multiple projects from the second tender could also be secured.

Operational and Financial Performances

Weather and its impact

Although the north-east monsoon ceased well short of its usual tenure, the inter-monsoon and the south-west monsoon periods were active and resulted in good rain fall sustaining the long-term average. The tail-end effect of the north-east monsoon particularly effected the Okanda, GomaleOya and newly commissioned RanwalaOya plants. Whereas, the good inter-monsoon rains enabled the Giddawa, AgraOya and MoragahaOya plants to do well. Those could have performed even better if the complete cycle of the north-east monsoon was effective.

The resulting energy generation for the year was 32.31GWh vis-à-vis 27.52GWh estimated. This was 17.4% higher than the generation of the previous year. The last year, also had four months of RanwalaOya plant operations.

Electricity Generation

This year, the Giddawa plant recorded the highest generation amongst all our power plants, recording 8.4GWh (28.6% more than the last year) at 48% plant-utilization-level, whereas the AgraOya plant generated 8.3GWh (27.5% more than the last year) at 37% plant-utilization-level. MoragahaOya plant, commissioned in the year before, generated 5.3GWh at 40% plant-utilization-level. On the other hand, the Okanda plant generated 7.1GWh (2.0% less than the last year) at 34% plant-utilization-level and the GomaleOya plant generated 2.7GWh at 22% plant-utilization-level. RanwalaOya plant, commissioned in November 2018, generated 0.4GWh at 20% plant-utilization-level.

Financial results

The avoided-cost-tariff applicable to both Giddawa and AgraOya power plants increased 14.0% to Rs.15.70 for the wet-season and 16.5% to Rs.17.58 for the dry-season respectively. This boosted the income of those two plants considerably. This together with the higher generation, increased the group's Operating Profits for the current year to stand at Rs.342.7Mn compared to Rs.248.1Mn recorded in the previous year. This is a 38.1% increase year-on-year. This eventually translated into group's Net Profit to stand at Rs.162.8Mn. This is a 40.1% increase in comparison to the consolidated Net Profit of Rs.116.2Mn recorded in the year before.

The finance expenses, the largest expense ticket of the group, stood at Rs.149.9Mn compared to Rs.118.6Mn in the previous year. The increase is mainly due to the full year charge out from the loan obtained for Moragaha Oya project, partly charge-out from the loan obtained for Ranwala Oya project and bank overdraft interest.

Economic and the Sector Outlook

Economic Challenges

Our economic growth has slowed down to unprecedentedly low levels. Country's national security is compromised. We received multiple terrorist attacks. We experienced blackouts. The full effects of those are yet to be felt. Those effects surely can spillover to our industry as well. Fundamental aspects of the economy are extremely disturbing. They are not at all favorable or encouraging for business.

Although the interest rates have stabilized, they remain high. The constant tax amendments together with high volatility in the foreign exchange rates have caused loss of investor confidence.

The bank borrowings at fixed rates for the long-term are prohibitively expensive now. In the absence of a derivatives market locally for interest rate fixing or taking hedge-positions, the investors have no option but to borrow at exorbitantly high fixed rates or at highly volatile variable rates. On the other hand, the LKR depreciated 11.4% year-on-year against the USD to stand at Rs.176.13 as of end March 2019 from Rs.155.97 a year before. The equipment for our projects in the pasts were sourced from Europe and more recently from China. With Euro having increased 22.1% from Rs.162.03 two years ago to stand at LKR Rs.197.80 as of end March, we now find European equipment prohibitively expensive. Whereas, the Chinese equipment priced in USD too are becoming increasingly expensive although those remain competitive still in comparison to European equipment. However, the increase in exchange rates across, have made most projects economically unviable, particularly in the hydropower segment, given that the NCRE tariff applicable was last revised in 2013 and are based on cost parameters of 2012 and before.

Yet, as a long-term player, we remain resilient and hopeful on an economic turnaround. A stimulation in our economy is likely to be consumption led and thus would directly increase the consumption of electricity. It is evident that our per capita electricity consumption, in comparison to many of the South Asian countries, is low, despite the growth in the power infrastructure and household electrification. This signifies that our electricity demand is bound to increase.

Government Policy and ground reality

Despite the prevalence of numerous policy directions for the energy sector, the formal policy still remains the 'National Energy Policy and the Strategies' gazetted back in 2008. In that a target to achieve 10% of the electrical energy supplied to the grid as of 2015 was set to be met from Non-Conventional-Renewable-Energy (NCRE). Upon meeting this target, the Ministry of Power and Energy has released numerous other policy documents to augment the NCRE growth. Whilst all these initiatives can be commended, the commitment on the part of the government to implement these policies and address the issues that hamper implementation, have been disappointing. There is increased red-tape in public offices. The Central Environmental Authority, the approving agency for most of the projects, halted granting approvals for new projects and in some instances also halted the work of some ongoing projects in response to the protest-actions of a few pressure-groups. On the other hand, Ceylon Electricity Board (CEB) stopped entertaining new applications for small hydropower projects and other renewable energy projects under the feed-in tariff system over an interpretational ambiguity of the provisions in the Electricity Act. Whilst many projects have been approved and built since the introduction of the new Electricity Act in 2009 and its Amendments in 2013, this standoff is kept unresolved for three years now. If this warrants an amendment to the Act as sighted by the CEB, for all these three years neither the CEB nor the Ministry has taken any action nor any interest to do so. This is particularly disappointing in the wake of high level of interest and excitement shown to procure other types of power generation including 'emergency power' at exorbitantly high tariffs. It is particularly disappointing to see the lukewarm and lackadaisical response we receive even now from these two public institutions responsible for driving this country into blackouts. All these actions and inactions are suboptimal to the national policy and is paradoxical to experience at a time that the country is plagued with blackouts and has opted to procure astronomically expensive emergency power.

At the same time, the feed-in-tariffs applicable to NCRE sector have not been

MANAGING DIRECTOR'S REVIEW

revised since 2013. The major cost factors including exchange rates, inflation rates, and tax holidays etc., assumed in tariff determination for new hydro projects have substantially changed. Since the tariff is by and large fixed for the tenure of the Power Purchase Agreement, if the tariffs are set on non-reflective parameters, the development of financially viable projects will be challenging.

We firmly believe that if not for the obstacles the developers face, largely due to the lack of congruence between policy setting and implementation agencies, the NCRE sector could have grown into much greater heights.

Despite these issues and the challenges, the NCRE developers continue to deliver. Besides achieving the supply target set out in the Energy Policy, the NCRE sector, hitherto, since inception in 1996, have added 538.6MW to the national grid through 209 power plants. It produced 1,160GWh for the year. Capacity-wise this reflects more than 12.8% of the country's installed capacity and energy-wise more than 8% of total energy generation. Of this, the small-hydropower sector accounts for 349.6MW from 178 power plants.

Strategic outlook of the Company

Growth

Our growth primarily has been around the small-hydropower segment, which we have considerable experience in. However, we badly felt the over-dependency on this segment a couple of years ago, with the back-to-back failure of monsoons, leading to a prolonged drought affecting our operations negatively. Now, with the development of 2MW solar-power projects in Ampara area, we will gain vital development experience and hopefully the operational experience in the solar-power segment, in the coming year. As a fully-focused renewable energy group, entry into the solar-power segment will enable us to dilute our over dependency on hydropower generation in the future.

We are also hopeful to secure some projects on Sooryabalasangramaya Phase II tender that offered to build, own and operate 90 x 1MW solar power projects. Although the awards have not yet being made, our pricing for two sub-station clusters we bid for, are competitive.

In the coming year, we would also begin the development work of 2.0MW Karapalagama Project, in the Nuwara-Eliya District, the development rights of which we acquired through the acquisition of Sierra Power (pvt) Ltd, last April.

On the operational front, the increase in the avoided-cost-tariff applicable to both AgraOya and Giddawa plants in the last year, boosted revenues from those. However, the 15-year tenure of the PPAs of those two power plants are due to lapse in February 2021 and October 2023 respectively. The long-term sustainability of the revenue streams from these two power plants will therefore depend on the terms of the extensions accorded. This impact can be best circumvented with the addition of new projects that would operate under the cost-based and technology-specific tariffs. This means - more development work in a challenging economic environment!

To endure the dynamism in a multiple project development environment, it is vital to concentrate on the human capital productivity and efficient use of information systems, hence we are continuously upgrading our human talent and our IT resources in pursuit of achieving successful expansion without compromising on productivity.

Sustainability

Our Vision and Mission are the origins of our commitment to create value for our stakeholders. Our core values, structures, systems and processors encourage commitment to such behavior. We make our fullest commitment to sustainable development and inclusive-growth, transparent and visible through our corporate reporting process.

Global Reporting Initiative Standards

This is our fourth integrated Annual Report and we unceasingly follow the best practices in Corporate reporting and matters relating to the sustainability. In the past three years, our sustainability reporting has been guided by the GRI G4 guidelines. Taking sustainability in to greater heights, the Global Sustainability Standard Board (GSSB) issued the GRI Sustainability Reporting Standards (GRI Standards) in October 2016. As an accountable corporate citizen, we have presented our report in accordance with the new GRI Standard.

Conclusion

Resulting from the corporate restructuring exercise, as aforesaid, and keeping in line with our priority to maximize the returns to our shareholders, we paid an additional interim dividend of Rs.2.50 in cash and Rs.6.50 in scrips, aggregating to a total dividend of Rs.9.00 in March this year. This was possible not withstanding the heavy capital commitments made towards the growth and development initiatives.

Needless to say that our achievements during the year had largely been due to the dedication and the efforts of an exceptionally committed team we are fortunate to have. I thank my colleagues who have worked hand in glove with me in our mission to taking this company to greater heights.

Let me also extend my sincere gratitude to my fellow colleagues on the Board and to all of you, our valued shareholders, for your trust and confidence placed in us.

G A K Nanayakkara
Managing Director

Colombo, Sri Lanka
23rd May 2018

BOARD OF DIRECTORS

102-22

MR H A S MADANAYAKE

Non–Executive Chairman

Appointed to the Board on 6th January 2015

Skills and Experience: Mr Suren Madanayake had his education at Royal College, Colombo and qualified as a Mechanical Engineer from the University of Texas at Austin, USA.

Membership of Board Sub-Committees: Member of Board Remuneration Committee

Current Memberships on Corporate Boards: Non-Executive Chairman, Resus Energy PLC; Managing Director, ACL Cables PLC, ACL Plastics PLC, Lanka Olex Cables (Pvt) Ltd.; Deputy Chairman, Kelani Cables PLC; Director, Ceylon Bulbs and Electricals Ltd., ACL Metals and Alloys (Pvt) Ltd., ACL Polymers (Pvt) Ltd., ACL-Kelani Magnet Wire (Pvt) Ltd., Ceylon Copper (Pvt) Ltd., ACL Electric (Pvt) Ltd., SM Lighting (Pvt) Ltd., Fab Foods (Pvt) Ltd., Ceylon Tapioca Ltd., National Asset Management Ltd(NAMAL),; Trustee, CCC Foundation of Sri Lanka, an approved charity.

MR G A K NANAYAKKARA

Managing Director

Appointed to the Board at the inception of the Company in 2003

Skills and Experience: Mr Kishantha Nanayakkara is a Fellow of the Chartered Institute of Management Accountants, UK and an Associate of the Institute of Chartered Accountants in England and Wales. He also holds an MSc in Finance from the Birmingham Business School, University of Birmingham, UK and the AMP from Said Business School, University of Oxford.

Mr Nanayakkara has held several senior management positions and directorships in companies ranging from manufacturing to financial services during a career spanning over 25 years. He has served on the Board of the Sri Lanka Sustainable Energy Authority, as an advisor to the National Council for Economic Development and as a Consultant to the PERC in the past.

Membership of Board Sub-Committees: Member of Board Related Party Transactions Review Committee.

Current Memberships on Corporate Boards: Managing Director, Resus Energy PLC.

MR U G MADANAYAKE

Non–Executive Director

Appointed to the Board on 26th June 2015

Skills and Experience: Mr Upali Madanayake had his early education at Ananda College, Colombo. He graduated from the University of Cambridge England in 1958, and had his MA (Cantab) conferred on him in 1962. He is a Barrister at-law (Lincoln's Inn) and an Attorney at-law of the Supreme Court of Sri Lanka.

Mr Upali Madanayake started his working life managing family-owned plantations until most of the lands were taken over by the State under the Land Reform Law of 1972. He still continues to have an active interest in agriculture. He joined the Board of Associated Motorways Limited, and subsequently became the Deputy Chairman of the Company. He became a Director of ACL Cables PLC (then Associated Cables Limited) in January 1963, its Managing Director in July 1978 and Chairman cum Managing Director in May 1990. He relinquished his duties as Managing Director in September 2005 after appointing Mr Suren Madanayake as Managing Director. With the acquisition of Kelani Cables PLC by the ACL group in October 1999, he was appointed as Chairman of Kelani Cables PLC. He has over 50 years' experience in the cable industry.

Membership of Board Sub-Committees: None

Current Memberships on Corporate Boards: Non-Executive Director, Resus Energy PLC; Chairman, Fab Foods (Pvt) Ltd., Ceylon Tapioca Ltd., ACL Plastics PLC, Lanka Olex Cables (Pvt) Ltd.; Director, ACL Metals and Alloys (Pvt) Ltd., ACL Polymers (Pvt) Ltd., Ceylon Copper (Pvt) Ltd., ACL-Kelani Magnet Wire (Pvt) Ltd., Ceylon Bulbs and Electricals Ltd., and ACL Electric (Pvt) Ltd.

MR I S SOMARATNE

Non-Executive Director

Appointed to the Board on 16th February 2015 as the Alternate Director to Mr C V Kulatilaka and appointed as a Non-Executive Director w.e.f 14th October 2015.

Skills and Experience: Mr Isuru Somaratne holds a BSc in Mechanical Engineering from the University of Moratuwa, and an MBA in Finance from the UCLA Anderson School of Management; An Associate Member of the Chartered Institute of Management Accountants, UK.

Mr Somaratne started his investment banking career in 2007 in the Corporate Advisory division at NDB Investment Bank and now functions as the Vice President – Investments at NDB Capital Holdings Limited. He was actively involved in many successful transactions carried out at NDB Group's investment banking cluster during his career including IPOs, M&A, Financial Restructurings, etc. Mr. Somaratne was also part of the team which floated the Group's Private Equity management company and its first Private Equity Fund, the Emerald Sri Lanka Fund. Previously he had worked at MAS Active Linea Intimo and EMC Corporation of the United States.

Membership of Board Sub-Committees: Member of Board Audit Committee and Board Related Party Transactions Review Committee.

Current Memberships on Corporate Boards: Non-Executive Director, Resus Energy PLC and Lanka Communication Services (Pvt) Limited.

BOARD OF DIRECTORS

PROFESSOR K A M K RANASINGHE

Independent Non-Executive Director

Appointed to the Board on 19th January 2015

Skills and Experience: Prof. Malik Ranasinghe is a Senior Professor in Civil Engineering and a past Vice-Chancellor of the University of Moratuwa; an International Professional Engineer, Chartered Engineer and a Fellow of the Institution of Engineers, Sri Lanka; Fellow of the National Academy of Sciences, Sri Lanka; PhD from University of British Columbia, Vancouver, Canada in Civil Engineering as a Canadian Commonwealth Scholar; Published extensively on Engineering and Environmental Economics with Project Management; Recipient of awards including the General Research Committee Award for Outstanding Contribution to Sri Lankan Science from the Sri Lanka Association for Advancement for Science, the Committee of Vice-Chancellors and Directors (CVCD) Excellence Award for 2012 for the Most Outstanding Senior Researcher in Technology and related Sciences, the Award for Outstanding Contribution to Education 2012 at World Education Congress and the Education Leadership Award 2013 at the 4th Asia's Best B-School Awards, Singapore.

Membership of Board Sub-Committees: Chairman of Board Audit Committee, Member of Board Remuneration Committee, and Member of Board Related Party Transactions Review Committee.

Current Memberships on Corporate Boards: Independent Non-Executive Director, Resus Energy PLC; Chairman, Sampath Bank PLC; Independent Non-Executive Director, Textured Jersey Lanka PLC, Access Engineering PLC, and United Motors Lanka PLC.

MR U P EGALAHEWA PC

Independent Non-Executive Director

Appointed to the Board on 19th January 2015

Skills and Experience: Mr Uditha Egalahewa had his basic legal education at Sri Lanka Law College followed by a Masters in Law (LLM), University of Colombo; a second Masters degree (LLM), as a World Bank sponsored scholar, from the International Maritime Law Institute of Malta in which he graduated with distinction and was awarded the Professor Walter Muller Prize. He also holds a Postgraduate Diploma in Insurance Law from the University of Colombo.

Mr Egalahewa counts over 25 years at the Bar. He joined the Chamber of the Attorney General of Sri Lanka in 1990 and served as counsel attached to the Government Institutions Branch, a State Counsel and then as a Senior State Counsel for a period of 15 years. He was appointed as a President's Counsel in 2012.

Membership of Board Sub-Committees: Chairman of Board Remuneration Committee, Chairman of Board Related Party Transactions Review Committee and Member of Board Audit Committee.

Current Memberships on Corporate Boards: Independent Non-Executive Director, Resus Energy PLC.

MR C D COOMASARU

Independent Non-Executive Director

Appointed to the Board on 1st November 2016 as the Alternate Director to Mr U G Madanayake

Skills and Experience: Mr Champika Coomasaru is an Associate member of the Institute of Chartered Accountants, SL and the Chartered Institute of Management Accountants UK. He holds a B.com Special Degree from the University of Colombo. He started his career as an Accountant at John Keells Holdings PLC and currently holds the position of Group Finance Controller at ACL Cables PLC. Previously he worked at Finlays Combo PLC and completed his audit experience at KPMG, Sri Lanka.

Membership of Board Sub-Committees: None

Current Memberships on Corporate Boards: Alternate Director to Mr U G Madanayake, Resus Energy PLC.

MANAGEMENT TEAM

Kishan Nanayakkara

M.Sc. Fin, FCMA, ACA (ICAEW), AMP (Oxford)

Managing Director

Prasad Mudugama

B.Sc. Eng. (Mechanical), B.Sc. Defense Studies and Military Eng. AMIE (IESL)

Head of Projects

Chinthaka Perera

B.Sc. Eng (Civil), PG Dip (Water Resource Eng.& Mgt.), AMIE (IESL)

Senior Civil Engineer

Chaya Ranaweera

MLRHRM, Dip. Psych., Dip. Counselling Psych.

Head of Human Resources

Kavinda Perera

B.Sc. Fin. Mgt, ACMA, CGMA

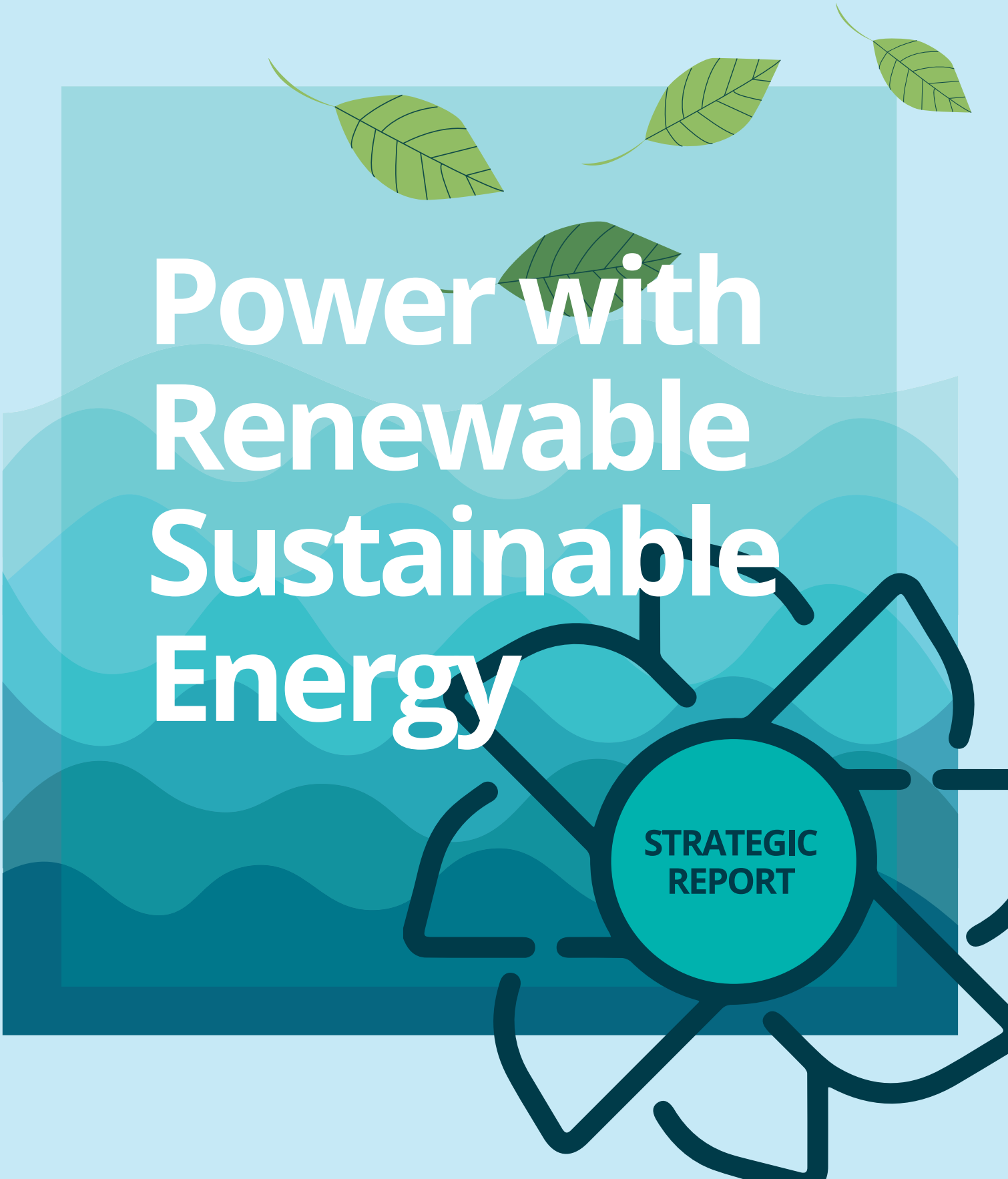
Head of Finance

Vimukthi Deshapriya

B.Sc. Eng. (Electrical), Dip (Business Mgt.), AMIE (IESL)

Operations and Maintenance Manager

Power with Renewable Sustainable Energy



OUR BUSINESS OPERATION

Global Energy

Greater and renewed attention is being paid towards the development and utilization of renewable sources of energy, in response to growing concerns about climate change and interest in cost-effective supplies of energy, for economic and social development while encouraging sustainability and environmental wellbeing. The growing aspirations of an expanding world population are expected to increase world energy demand, in tandem with strong efforts being made to improve energy efficiency.

Renewable energy sources exist over extensive geographical zones, in contrast to other energy sources, which are geographically limited and renewable energy markets are projected to continue to grow steadily in the coming decade and beyond. Countries such as Norway and Iceland predominantly generate electricity using renewable energy while China currently has the world's largest installed capacity of hydro, solar and wind power in its effort to increase the share of renewable sources in the energy mix.

However, as renewable energy policies and markets develop, they increasingly face new challenges, which are multifaceted and complex. The fact that significant reserves of fossil fuels are still available impedes the willingness to give sufficient importance to the renewables. Start-up costs and the lack of sound policies are some of the main barriers that deter investment in renewables.

Despite these challenges the future of renewable energy is positive with its growing demand coupled with economic growth, improved human health and well-being and a safe climate.

FUTURE OUTLOOK

- Global energy demand rises at a slower pace when compared to the past, but is expected to expand by more than 25% in 2040 compared to the current state.
- Compared to the past, how the world meets its energy needs changes with the lead now taken by natural gas, rapid rise in renewable energy and by energy efficiency.
- Bright future for renewables as they become for many countries, the least cost source of energy generation.
- Rapid deployment of Solar Photovoltaics (PV), led by China and India helps solar become the largest source of low-carbon capacity by 2040.

Source: International Energy Agency- *https://www.iea.org/weo2018/*

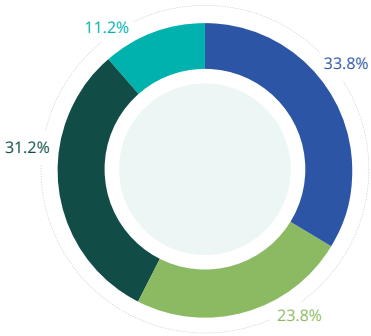
Local Energy

In accordance with the Central Bank statistics electricity generation continued to grow in 2018, supported by a significant growth in hydropower generation. Total electricity generation grew by 4% to 15,255 GWh, following the growth of 3.7% in 2017.

The share of hydropower generation, excluding mini hydropower, recorded an increase of 68.4% to 5,149 GWh in 2018, in comparison to the previous year, reflecting the higher level of rainfall in catchment areas during the year. With increased hydropower generation, the total fuel oil-based power generation declined by 28.1% to 3,626 GWh, while coal power generation decreased by 6.7% to 4,764 GWh during 2018.

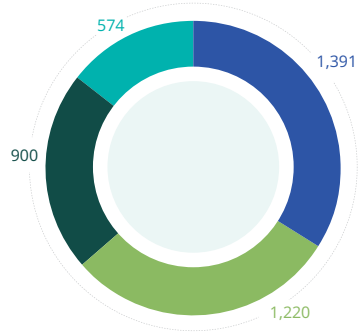
Meanwhile, power generation through Non-Conventional Renewable Energy (NCRE) sources also increased by 17.3% to 1,716 GWh owing to the rise in mini hydropower generation by 27.3% to 1,203.4 GWh and solar power generation by 15.3% to 98.2 GWh in 2018, in comparison to the corresponding period of 2017.

TOTAL ENERGY GENERATION GWh
2018 - 15,255GWh



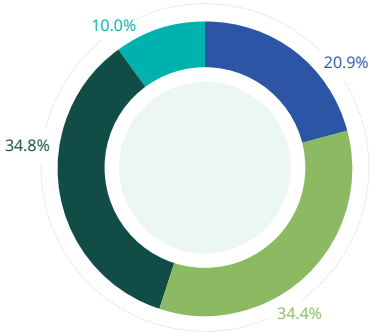
- Hydro Power Generation - Excluding Mini Hydro
- Fuel oil-based power generation
- Coal Power Generation
- NCRE

INSTALLED CAPACITY
2018 - 4,085MW



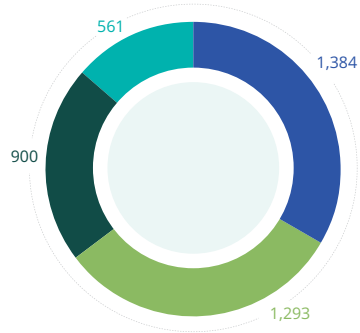
- Hydro Power Generation - Excluding Mini Hydro
- Fuel oil-based power generation
- Coal Power Generation
- NCRE

TOTAL ENERGY GENERATION GWh
2017 - 14,671GWh



- Hydro Power Generation - Excluding Mini Hydro
- Fuel oil-based power generation
- Coal Power Generation
- NCRE

INSTALLED CAPACITY
2017 - 4,138MW



- Hydro Power Generation - Excluding Mini Hydro
- Fuel oil-based power generation
- Coal Power Generation
- NCRE

During the year initiatives – 2018

- Public Utilities Commission of Sri Lanka (PUCSL) granted conditional approval for the base case Lease Cost Long-Term Generation Expansion Plan (LCLTGEP) for 2018-2037 submitted by CEB in June 2018. Accordingly, as per the Cabinet approval, the national policy on the energy mix to be met by 2030 consists of 30 per cent LNG or indigenously available natural gas, 30 per cent high-efficient coal, 25 per cent large hydro, 15 per cent from both furnace oil, which is a by-product from the refineries in the country, and non-conventional renewable energy sources.

- With the aim of catering to the growing energy demand while reducing the cost of electricity generation in the country, construction work of several large-scale hydropower projects was in progress during the year.

- The "Soorya Bala Sangramaya" programme which was launched in 2016 in collaboration with Minister of Power and Renewable Energy, The Sri Lanka Sustainability Energy Authority (SLSEA) the CEB and the Lanka Electricity Company (Pvt) Ltd (LECO), continued during 2018.

- The PUCSL took several steps during 2018 to regulate the electricity market and enhance consumer safety. Subsequent to a public consultation, the PUCSL with other stakeholder agencies established a framework for licensing electricians with the aim of safeguarding the public as well as increasing the demand for qualified electricians through formal recognition.

Source : *Central Bank Annual Report 2018; Figure are presented on Calendar year basis*

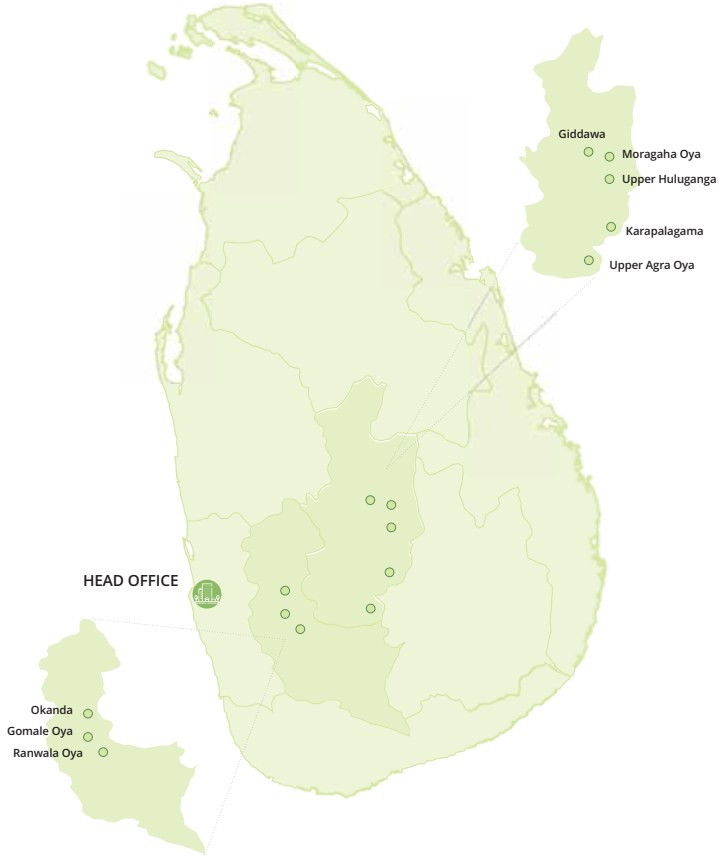
OUR BUSINESS OPERATION

Our Operations

102-2, 4, 6, 7

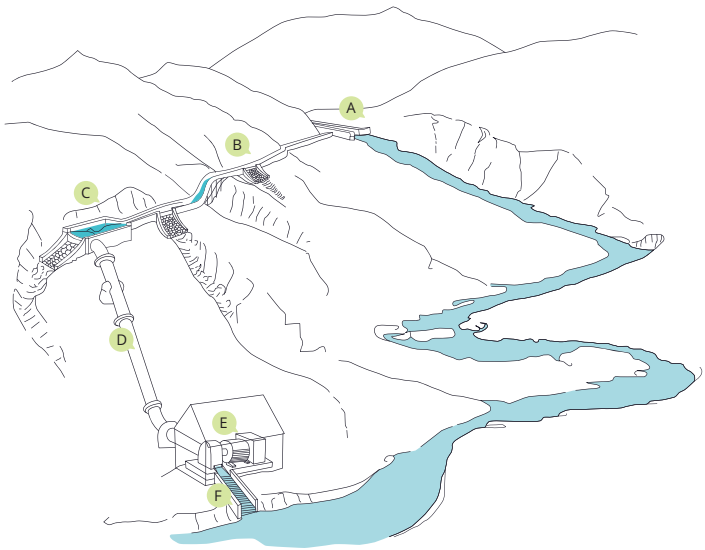
We passionately and resolutely continue to support the national effort to develop renewable energy resources in Sri Lanka. With six operational mini hydro power plants and two others under development we have set our footprint across four regions of the country. All our projects are equipped with top of the range electromechanical equipment and a competent and skilled workforce, fueling our energy generation process allowing us to function at our optimum capability. With our core growth strategy revolving around hydro power we are consistently exploring other renewable energy sources such as solar power, wind power and biomass. As we scale up on our operations we are conscious of the fact that sustainability and concern for the people and planet permeates our operations and our carbon footprint remains at a minimal level.

During the year under review we generated and supplied 32.31 GWh to the national grid.



Overview of hydro electricity generation from a run-of-the-river mini hydropower plant

- A INTAKE WEIR
- B DIVERSION CHANNEL
- C FOREBAY TANK
- D PENSTOCK
- E POWER HOUSE CONTAINING TURBINE AND GENERATOR
- F TAILRACE



Giddawa Mini Hydro Power Project

PROJECT SNAPSHOT

Capacity	2.0MW
Date of SPPA	08/05/2006
Tenure of SPPA	15 Years
Commissioned Date	October 2008
Status of the Project	Operational

LOCATION AND SITE DETAILS

Location	Giddawa, Digana
District	Kandy
River	Huluganga
Head (meters)	26.3
Freehold Land Extent	1A-3R-30.90P
Number of Buildings	Two
Square Feet of Buildings	4,103 sq ft.

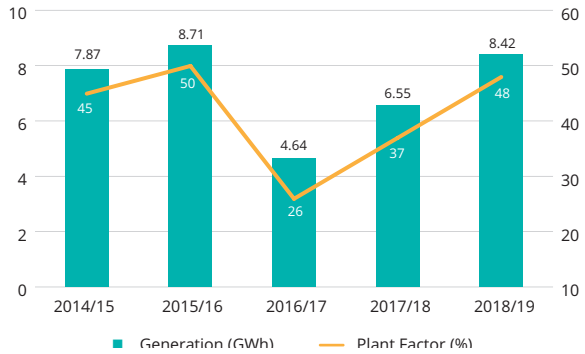
INVESTMENT AND EQUIPMENT

Invested Capital	Rs. 389Mn
EM Equipment supplier	WKV-Germany
Turbine Equipment type	Fransis
Generator Equipment	Hitzinger-Austria

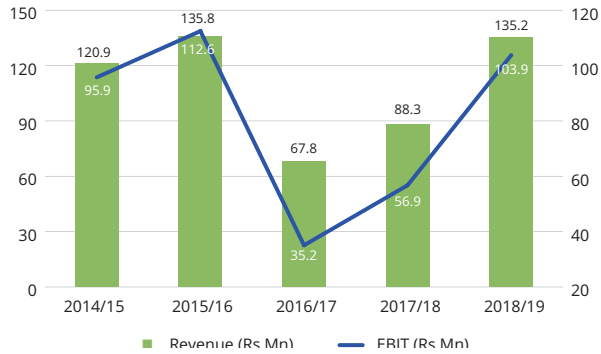
Tariff	No. of employees	Reduction in Carbon emission (t-CO_2)	Number of electricity units dispatched during the year (GWh)
Avoided cost tariff	12	5.88 (2018 – 4.57)	8.42 (2018 – 6.55)

Plant factor for the year	Major plant shut downs during the year	Impairment adjustments if any
48% (2018 - 37%)	None	None

GENERATION AND PLANT FACTOR



REVENUE AND EBIT



OUR BUSINESS OPERATION

Okanda Mini Hydro Power Project

PROJECT SNAPSHOT

Capacity	2.4MW
Date of SPPA	09/02/2010
Tenure of SPPA	20 Years
Commissioned Date	September 2011
Status of the Project	Operational

LOCATION AND SITE DETAILS

Location	Dikkellakanda, Maliboda
District	Kegalle
River	Magalganga
Head (meters)	110.0
Freehold Land Extent	0A-3R-31.83P
Number of Buildings	Two
Square Feet of Buildings	3,504 sq ft.

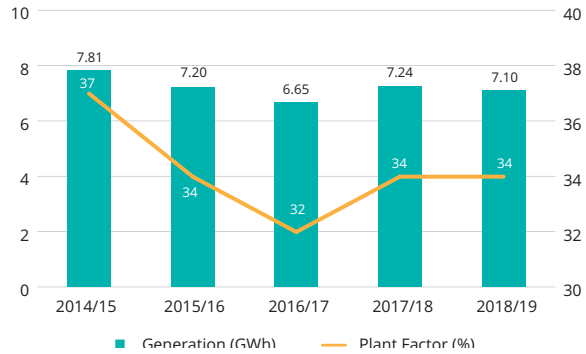
INVESTMENT AND EQUIPMENT

Invested Capital	Rs. 453Mn
EM Equipment supplier	GHE-Austria
Turbine Equipment type	Fransis
Generator Equipment	Hitzinger-Austria

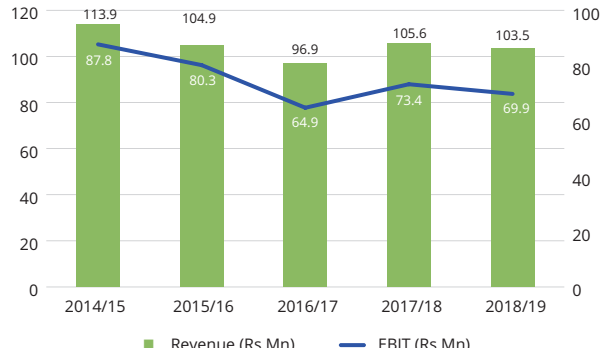
Tariff	No. of employees	Reduction in Carbon emission (t-CO_2)	Number of electricity units dispatched during the year (GWh)
Cost-based-technology-specific fixed tariff (Rs.14.58)	13	4.96 (2018-5.06)	7.10 (2018 – 7.24)

Plant factor for the year	Major plant shut downs during the year	Impairment adjustments if any
34% (2018 - 34%)	None	None

GENERATION AND PLANT FACTOR



REVENUE AND EBIT



Upper Agra Oya Mini Hydro Power Project

PROJECT SNAPSHOT

Capacity	2.6MW
Date of SPPA	29/04/2005
Tenure of SPPA	15 Years
Commissioned Date	February 2006
Status of the Project	Operational

LOCATION AND SITE DETAILS

Location	Lindula, Thalawakelle
District	Nuwara Eliya
River	Agra Oya
Head (meters)	40.0
Freehold Land Extent	Nil (Leasehold land from Hatton Plantations PLC)
Number of Buildings	Two
Square Feet of Buildings	5078 sq ft.

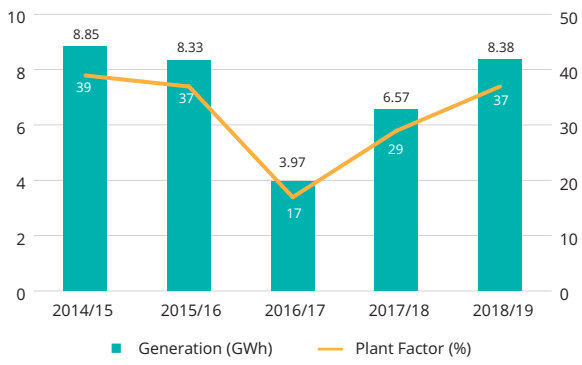
INVESTMENT AND EQUIPMENT

Invested Capital	Rs. 345Mn
EM Equipment supplier	Gilkes- United Kingdom
Turbine Equipment type	Fransis
Generator Equipment	Alconza- Spain

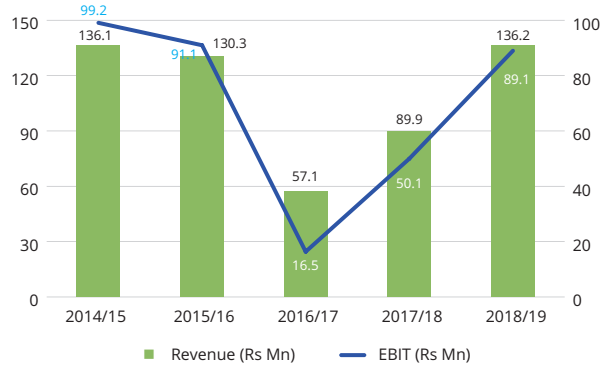
Tariff	No. of employees	Reduction in Carbon emission (t-CO_2)	Number of electricity units dispatched during the year (GWh)
Avoided cost tariff	15	5.85 (2018 – 4.59)	8.38 (2018 – 6.57)

Plant factor for the year	Major plant shut downs during the year	Impairment adjustments if any
37% (2018 - 29%)	None	None

GENERATION AND PLANT FACTOR



REVENUE AND EBIT



OUR BUSINESS OPERATION

Gomale Oya Mini Hydro Power Project

PROJECT SNAPSHOT

Capacity	1.8MW
Date of SPPA	28/04/2015
Tenure of SPPA	20 Years
Commissioned Date	August 2016
Status of the Project	Operational

LOCATION AND SITE DETAILS

Location	Magala, Maliboda
District	Kegalle
River	Gomale Oya
Head (meters)	160.0
Freehold Land Extent	1A-0R-26.91P
Number of Buildings	Two
Square Feet of Buildings	2518 sq ft.

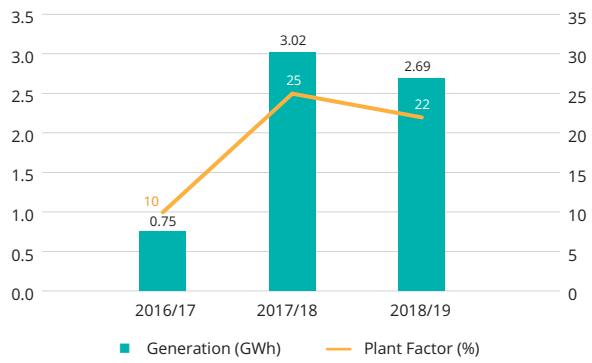
INVESTMENT AND EQUIPMENT

Invested Capital	Rs. 276Mn
EM Equipment supplier	Zeco- Italy
Turbine Equipment type	Pelton
Generator Equipment	Marelli Motori- Italy

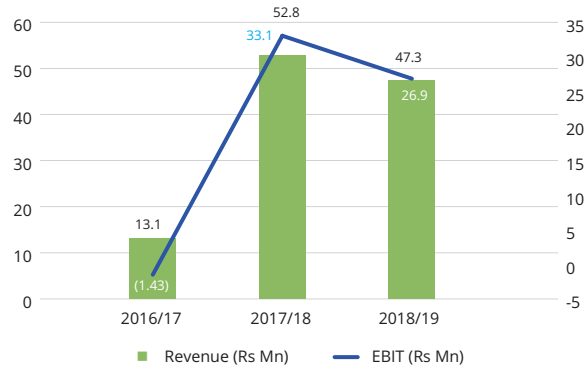
Tariff	No. of employees	Reduction in Carbon emission (t-CO_2)	Number of electricity units dispatched during the year (GWh)
Cost-based-technology-specific three-tier tariff	6	1.88 (2018 – 2.10)	2.69 (2018 – 3.02)

Plant factor for the year	Major plant shut downs during the year	Impairment adjustments if any
22% (2018 - 25%)	None	None

GENERATION AND PLANT FACTOR



REVENUE AND EBIT



Moragaha Oya Mini Hydro Power Project

PROJECT SNAPSHOT

Capacity	1.5MW
Date of SPPA	28/04/2015
Tenure of SPPA	20 Years
Commissioned Date	March 2017
Status of the Project	Operational

LOCATION AND SITE DETAILS

Location	Panvila, Theldeniya
District	Kandy
River	Moragaha Oya
Head (meters)	78.7
Freehold Land Extent	Nil
Number of Buildings	One
Square Feet of Buildings	1,520 sq ft.

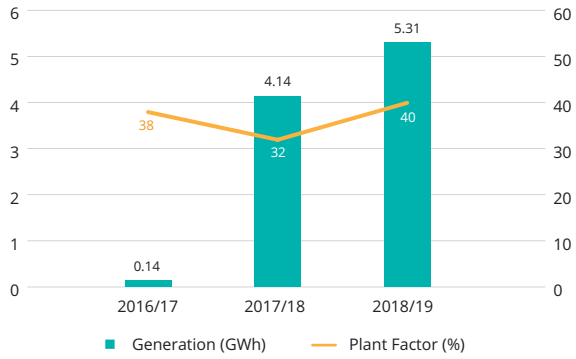
INVESTMENT AND EQUIPMENT

Invested Capital	Rs. 378Mn
EM Equipment supplier	Gugler- Austria
Turbine Equipment type	Fransis
Generator Equipment	Marelli Motori- Italy

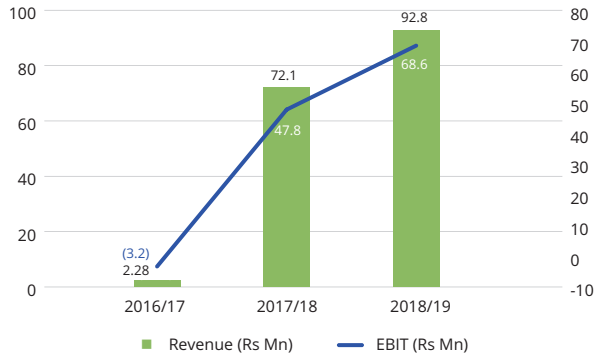
Tariff	No. of employees	Reduction in Carbon emission (t-CO_2)	Number of electricity units dispatched during the year (GWh)
Cost-based-technology-specific three-tier tariff	9	3.71 (2018 – 2.89)	5.31 (2018 – 4.14)

Plant factor for the year	Major plant shut downs during the year	Impairment adjustments if any
40% (2018 - 32%)	None	None

GENERATION AND PLANT FACTOR



REVENUE AND EBIT



OUR BUSINESS OPERATION

Ranwala Oya Mini Hydro Power Project*

PROJECT SNAPSHOT

Capacity	0.7MW
Date of SPPA	06/08/2010
Tenure of SPPA	20 Years
Commissioned Date	November 2018
Status of the Project	Operational

LOCATION AND SITE DETAILS

Location	Maliboda, Deraniyagala
District	Kegalle
River	Ranwala Oya
Head (meters)	50.0
Freehold Land Extent	Nil
Number of Buildings	One
Square Feet of Buildings	2,600 sq ft.

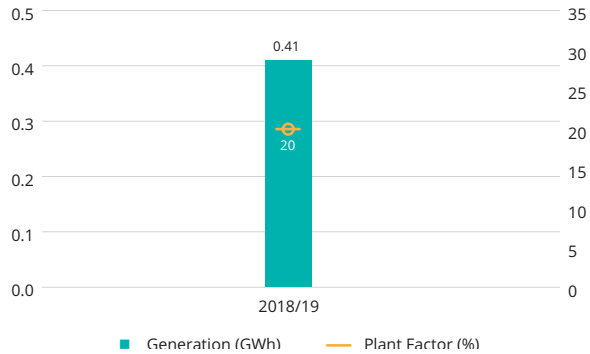
INVESTMENT AND EQUIPMENT

Invested Capital	Rs. 288Mn
EM Equipment supplier	Lanzu International-China
Turbine Equipment type	Fransis
Generator Equipment	Lanzu International-China

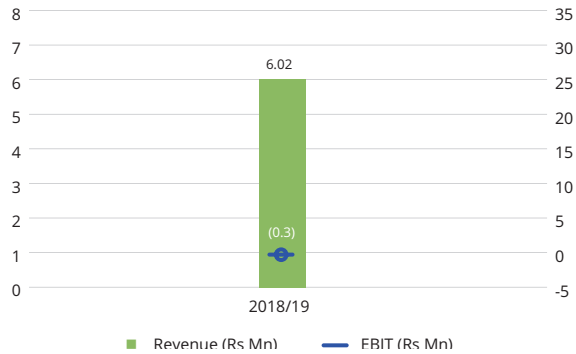
Tariff	No. of employees	Reduction in Carbon emission (t-CO_2)	Number of electricity units dispatched during the year (GWh)
Cost-based-technology-specific fixed tariff (Rs.14.58)	3	0.29	0.41

Plant factor for the year	Major plant shut downs during the year	Impairment adjustments if any
20%	None	None

GENERATION AND PLANT FACTOR



REVENUE AND EBIT



J B Power (Pvt) Limited

Upper Huluganga Mini Hydro Power Project

PROJECT SNAPSHOT

Capacity	1.9MW
Date of SPPA	01/10/2015
Tenure of SPPA	20 Years
Status of the Project	Under Construction

LOCATION AND SITE DETAILS

Location	Panvila, Theldeniya
District	Kandy
River	Huluganga
Head (meters)	63.8

INVESTMENT AND EQUIPMENT

Invested Capital	Rs. 365Mn*
EM Equipment supplier	Zeco-Italy
Turbine Equipment type	Fransis
Generator Equipment	Marelli Motori-Italy

**Planned Investment*

Karapalagama Mini Hydro Power Project**

PROJECT SNAPSHOT

Capacity	2.0MW
Date of SPPA	05/03/2012
Tenure of SPPA	20 Years
Status of the Project	Under Construction

LOCATION AND SITE DETAILS

Location	Walapane, Nildandahinna
District	Nuwara Eliya
River	Madulla Oya
Head (meters)	69.0

INVESTMENT AND EQUIPMENT

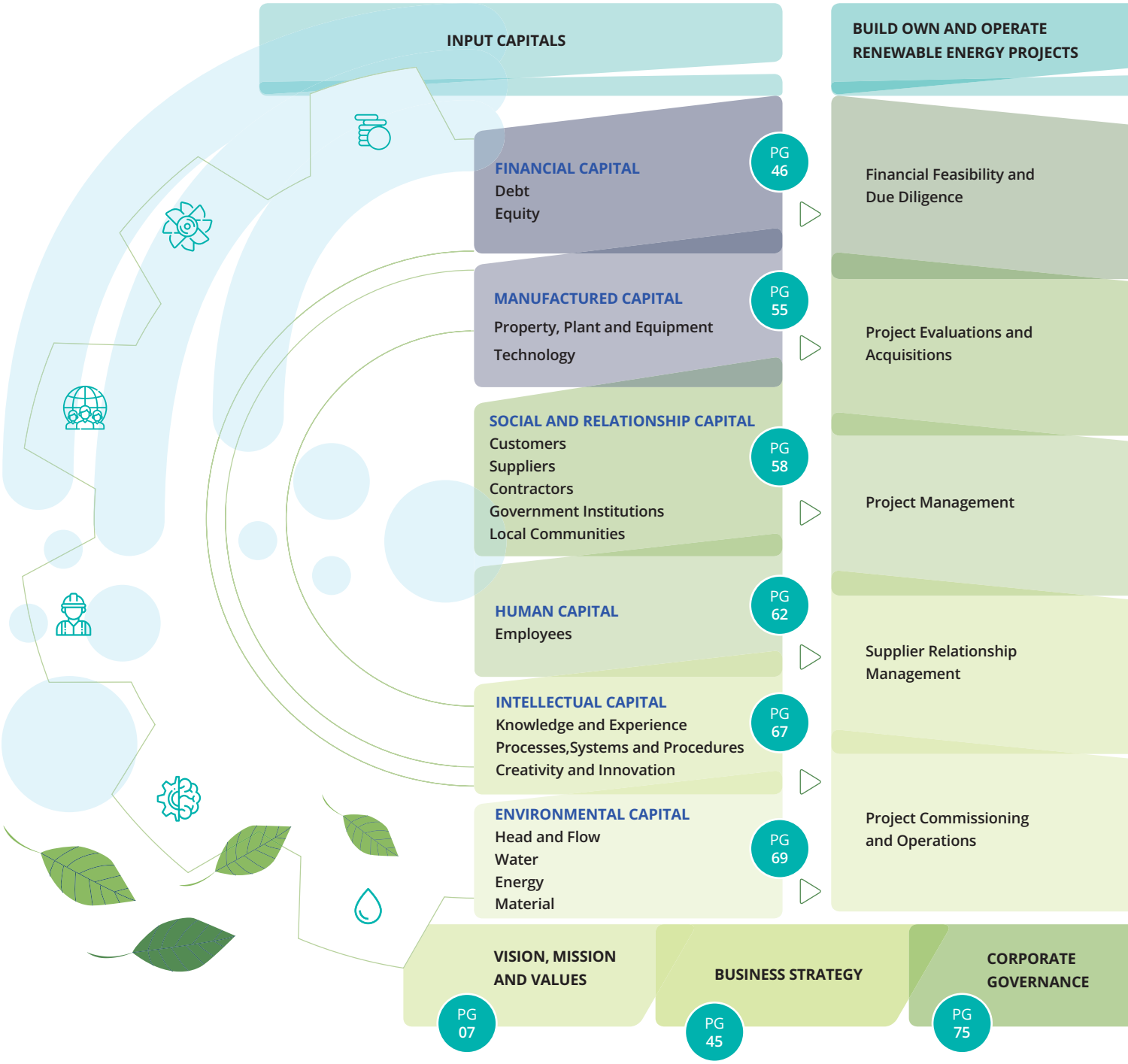
Invested Capital	Rs. 621Mn*
EM Equipment supplier	To be finalized
Turbine Equipment type	Fransis
Generator Equipment	To be finalized

***Sierra Power (Pvt) Limited*

CREATING SHARED VALUE

Allocating our capital resources

Our business model has evolved over the years through our continuous engagement with stakeholders and has been refined by experiences and aspirations, adapting to the dynamic and challenging environment we operate in. Our value creation activities use



inputs from six capitals- financial, manufactured, environmental, human, social and relationship, and intellectual ensuring all stakeholder expectations are exceeded. We relentlessly work towards efficient and productive management of these six capitals while simultaneously managing the economic, social and environmental impacts of our processes. Built around responsible corporate citizenship and sustainability, our value creation model succeeds in gaining the trust and confidence of our stakeholders through efficient and continuous delivery of rising value.

VALUE CREATED FOR OUR KEY STAKEHOLDERS

SHAREHOLDERS
NPAT- **Rs.162.8Mn**
Dividend per Share- **Rs.10.50**
Shareholder funds- **Rs. 786.6Mn**

LENDERS
Borrowings- **Rs.1,657Mn**
Capital Repayments- **Rs. 254.5Mn**
Interest Paid- **Rs. 140.2Mn**

CUSTOMERS
Generation- **32.31GWh**

SUPPLIERS
Supplier payments to civil contractors - **Rs. 766Mn** to date
Contracts signed with overseas suppliers

EMPLOYEES
Total Training Hours- **408**
Employee benefits- **Rs. 87Mn**
Career development
Rewards and recognition

REGULATORS
Taxes paid- **Rs. 10.9Mn**

SOCIETY AND ENVIRONMENT
Employment opportunities to villagers- **60**
Community development-**Rs. 1.5Mn**

OTHER IMPACTS

ECONOMIC
- Financial Capital
- Manufactured Capital

SOCIAL
- Social and Relationship Capital
- Human Capital
- Intellectual Capital

ENVIRONMENTAL
- Environmental Capital

CAPITALS MANAGEMENT PG 46

RISK MANAGEMENT PG 113

CONNECTING WITH STAKEHOLDERS

102-40,42,43,44

Strong stakeholder engagement is a key force behind gearing sustainability and deciding how we manage our capitals to create value. Needs and expectations of stakeholders which emerge from the engagement process contribute largely towards identifying our strategic direction. Through our ethical code of business conduct, environmental management system, structured human resources and financial management functions and relationship management, we ensure that we effectively address stakeholder expectations and make a positive impact though our business conduct.

Management approach for stakeholder identification and engagement

Our project team comprehensively identifies stakeholders at the planning stages of the projects and this is an integral element of our in-house project management manual. Maintaining an open and constructive dialogue with our stakeholders helps us apprehend expectations and contributes to risk management, learning and innovation. It also helps us to identify emerging issues and opportunities leading to improved performance. We interact with a diverse range of stakeholders, but we choose to have a robust and consistent engagement process with those stakeholders identified as having a critical impact on our business.

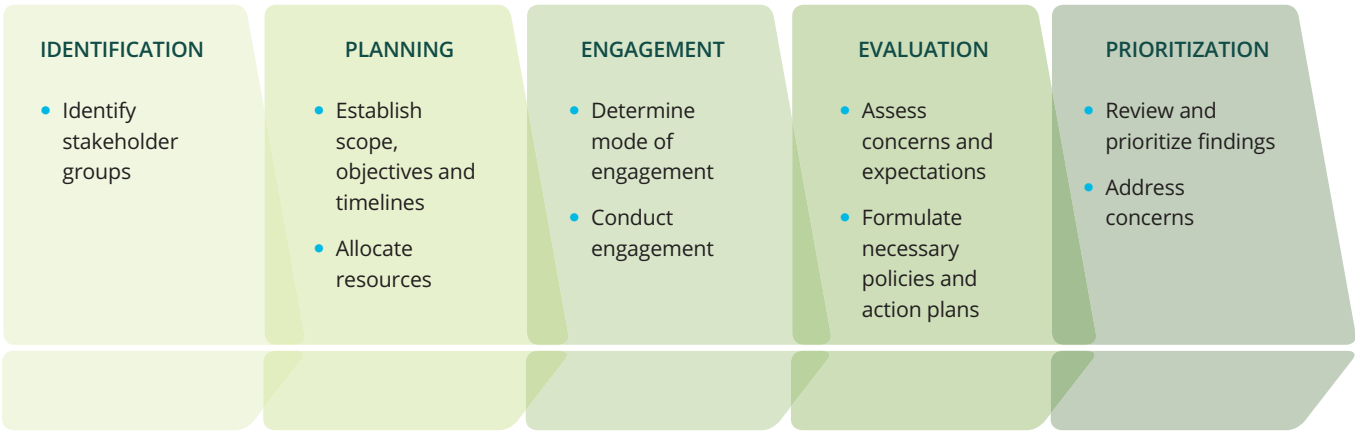
Stakeholder expectations are identified using the data collected from various stakeholder groups from initial engagements and based on their past experiences. Then the identified stakeholders are ranked based on the following criteria;

- Parties likely to be affected by operations of Resus
- Parties who have responsibilities towards Resus
- Parties likely to influence Resus's operations

Based on the above aspects, the main stakeholders identified are;

- **Shareholders**- Equity Partners and Public Shareholders
- **Lenders**- Banks and Financial Institutions
- **Customers**- Ceylon Electricity Board
- **Employees**
- **Suppliers**- Electromechanical Equipment Suppliers and Civil Contractors
- **Society**
- **Regulators**- Government Institutions and Agencies
- **Environment**

We maintain formal communication mechanisms with all groups of stakeholders on a periodic basis with a view to identifying stakeholder expectations and assess the outcomes of its engagement.



Our approach to engaging with stakeholders is illustrated below;

EQUITY PARTNERS AND PUBLIC SHAREHOLDERS	BANKS AND FINANCIAL INSTITUTIONS	CEYLON ELECTRICITY BOARD	EMPLOYEES
Frequency of Engagement Annually, Quarterly and Regularly	**Frequency of Engagement** As required	**Frequency of Engagement** Regularly	**Frequency of Engagement** Regularly
Engagement Methods • Board meetings among representative members of main equity partners • Annual general meeting • Announcements and financial publications on the CSE website	**Engagement Methods** • Announcements and financial publications on the CSE website • Performance updates via submission of monthly, quarterly and annual financials for facility reviews • Meetings and discussions	**Engagement Methods** • Build close rapport with senior officials at CEB • Regular engagement in relationship management activities • Compliance with provisions in Standardised Power Purchase Agreements (SPPA)	**Engagement Methods** • Management meetings and internal communications • Strategic planning sessions • Annual and semi-annual performance review meetings • HR clinics at plant sites • Mentoring and counselling
Discussion Topics • Business plan and strategic direction • Business performance drivers and sustainability • Governance and Ethics • Return on Investment and Risk Management	**Discussion Topics** • Project financing • Debt service coverage • Banking transactions • Business performances • Loan covenants	**Discussion Topics** • New project approvals • Grid connection proposals • Projects commissioning and transmission • Settlement for electricity units dispatched at applicable tariff rates	**Discussion Topics** • Remuneration and annual goal setting • Staff welfare • Employee relationship management • Training and development • Occupational health and safety
Our Response • Creating Economic Value Added (EVA) to our shareholders by undertaking projects with high Internal Rate of Return and appropriate risk management measures	**Our Response** • Strict monitoring of compliance with provisions in loan agreements • Audit committee review of any non-compliance • Timely settlement of dues	**Our Response** • Submiting invoices in accordance with agreed specifications in Standardised Power Purchase Agreement (SPPA)	**Our Response** • On the job training • Imparting company values • Platforms for employee feedback • Performance driven reward systems • Health & safety initiatives • Open door policy

CONNECTING WITH STAKEHOLDERS

ELECTRO MECHANICAL EQUIPMENT SUPPLIERS AND CIVIL CONTRACTORS	SOCIETY	GOVERNMENT INSTITUTIONS AND AGENCIES	NATURAL ENVIRONMENT
Frequency of Engagement As required	**Frequency of Engagement** Regularly	**Frequency of Engagement** Regularly	**Frequency of Engagement** Regularly
Engagement Methods • On-site visits to electromechanical equipment suppliers • Regular invitations for bids for supply and construction contracts of projects • Adherence to terms and conditions in supply agreements	**Engagement Methods** • Close contact with religious leaders in immediate local communities of project sites • Scoping committee meetings before starting projects • Focus group meetings • Community development • Employment to villagers	**Engagement Methods** • Close engagement with senior officials of government institutions • Venturing with government agencies for good causes • Submission of special reports as per requirements	**Engagement Methods** • Develop projects under strict environmental regulations • In-house Environmental Management System to ensure compliance • Carry out projects with minimum destruction to the environment • Engage in environmental development programmes
Discussion Topics • Procurement policies • Engineering standards • Contractual obligations • Supplier Assessments- labour practices, environmental and social impacts • Adherence to civil construction contracts and timely settlements	**Discussion Topics** • Needs and requirements of society • CSR activities • Ethical business conduct	**Discussion Topics** • Project approvals • Adherence to guidelines of project approvals • Governance and Ethics	**Discussion Topics** • Environmental management • Water • Generation of clean and green energy • Compliance and conservation • Emissions and waste
Our Response • Mutual benefits through sharing of information • Obtaining references and guarantees provided for the goods supplied • Construction agreements signed according to ICTAD guidelines	**Our Response** • Build, own and operate projects within our ethical code of conduct and deliver promises as a responsible corporate citizen • Strive to reach the best solution with local communities to improve their life styles through generous sponsorships	**Our Response** • Regular review of compliance with government approvals and report any non-compliances to the Audit Committee • Timely payment of all statutory dues	**Our Response** • Regularly monitoring compliance • Periodical noise level and water quality testing • Preventive and corrective measures to minimize negative externalities

DETERMINING MATERIALITY

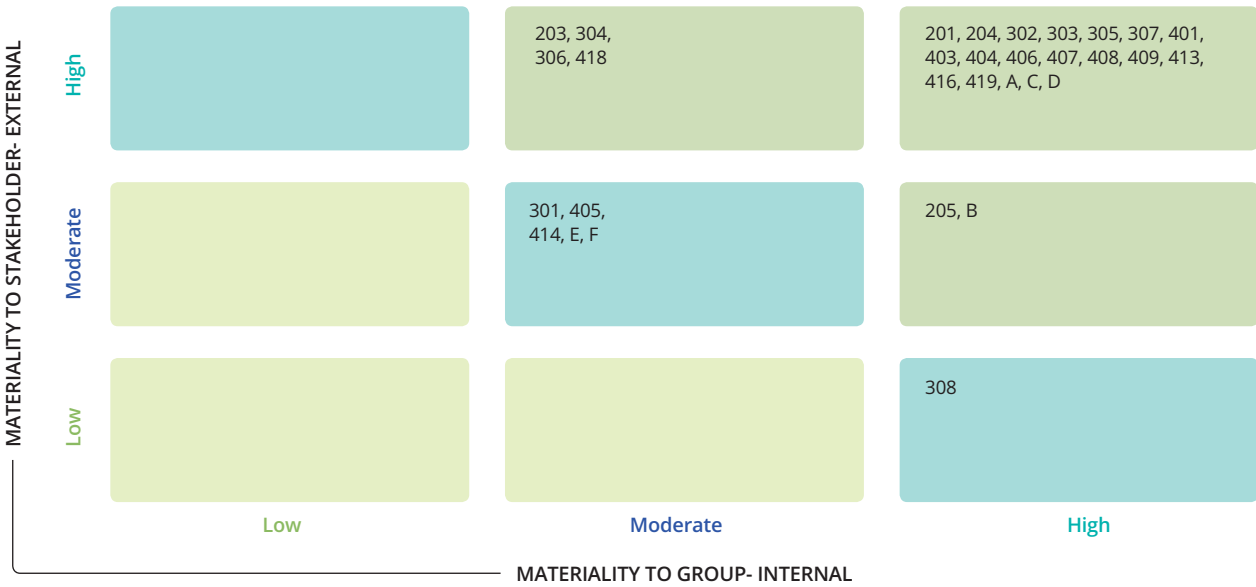
102-46,47,49

Material issues are those which have a strong bearing on our stakeholders assessments and decisions about our sustainability and commitment to their needs. These material aspects contribute significantly in shaping our strategic planning, and operations and achieving our strategic objectives. The materiality assessment process is conducted with the aim of addressing issues based on their potential impact on our ability to create value across the value chain. The needs of our stakeholders are ever-changing and bearing in mind the materiality of issues our response to them must also evolve over time.

This Report is one of the primary methods used to communicate the Group's response to stakeholder concerns during the financial year. The process of recognizing key sustainability related risks, significant stakeholders, the assessment of the material topics based on their relative importance to both the Group and stakeholders, and the management approaches to address the topics, function as an integral part of defining this Report.

Material issues identified during the year were mapped to the topics of the GRI standards. Upon mapping and reconciliation, the issues not specifically linked to GRI standards were also separately included as material topics. Topics with low materiality have not been reported on. The management approach of the GRI topics considered as material to both the Stakeholder and the Group have been reported under each specific section. There are no restatements or significant changes in the list of material topics and topic boundaries compared to 2018.

The process for identifying and prioritizing material issues is as follows;



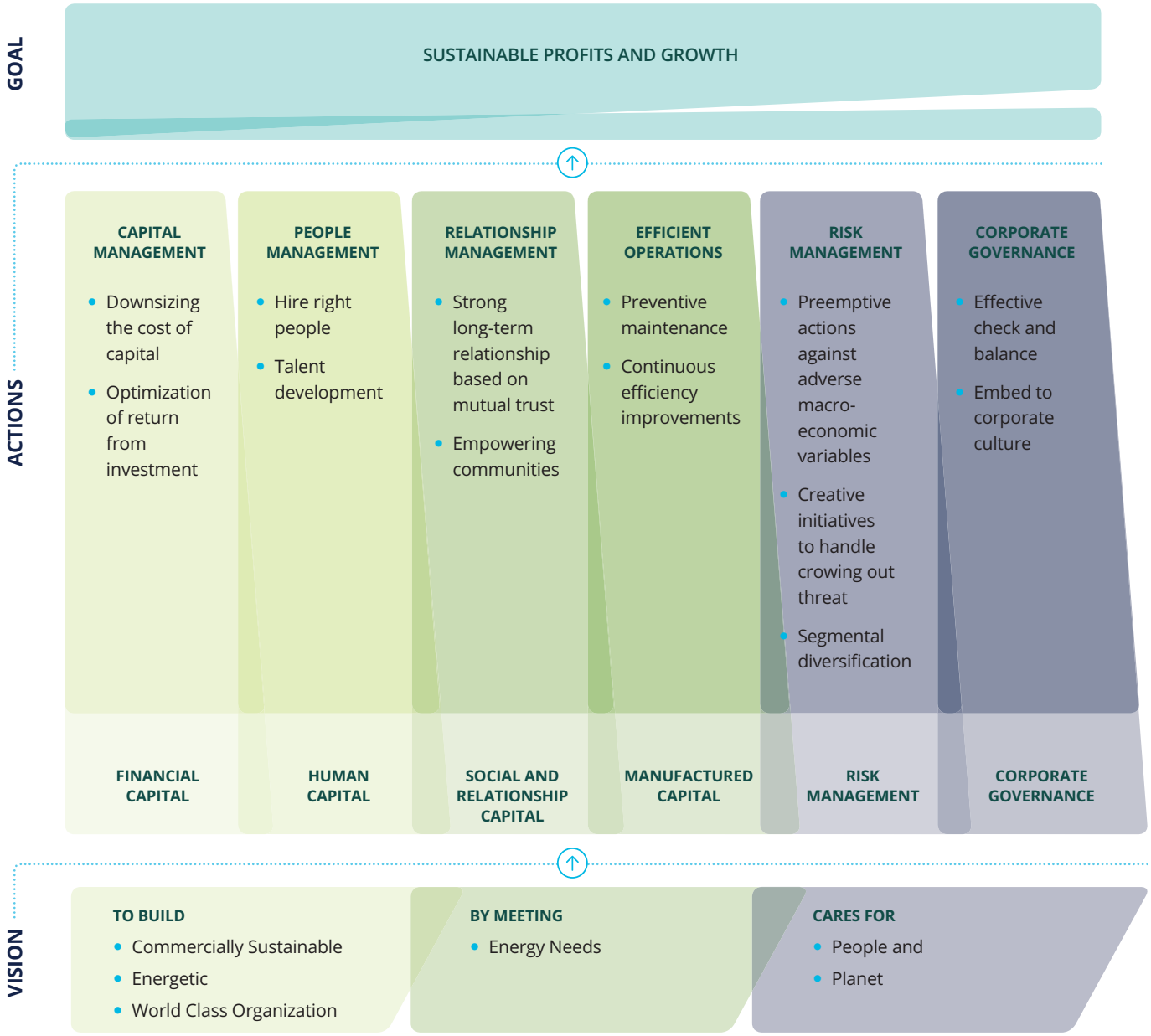
DETERMINING MATERIALITY

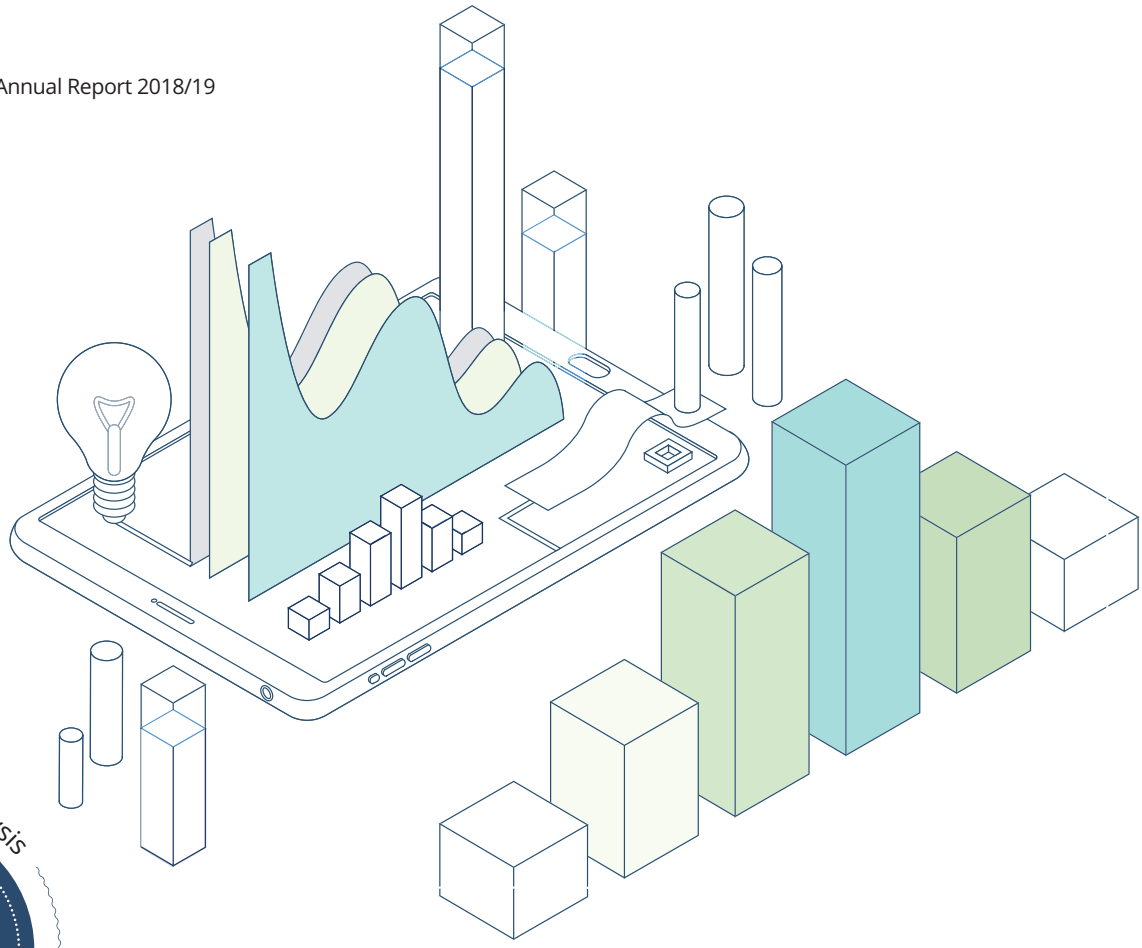
Material Topics For 2019

Material Topics Reported-GRI Topic Specific	Topic Specific Disclosure	Materiality	
		To the Group	To the Stakeholder
ECONOMIC			
Economic Performance	201	High	High
Indirect Economic Impact	203	Moderate	High
Procurement Practices	204	High	High
Anti-Corruption	205	High	Moderate
ENVIRONMENTAL			
Materials	301	Moderate	Moderate
Energy	302	High	High
Water	303	High	High
Biodiversity	304	Moderate	High
Emissions	305	High	High
Effluents and Waste	306	Moderate	High
Environmental Compliance	307	High	High
Supplier Environmental Assessment	308	High	Low
SOCIAL			
Employment	401	High	High
Occupational Health and Safety	403	High	High
Training and Education	404	High	High
Diversity and Equal Opportunity	405	Moderate	Moderate
Non-discrimination	406	High	High
Freedom of Association and Collective Bargaining	407	High	High
Child Labour	408	High	High
Forced Labour or Compulsory Labour	409	High	High
Local Communities	413	High	High
Supplier Social Assessment	414	Moderate	Moderate
Customer Health and Safety	416	High	High
Customer Privacy	418	Moderate	High
Socio-Economic Compliance	419	High	High
Material Topics Reported-Non GRI			
Risk Management	A	High	High
Loan Covenants	B	High	Moderate
Settlement for electricity units dispatched at applicable tariff rates	C	High	High
Reliability of electro mechanical equipment supplied and timely settlements	D	High	High
Adherence to civil construction contracts and timely settlement for work done and certified	E	Moderate	Moderate
Concerns and needs of local community	F	Moderate	Moderate

RESUS STRATEGY

Our strategic plan has been built on the principles of our Vision, Value Creation Model and our Stakeholder interests. We are unceasingly conscious about our selection of actions, which drives our long-term strategy to achieve sustainable profits and growth in the renewable energy segment.



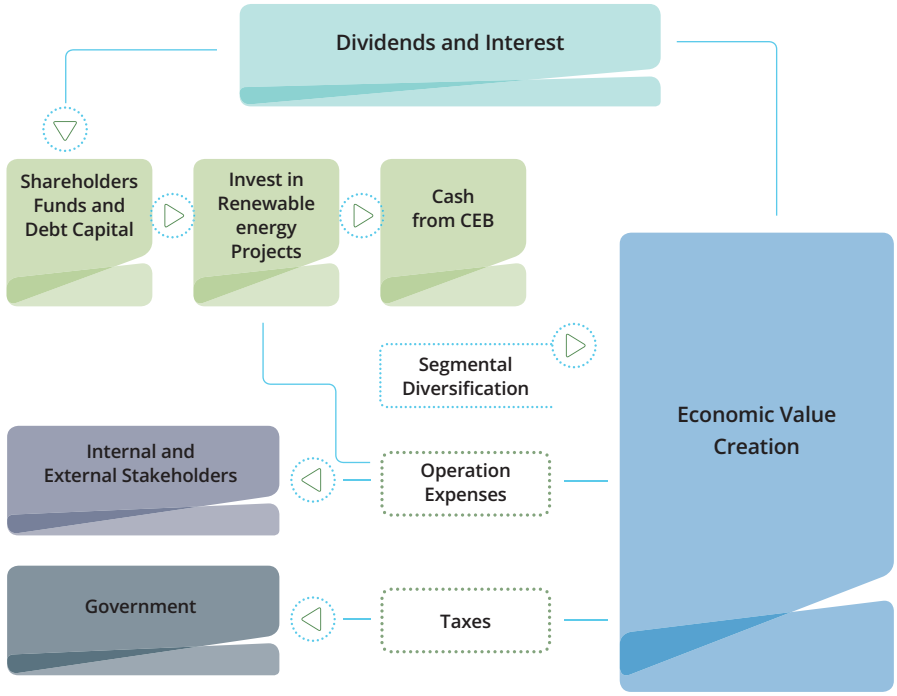


Management Discussion and Analysis

FINANCIAL CAPITAL

GRI 201,203,204,205

Effective and proactive management of Financial Capital is a crucial aspect in any organization. In Resus, we have identified the strategic aspects of our Financial Capital and the best uses of them, to increase the shareholders' wealth and achieve growth objectives while benefiting society as a whole.



Financial Year at a glance

- The Group experienced an overall increase in revenue and profitability compared to the previous year due to rich rainfall received at the beginning and the latter part of the financial year.
- Three of our subsidiaries were merged with parent company and continue to operate as Resus Energy PLC.
- The Company paid cash and scrip dividend amounting to Rs. 4.00 and Rs. 6.00 aggregating to Rs. 10.50 per share.
- Commenced the development work of our first solar projects, aggregating 2MW in capacity.
- Additional capacity of 2.6MW were added to our hydropower portfolio via new 1.9MW Upper HuluGanga project and 700KW RanwalaOya project.
- Acquired the development rights of 2.0MW Karapalagama Project, in the Nuwara-Eliya District, through the acquisition of Sierra Power (Pvt) Ltd.

The analysis of the financial position, capital structure and financial performance presented below provides an insight into the Finance Capital and its impact to the Group and the Company.

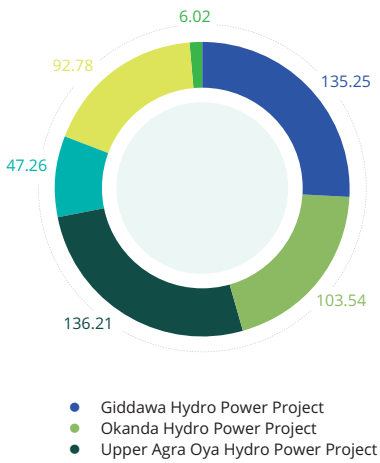
Key performance measures

Area	Measure	2018/2019	2017/2018
Revenue	Turnover (Rs. Mn)	521	409
Profitability	Profits (Rs. Mn)	163	116
	Gross Profit Margin (%)	80%	78%
	Net Profit Margin (%)	31%	28%
Working capital management	Current Ratio (Times)	0.3	0.6
Assets Utilization	Fixed Assets Turnover (Times)	0.2	0.2
Capital Structure	Gearing (%)	71.1%	63.4%
Investor Measures	EPS (Rs.)	2.16	1.54
	Dividend Payout Ratio (%)	136%	101%
Growth	Capex as a % of TA	10%	11%

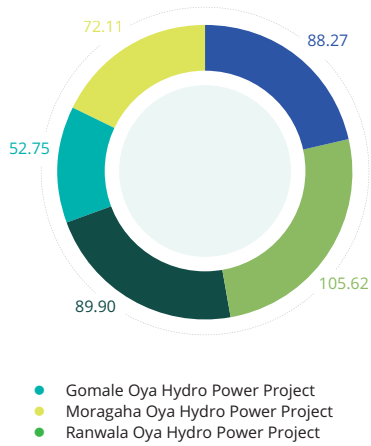
Revenue

During the year under review, Group revenue increased by 28% to Rs. 521.1Mn from Rs.408.6Mn in the last year. Our fully owned hydropower plants fed 32.31Mn Units (kWh) to the national grid, which is a 17% increase compared to the previous years 27.52Mn Units (kWh). Our Giddawa and Upper Agra plants recorded highest generation among all the plants due to heavy rainfall received during Inter-monsoon and the south-west monsoon periods. Further, the revenue of same plants was lifted due to 16% increase of the avoided-cost-tariff effective from 01 January 2018.

GROUP REVENUE 2018/19 (Rs.)

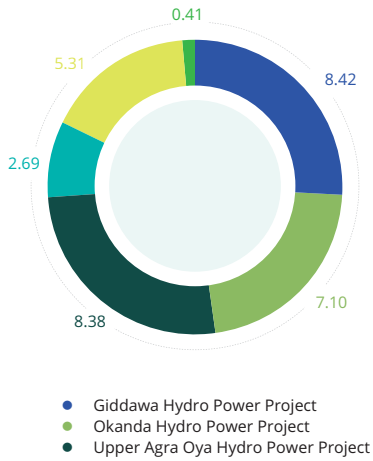


GROUP REVENUE 2017/18 (Rs.)

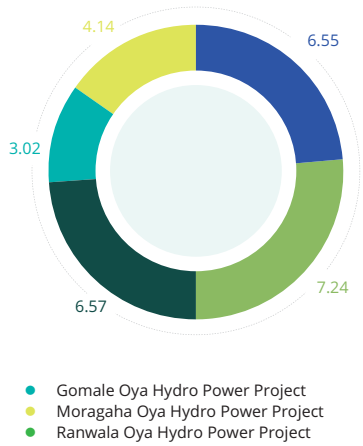


FINANCIAL CAPITAL

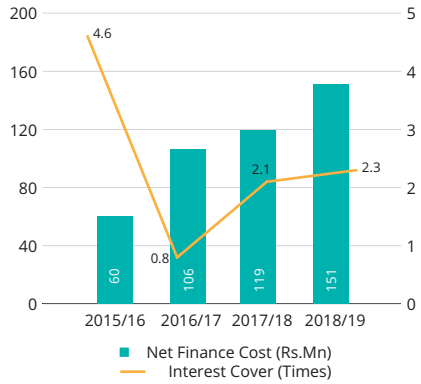
ELECTRICITY GENERATED 2018/19 (GWh)



ELECTRICITY GENERATED 2017/18 (GWh)



GROUP NET FINANCE COST AND INTEREST COVER



Net Finance Cost

The Group's net finance cost for the year increased by Rs. 31.3Mn to Rs. 149.9Mn over that of the previous year of Rs. 118.6Mn. The increase is mainly due to the full year charge out from the loan obtained for Moragaha Oya project, partial charge-out from the loan obtained for Ranwala Oya project and bank overdraft interest.

The Group's total loan borrowing as at year end stood at Rs. 1,657.1Mn. The term loans which had been raised at Giddawa Hydro Power (Pvt) Ltd, Okanda Power Grid (Pvt) Ltd and Upper Agra Oya Hydro Power (Pvt) Ltd with capital outstanding as of 28th February 2019 of Rs. 525.3Mn was transferred to Resus Energy PLC, as a result of amalgamation. Those loans were serviced at an annual fixed interest rate. However, the finance cost has been accounted for, based on the Effective Interest Method in accordance with Sri Lanka Accounting Standards.

Further, the unutilized component of term loans of Upper Huluganga and Ranwala Oya projects at the beginning of the year were drawn down during the year. The total capital outstanding at the year end was Rs.263.5Mn and Rs.150.0Mn respectively. Term loan facility for Karapalagama project was partially drawn down at Rs. 95.8Mn. As per the Sri Lanka Accounting Standards the directly attributable component of interest during construction has been capitalized as part of the project cost.

A detail breakdown of the Group,s borrowing is depicted in Note 13 to the financial statements.

Taxation

The Group tax expense consists of income tax and deferred tax expenses. The income tax expense stood at Rs. 29.9Mn compared to Rs. 13.3Mn assessed for the previous year. This increase mainly arose due to the profitability of our power plants. A reconciliation of accounting profit with the tax expense is available in Note 23.1 to the financial statements. Moragaha Oya (Pvt) Ltd currently enjoys a 5-year tax holiday as per the BOI agreement and all other plants were liable for income tax at 14% for the year under review.

None of the Group companies were liable to pay Value Added Tax (VAT) and Nations Building Tax (NBT) under the prevailing provisions. A detailed description of tax rates and concessions of each power plant is depicted on page 145 under Note 3.4 to the financial statements.

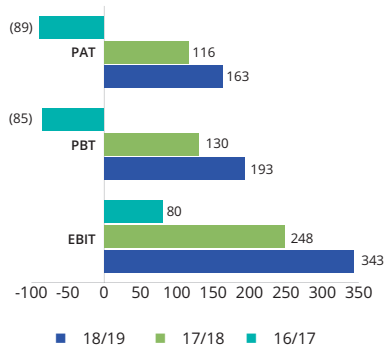
Profitability

The Group's net profit margin increased 40% from the previous year, reporting a consolidated net profit of Rs. 162.8Mn compared to Rs. 116.2Mn in the last year.

The year under review has been positive to the company in terms of financial performance. This increase in net profit is primarily resulting from the upward movement in the electricity generated from the hydropower plants which depicted a 17.4% increase compared to the previous year and increase in the avoided-cost-tariff applicable for Giddawa and Upper Agra power plants.

The Group reported an operating profit before interest and tax (EBIT) amounting to Rs. 342.7Mn compared to Rs. 248.1Mn for the previous year.

EARNINGS (Rs. Mn)



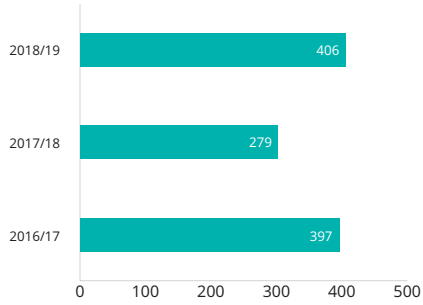
Growth Perspective

Resus' approach to economic value creation believes in creating shared value that benefits all of its stakeholders. During the year under review, the Group has established its sustainable financial health with the core growth strategy, by completion of 1.9MW Upper HuluGanga project, 700KW RanwalaOya projects and commencing the development work of two 1MW projects in Ampara district which were secured from the Soorya Bala Sangramaya Phase II tender.

Investments and Capital Expenditure

Out of the Group's investment of Rs.406.5Mn in Property, Plant and Equipment, Rs.1.6 Mn was invested at the Company-level. This compares with respective investments of Rs.279.3Mn and Rs.10.6Mn made in the previous year. The Group's capital work-in-progress as at the year end includes the amounts invested in development of Upper Huluganga, Karapalagama hydropower projects and Solar projects.

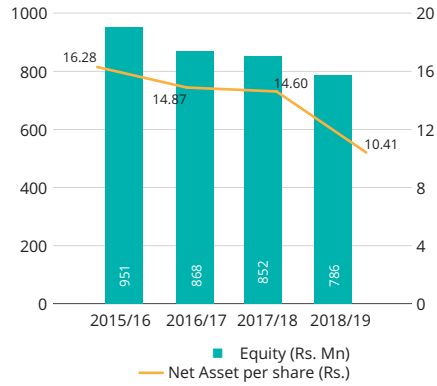
CAPITAL EXPENDITURE (Rs. Mn)



Net Assets per Share

The Group's Net Assets per Share as at 31 March 2019 stood at Rs.10.42. This is a 28.6% decrease over the Net Assets of the previous year which stood at Rs. 14.60 per Share. This is mainly as a result of the increasing number of shares from the scrip dividend. At the market price of Rs.18.50 recorded at the closure of trading on 31st March 2019, the price to book ratio of the Company stands at 1.78.

EQUITY AND NET ASSETS PER SHARE (Rs. Mn)



Cash and Cash Equivalents

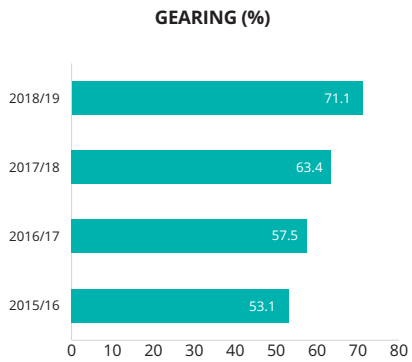
Cash and cash equivalents net of the bank overdraft stood at negative Rs.160.3Mn as at the reporting date compared to a positive Rs.67.0Mn of the last year. The Group invested Rs.406.5Mn to acquire Property, Plant and Equipment, Rs.180Mn to acquire Sierra Power (Pvt) Ltd and repaid capital and interest amounting to Rs.394.8Mn. Further the company made a dividend distribution to its shareholders amounting to Rs.233.6Mn. The Group's cash outlays were funded by operational cash flows of Rs.319.9Mn, proceeds from loans of Rs.605.1Mn and the sale of investment in Panasian Power PLC for Rs.87.8Mn. Group's trade and other receivable balance stood at Rs.171.6Mn compared to Rs.96.4Mn in the previous year.

Capital Structure
Share holders' funds

Resus is committed towards maintaining a healthy capital structure, which is both efficient and well balanced in

FINANCIAL CAPITAL

achieving business growth that creates long-term and short-term returns to our shareholders. During the year, shareholders' funds attributable to the equity holders of the Company decreased by 7.8% to Rs.786.6Mn against that of the previous year. This is due to the interim dividend distributed to the shareholders of the company has netted off the upsurge in profitability during the year.



Gearing

Total assets of the Group are funded by equity (26.4%), borrowings (55.7%) and other liabilities (17.9%). As of the financial year end, the Group's gearing ratio stood at 71.1% compared to 63.4% of the previous year.

	Group	
As at 31st March	2018/19	2017/18
	Rs. Mn	Rs. Mn
Total long-term interest bearing debt	1,222.7	1,055.2
Total short-term interest bearing debt (current portion of interest bearing debt)	434.4	250.6
Other long-term Financial Liabilities	-	84.0
Bank overdraft	280.7	90.0
Total Debt	**1,937.8**	**1,479.8**
Surplus cash	120.3	157.0
Net debt/(cash)	**1,817.4**	**1,322.8**
Equity attributable to equity holders of the Parent	786.6	852.4
Non-controlling interest	-	-
Total equity	**786.6**	**852.4**
Capital employed (total debt + total equity)	2,724.3	2,332.2
Capital employed less surplus cash	2,604.0	2,175.2
Total gearing (total debt / capital employed)	**71.1%**	**63.4%**
Net gearing (net debt/capital employed less surplus cash)	**69.8%**	**60.8%**

Group Amalgamation

Resus Energy PLC amalgamated with its wholly owned subsidiaries, Giddawa Hydro Power (Private) Limited, Upper Agra Oya Hydro Power (Private) Limited and Okanda Power Grid (Private) Limited under section 242(1) of the Companies Act No. 7 of 2007, effective from 28th February 2019.

Amalgamation would enable more efficient administration of our overheads, taxes and staff-employment to create more sustainable long- term value and stability to our stakeholders. The merger also enabled creation of considerable reserves, which the Company was able to make use of, to distribute the tax-paid dividends it had received previously without having to pay the dividend taxes twice over.

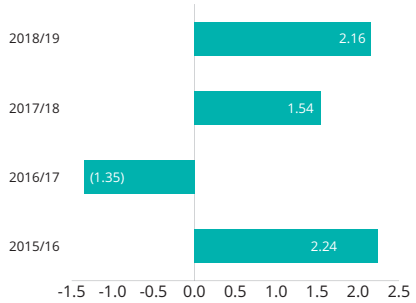
The new group structure is elaborated under "Our Organizational Structure" on page 10 and details of the transactions are further illustrated in Note 6 and 29.2 of the financial Statements.

Shareholder Returns

Earnings per Share (EPS)

The EPS of the Group stands at Rs.2.16 for the year. Comparatively, the EPS stood at Rs1.54 for the previous year.

EARNINGS PER SHARE (Rs.)



Distributions

The Board of Directors authorized an interim dividend of Rs.1.50 and Rs. 2.50 aggregating to Rs. 4.00 per share amounting to Rs.233.6Mn in the form of cash and Rs. 6.50 per shares amounting to Rs. 379.5Mn in the form of a scrip dividend during the financial year. The details of the transactions are further illustrated in Note 11 and 25 of the financial Statements.

Interest Cover

The interest cover derived based on Earnings before Interest and Tax (EBIT) from the continuing operations indicates 2.29 times for the year and 2.09 times for the previous year. The increment in the ratio is due to the better operational performance in the current year.

Economic Value Added (EVA)

201-1

EVA is a tool for gauging the real economic performance of a business and its ability to create shareholder value. EVA provides a means for coupling the two fundamental drivers of economic or shareholder value, namely, operating earnings and capital efficiency. EVA is calculated as follows;

EVA = Net Operating Profit after Tax – Capital Charge

Economic Profits means the additional returns earned over and above the expected rate of return by the shareholders on their invested capital in the business. Economic Profits attributable to the shareholders for the financial year under review, stood at positive Rs.2Mn.

	2018/19	2017/18	2016/17
	Rs. Mn	Rs. Mn	Rs. Mn
Net Operating Profit After Tax (NOPAT)	316	238	79
Capital Charge	314	278	246
EVA	2	(40)	(166)
NOPAT return on Capital Invested	12.46%	10.85%	3.89%
Hurdle Rate of Return - WACC	12.38%	12.70%	12.03%
Value Added/(Shortfall)	0.08%	(1.84%)	(8.14%)

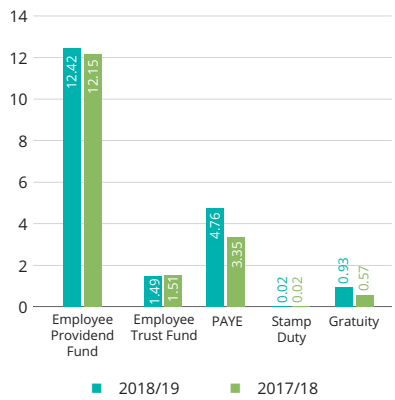
NOPAT and Capital Invested were adjusted for operating lease charges. Average of invested capital was used for EVA, which is the average of the current and prior year total capital invested. Profits from continuing operations were considered for EVA and book depreciation was assumed as economic depreciation. Cost of equity for hurdle rate was estimated based on 5-Year Treasury Bond yield at the start of the financial year plus 5% for the equity risk premium.

Employee Related Statutory Payments

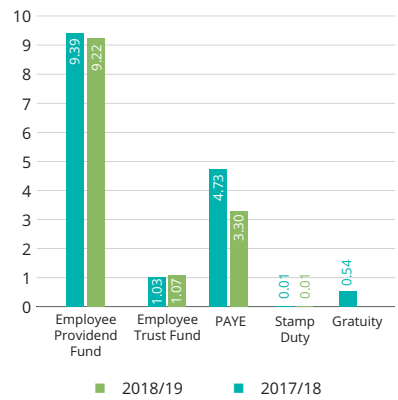
201-3,4

The Group made the following statutory payments in relation to its employees on or before their respective due dates.

GROUP (Rs. Mn)



COMPANY (Rs. Mn)



FINANCIAL CAPITAL

Our policy for economic impact management

203-1,2

We contribute to the country's economy, the national interest and impact on our stakeholders directly and indirectly.

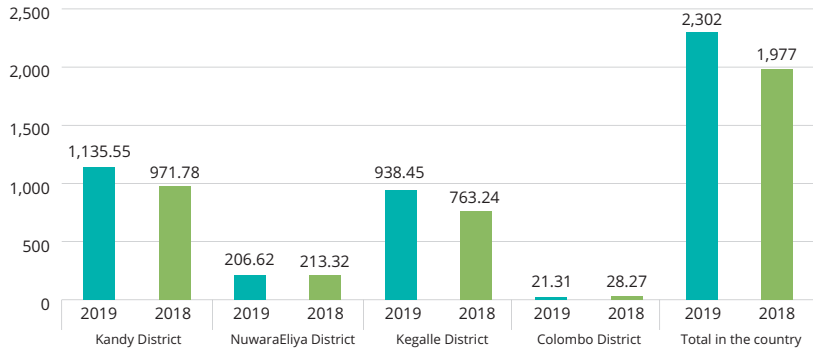
Resus' impact on the Economy

- Clean and green energy - Our electricity generation through renewable energy sources supports the government's plan to replace fuel-burning electricity generation with renewable energy in the future.
- Employment and Development- We create employment opportunities in rural villages and develop rural infrastructure around our projects.
- Adherence and set standards - We adhere to regulations and guidelines set by project approving agencies and also monitor ourselves to progress in an environmentally-friendly manner as set out in our own Environmental Management Plan.

Investment in Hydropower

The cumulative investments we have made in the renewable energy sector as of 31st March 2019 amounted to Rs.2.5Bn. During the year, the investment by the Group in the development and construction of hydropower and Solar plants amounted to Rs.406 Mn (Rs. 279 Mn in 2018).

INVESTED CAPITAL IN HYDROPOWER PROJECTS (Rs.Mn)



Employment

As of the reporting date, we have given full-time employment to 60 (2018-64) persons from the villages around our hydropower plants.

Statement of Financial Value Added

The financial value added statement depicted below demonstrate the distribution of financial value created by the Group among different stakeholders.

Group				
	2018/2019		2017/2018	
	Rs. Mn	%	Rs. Mn	%
Revenue	521.1		408.6	
Other Income including share of profits from Associates	-		-	
Less: Operating Costs - cost of goods and services bought in	(32.6)		(31.5)	
Total Value Added	**488.4**	**100%**	**377.1**	**100%**
Distribution of Value Added:				
Employees	87.7	18%	81.8	22%
Government	8.7	2%	5.7	2%
Lenders	150.5	31%	119.2	32%
Community	1.5	0%	1.6	0%
Shareholders*	233.6	48%	116.8	31%
Depreciation set aside	54.0	11%	52.1	14%
Economic Value Retained	(47.6)	(10%)	-	0%
Total Value Added	**488.4**	**100%**	**377.1**	**100%**
Number of employees	92		88	
Value Added per employee	5.3		4.3	

* Only the cash dividend of Rs. 4.00 per share is considered.

Value Created and Distributed by Regions

The significance of regions for the below assessment is based on operating regions of our fully-owned hydropower plants.

	Kandy		Kegalle		NuwaraEliya	
	2018/2019	2017/2018	2018/2019	2017/2018	2018/2019	2017/2018
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Revenue	227.39	160.38	155.78	158.37	133.25	89.90
Other Income	0.03	0.05	0.01	0.08	0.03	0.08
Less: Operating Costs - cost of goods and services bought in	(29.88)	(28.42)	(26.95)	(22.99)	(39.55)	(26.85)
Total Value Added	**197.55**	**132.01**	**128.84**	**135.46**	**93.72**	**63.13**
Distribution of Value Added:						
Employees	13.82	12.05	12.04	10.89	11.27	10.15
Government	2.40	0.64	4.71	4.71	0.38	0.38
Lenders	62.67	47.27	50.80	52.85	14.70	15.51
Community	0.36	0.17	0.19	0.12	0.04	0.08
Depreciation set aside	18.49	18.78	19.00	17.77	6.13	6.65
Economic Value Retained	99.80	53.11	42.10	49.13	61.21	30.35
Total Value Added	**197.55**	**132.01**	**128.84**	**135.46**	**93.72**	**63.13**
Number of employees	23	24	22	22	15	18
Value Added per employee	8.6	5.5	5.9	6.2	6.2	3.5

Key economic parameters and their impact on Resus

Exchange Rate

The Sri Lankan Rupee depreciated 11.4% against the United States Dollar from Rs. 155.97 as at 31st March 2018 to Rs. 176.13 as at 31st March 2019.

Impact on Resus	Impact management
· Rising project development cost as major parts of electromechanical equipment are imported.	· Factoring the exchange rate risk at the project viability evaluation. · Hedging strategies are used as practicable to avoid exchange rate risk.

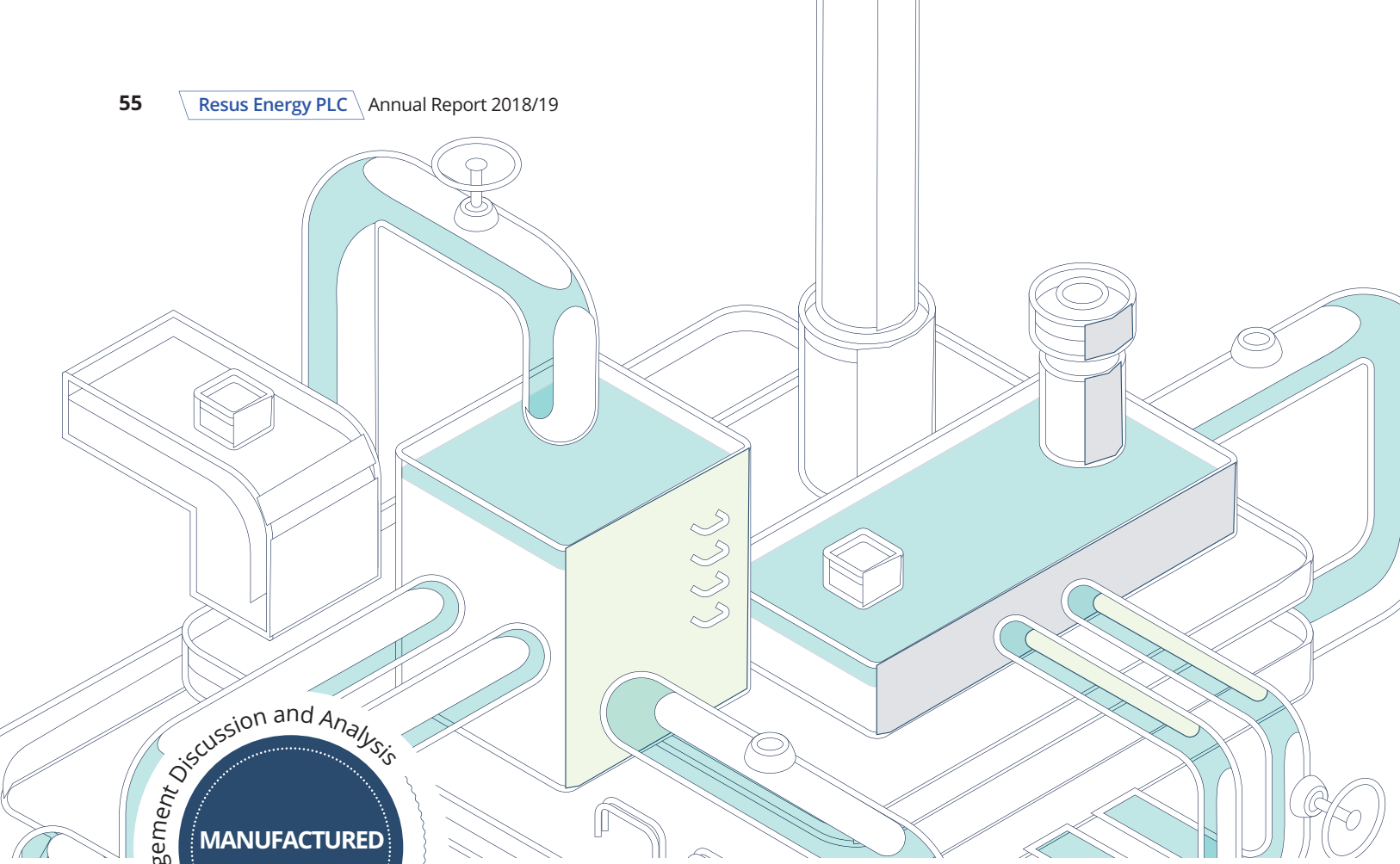
Interest rate

Greater volatility in the Average Weighted Prime Lending Rate (AWPLR) at its higher level and reported at 12.23% as at 31st March 2019.

Impact on Resus	Impact management
· Higher borrowing cost of future projects would make certain projects financially unviable. · Newly developed projects and the projects under developments will have an increasing interest cost pressure. · Rising cost of borrowings might slow down the country's overall GDP growth, consumption and private investments which would slow down the energy demand.	· Our borrowings which were raised against capital restructuring in 2015 are at conducive Fixed Rates. · Active search for subsidized project funding at attractive interest schemes. · Make attempts to secure fixed rates borrowings at lowest possible levels.

FINANCIAL CAPITAL

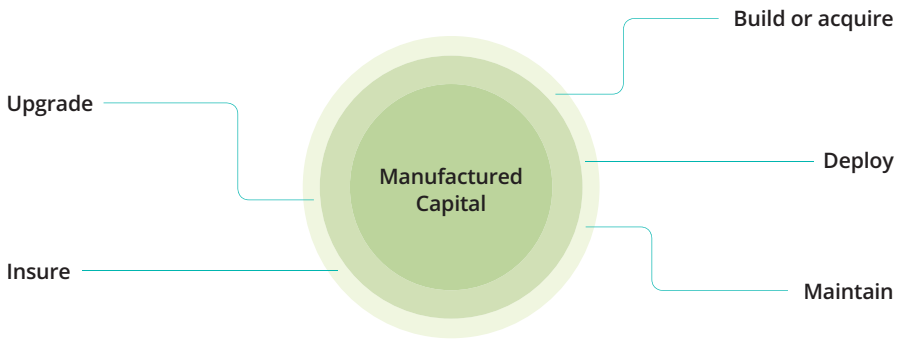
Inflation As at the end of March 2019 year-on-year and annual moving average inflation were recorded at 4.3% (4.2% in 2018) and 4.1% (4.5% in 2018) respectively	
Impact on Resus · Volatility in the inflation rates lead to unexpected variations in the project development cost	**Impact management** · Negotiate construction contracts keeping a balance between fixed-price contracts and labour supply contracts. Latter is encouraged when we feel we can benefit from sustainable low material costs.
Oil Prices Brent Crude Oil prices have decreased 9% up to $60 towards end of March 2019 from $66 in March 2018.	
Impact on Resus · Variation in oil prices therefore would have a positive correlation against the avoided cost tariff calculated on moving average basis. Our two main mini hydro power plants Giddawa and Upper Agra are under the avoided cost tariff structure.	**Impact management** · Resus has no control over the tariff setting mechanism. It is part of the commercial risks the Company is exposed to. · Except for the above two projects, the others are subject to cost-based tariff, where the tariffs are mainly fixed under three tiers throughout the tenure of the SPPA.
GDP Growth rate The GDP growth moderated to 3.2% in 2018 compared to a growth rate of 3.1% in 2017.	
Impact on Resus · GDP growth rate indicates investments and consumption which would trigger a growth in demand for electricity from both industrial and domestic sectors.	**Impact management** · Plan to expand our renewable energy portfolio making best use of the opportunities available. · Continuous exploration to enhance the capacity of our portfolio though technology diversifications such as solar power
Demand for electricity Current annual electricity demand in the country is about 12,800GWh and it is expected to increase to around 22,500GWh by 2025.	
Impact on Resus · Government's intention to be self-sufficient in energy by 2030. · The demand for electricity is expected to meet through renewable and other indigenous energy resources.	**Impact management** · Resus has great potential and competitive advantage in renewable energy space managing its capital inputs more productively to create economic value.



Management Discussion and Analysis

MANUFACTURED CAPITAL

As we continue to expand, our manufactured capital is crucial in creating and delivering value to our stakeholders. The civil constructions, electro-mechanical equipment and infrastructure developed at our power plants form a major part of our project investment and act as a core aspect of our energy generation process.



Operational Excellence

Our fully-owned hydropower plants are soundly equipped with top-of-the-range electromechanical equipment from Germany, Italy, Austria, United Kingdom and China to ensure that they operate with least interruptions at their maximum capacities. This way, we make the best use of water resources and feed the national grid with hydro-electricity supply to reduce usage of electricity generated burning fossil-fuel. We comply with rules and regulations stipulated in SPPAs and comply with safety regulations in building and operating our power plants.

MANUFACTURED CAPITAL

Maintenance of our manufactured capital is vital in ensuring that the power plants operate smoothly and generation of electricity remains uninterrupted. A preventive maintenance guideline is in place at our hydropower plants focused on inspection of the electro-mechanical equipment in a systematic manner. The frequency of inspection of the components is decided based on the nature of their function within the system and required interval maintenance is carried out according to the maintenance manual provided by the manufacturer. Preventive maintenance is mostly scheduled during the dry season to ensure that there is minimal loss of generation units, resulting in the lowest opportunity cost. Critical inspection of the machines is carried out after operating in high rainfall seasons to determine the condition of the components of the turbines, generators, penstock and civil constructions.

During the year a technical team comprising of technicians across all power plants was formed led by the operations manager. The team is responsible for assisting in the rectification of any critical faults at any power plant as well as supporting the project staff during the commissioning phase of power plants.

For connectivity of our projects with the national grid, we invest in the construction of transmission lines through which we facilitate expansion of CEB's transmission network. At locations with regular line interruptions, we have assigned a full-time team at our expense to oversee incidents causing line interruptions and take immediate actions to restore such faults together with the CEB.

Weir Constructed at Upper Huluganga

Automation of second trash rack at Upper Agra Oya

Regular maintenance at our power plants

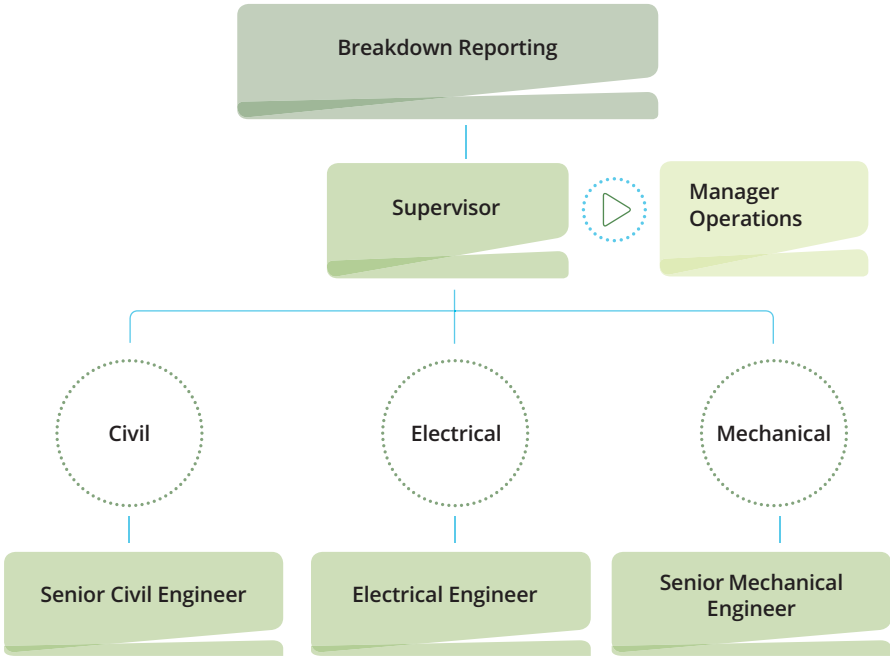
Managing Risk

We have obtained commercial insurance covers for all our power plants against any risk of natural hazards, fire, riot and strike and malicious damage to civil constructions, electro-mechanical equipment and other assets. We also maintain spares of all vital components of the electromechanical system to readily address any failures.

The policy of safeguarding the assets of the Group is well-inculcated across our operations with equal emphasis on employee engagement.

We have a fully qualified inhouse engineering team to safeguard the smooth functionality of assets and a disaster management protocol is in place with clear responsibility and reporting lines.

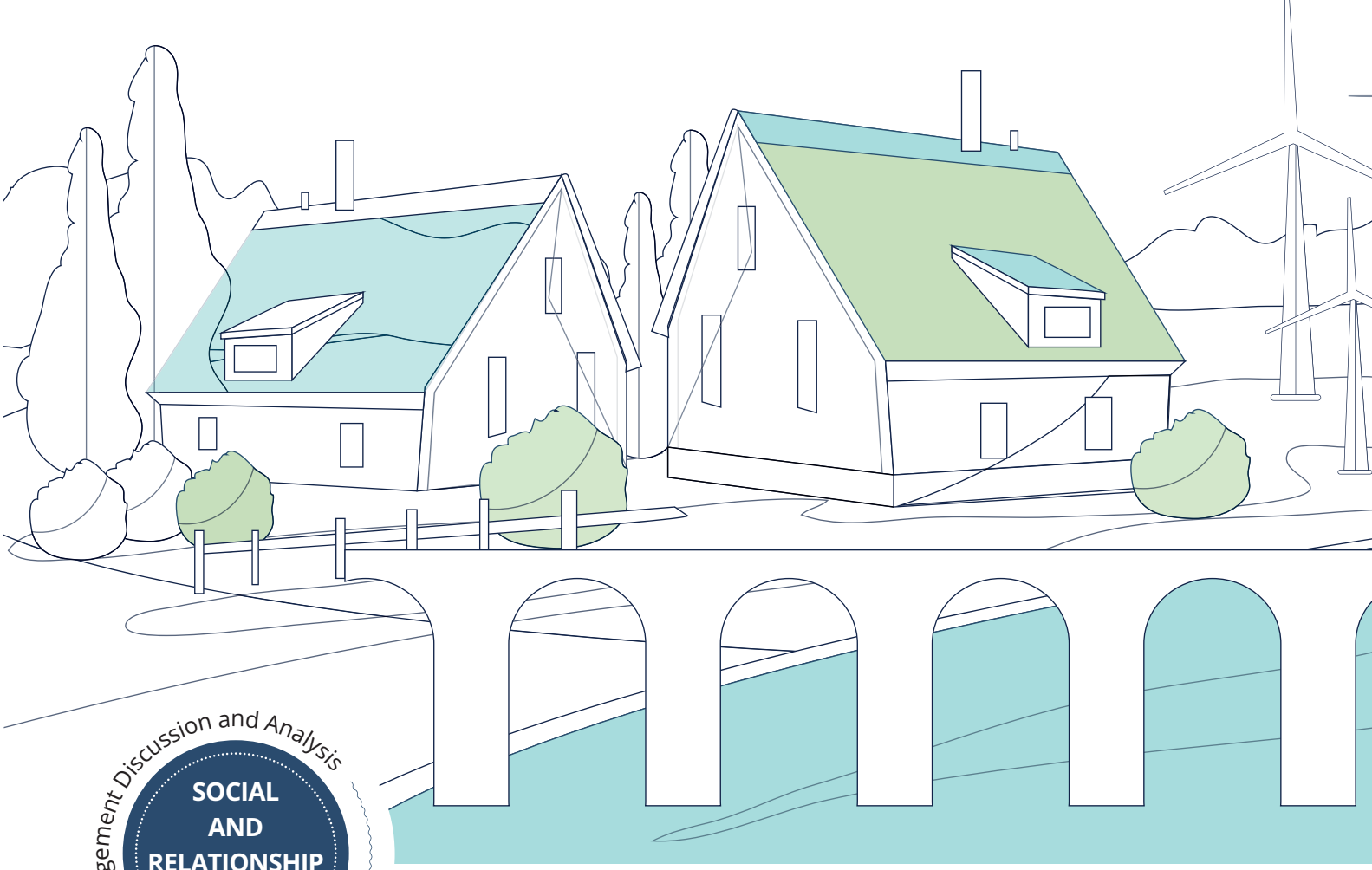
In the event of the relevant engineer being uncontactable, the Operations Manager should be informed, failing which the Managing Director should be contacted. Our incident management process also allows staff members to promptly report any breach of security or risk to any asset to the Operations Manager for immediate action.



Upgrades

During the year under review we upgraded our manufactured capital in the following manner;

- Automation of second trash rack at Upper Agra Oya to minimize human involvement in ensuring smooth water flow to increase efficiency.
- Installation of an automatic voltage regulator system at Moragaha Oya
- Installation of grid indicator alarm panel at Giddawa
- Modification to the auxiliary power system at Gomale Oya



Management Discussion and Analysis

SOCIAL AND RELATIONSHIP CAPITAL

Resus shares the outcomes of its corporate growth with employees, the society, suppliers, customers and other stakeholders to jointly build a harmonious entity and contribute to its growth. Hence it values the importance of social and relationship capital and has taken initiatives to become an outstanding "responsible" corporate citizen.

Customers

102-6, 201-4, 203-1

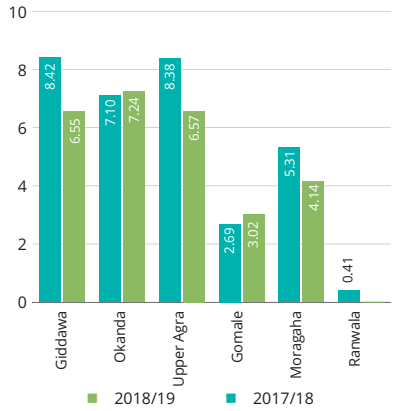
Customers are at the heart of our value creation process and thus require careful nurturing. Our sole customer is The Ceylon Electricity Board (CEB). We have built good relationships with those at the CEB over the years and they are aware that we are an integral part of the national effort to increase the non-conventional renewable energy generation. Our mini hydropower plants contribute significantly to the national grid for which we are paid in accordance with agreed tariffs and provisions in the Standardised Power Purchase Agreements (SPPA), struck with the CEB.

Grid interconnection points of our fully-owned hydropower plants, electricity units dispatched and collections from CEB in financial years under review are given below:

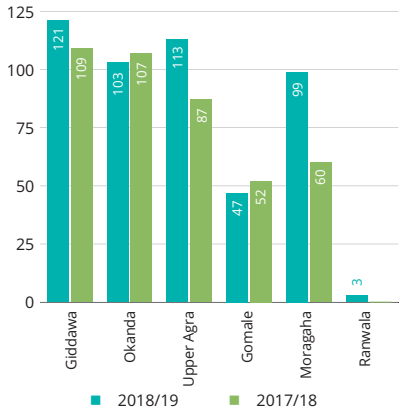
Project	CEB inter-connection point	CEB regional office
Giddawa MHPP	Ukuwela, Matale	Kandy
Okanda MHPP	Polgaswatte, Deraniyagala	Ratnapura
Upper Agra Oya MHPP	Henfold Estate, Lindula	Nuwara Eliya
Gomale Oya MHPP	Dikellakanda, Deraniyagala	Ratnapura
Moragaha Oya MHPP	Ukuwela, Matale	Kandy
Ranwala Oya MHPP	Feeder 8, Wimalasurendra	Ratnapura

**MHPP - Mini Hydro Power Project*

ELECTRICITY UNITS DISPATCHED (GWh)



COLLECTIONS FROM CEB FOR ELECTRICITY UNITS DISPATCHED (Rs.Mn)



In accordance with prevailing tax regulations, the imported electromechanical equipment for hydropower projects that have entered in to SPPAs with the CEB are exempted from VAT and NBT.

We comply with rules and regulations stipulated in SPPAs and comply with safety regulations in building and operating our power plants. We, as a policy, manage relationships on ethical grounds and support good-cause events and programmes of the CEB and other stakeholders.

Government Institutions

We ensure that all our business activities are conducted in accordance with the conditions promulgated by applicable regulatory bodies, with zero tolerance for any deviations or violations. Following are such project approving institutions we have regular contact with:

- Sri Lanka Sustainable Energy Authority
- Ceylon Electricity Board
- Public Utilities Commission of Sri Lanka
- Central Environmental Authority
- Department of Irrigation
- National Water Supply and Drainage Board
- Forest Department
- Department of Wildlife Conservation
- Divisional Secretariat Offices
- Pradeshiya Saba
- Board of Investments of Sri Lanka

We manage relationships with Government agencies on ethical grounds with responsible and transparent policies and systems. We ensure that our projects are constructed and operated in accordance with the guidelines stipulated in approvals. Additionally, we also actively support good-causes at government agencies.

Suppliers and Contractors

102-9, 308-1, 414-1

Our approach to engaging with suppliers extends beyond mere supply contracts, and long-term relationships are built on trust, loyalty and shared values, creating business sustainability for all parties. Just as our partnerships with them are mutually beneficial we ensure these relationships are professional, transparent, and fair so that we may be assured of operational excellence at all times. We maintain open communications with our suppliers and their continuous willingness to undertake supply and construction contracts bear testimony to the mutual trust and assurance developed over the years. We follow best industry practices and continually strives to refine our existing practices as necessary, in line with changing market circumstances, to benefit from all competitive advantages. We screen all our overseas and local suppliers based on the following criteria;

Supplier Selection and Monitoring Criteria

- Technical standards
- Cost-competitiveness
- Reliability
- Compliance to applicable laws and regulations
- Compliance to relevant licenses, certifications and standards
- Sustainable practices of sourcing raw materials
- Adherence to environmental and social specifications

SOCIAL AND RELATIONSHIP CAPITAL

- Labour practices
- Ethical business conduct
- Health and safety at project sites
- Human rights laws and regulations

Overseas equipment suppliers

Our first supplier (WKV from Germany), who provided electromechanical equipment for the Giddawa hydropower project in 2008 still works with us lodging their bids for our new projects and providing regular maintenance advice for operational plants.

Our team visits overseas suppliers and in turn invites them to our project sites too in order to strengthen relationships and boost confidence between parties.

The value of orders that we placed with overseas electromechanical suppliers are given in the table below:

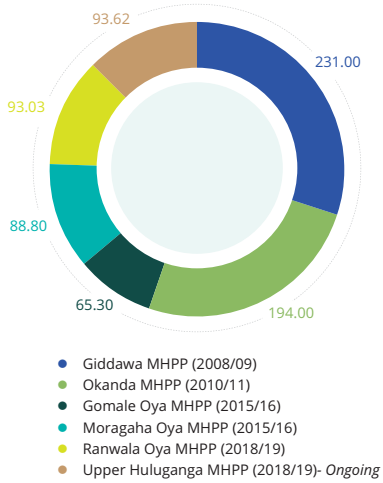
Local suppliers

204-1

We offer civil construction work to local suppliers and thereby indirectly partake in the economic growth of our country. In selecting local civil contractors, Resus considers organizations that share similar values and commitments.

The amounts paid to local civil contractors for the development of our hydropower projects during the year are as follows;

AMOUNTS PAID TO LOCAL CONTRACTORS (Rs. Mn)



Project	Supplier and country	Amount (Rs. Million)	Year of investment
Giddawa MHPP	WKV-Germany	138.0	2008/09
Okanda MHPP	GHE-Austria	106.0	2011/12
Gomale Oya MHPP	Zeco-Italy	78.0	2015/16
Moragaha Oya MHPP	Gugler-Austria	82.0	2015/16
Upper Huluganga MHPP	Zeco-Italy	81.0	2016/17
Ranwala Oya MHPP	Lanzu International-China	30.0	2017/18
Total		**515.0**	

Upper Agra Oya hydropower plant was acquired as an operational plant in 2009/10 which uses turbines imported from Gilkes, United Kingdom.

Turbine-Generator from WKV-Germany for Giddawa plant

Turbine-Generator from ZECO-Italy for Gomale Oya Plant

Communities

413-1, 2, 203-2

Empowering the communities within which we operate and supporting their development is part of the ethos of Resus. During the project phase as well as in the operation phase, there is a high level of involvement with the surrounding communities and we build strong relationships with them based on mutual trust and benefits. The villagers often keenly engage in the course of project development and our team shares day to day working life with the surrounding community. We offer employment opportunities to the nearby villagers during the project development phase and then permanent employment once the plants are operational. Our infrastructure investments extending beyond our operations and contributing to the economy as a whole, are provided in the ensuing sections. There were no actual or potential negative impacts on local communities from our operations.

Ethical Business Conduct

102-16, 205-3

Strong ethical values course through the veins of our Company and we ensure all our operations are conducted maintaining exceptional levels of honesty, integrity and respect towards all our stakeholders. Employees are encouraged to do right things and in right ways so that our actions benefit the society and people in a wider manner. All our employees are given a copy of our Code-of-Ethics available in all three languages developed as a collective effort by the senior management team, which is also periodically reviewed to ensure it stays relevant in a changing business environment. All new employees need to read and agree to the code and we conduct awareness sessions at regular intervals to disseminate our values to all employees. Furthermore, we use numerous mechanisms to monitor ethical compliance through formal and informal channels. We have a 'whistleblowing' policy which we believe encourages good conduct among employees, which in turn enhances the organisation's corporate image. The Group did not come across any incidents of corruption during the year under review.

Philanthropy

203-1

Our Corporate Social Responsibility (CSR) initiatives addressed under our unique people and planet responsibilities (PPR) focus on providing tangible and sustainable support towards empowering and developing communities. The philanthropic element of our social responsibility encompasses good-cause-projects, and anonymous low-profile donations usually focused on improving the quality of life of the rural communities in and around the areas of operational power plants and project development sites.

Compliance

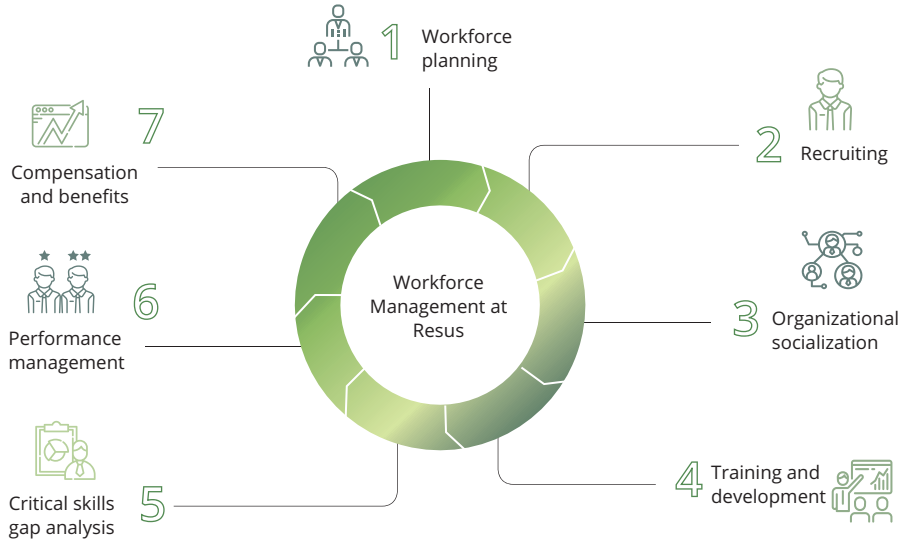
308-2, 408-1, 409-1, 414-2, 416-2, 418-1, 419-1

Resus Energy PLC is an uncompromising law-abiding corporate citizen, thus legal as well as social compliance is regarded as high priority. For development projects as well as operational business-units, we follow the relevant protocol to identify all applicable legal and social needs, monitor and document new changes and requirements of the relevant regulatory framework and undertake awareness sessions to educate employees to ensure compliance.

Measure of Compliance	Status
Negative environmental impacts in the supply chain and actions taken	✓
Operations and suppliers at significant risk for incidents of child labour	✓
Operations and suppliers at significant risk for incidents of forced or compulsory labor	✓
Negative social impacts on society, the environment, labour practices or human rights in the supply chain and actions taken	✓
Incidents of non-compliance concerning the health and safety impacts of products and services	✓
Substantiated complaints concerning breaches of customer privacy and losses of customer data	✓
Non-compliance with laws and regulations in the social and economic area	✓

Our Team

The team of employees at Resus is at the core of the Groups sustainability, driving the growth of business and ensuring the creation of shared values. With employees from diverse backgrounds and ethnicities, varying talent, skills and education is brought in, enabling us to strengthen our value creation process. All human resource activity within the Group is coordinated centrally with the Human Resource Department through formalized governance structures and policy framework to ensure uniformity in the application of policies. Consistency and fairness in the application of policies has enabled us to maintain high levels of employee engagement and satisfaction.



Employee Diversity

102-7, 8, 405-1

Employees of the Group by age, gender and category

Category	Age						Total	Percentage of total employees
	< 30		30-50		50<			
	M	F	M	F	M	F		
Board of Directors	0	0	2	0	5	0	7	8%
Senior Management	0	0	3	1	0	0	4	4%
Middle Management	1	1	1	0	0	0	3	3%
Executives	2	3	1	0	0	0	6	7%
Supervisory Staff	1	0	3	0	2	0	6	7%
Technical Staff	2	0	0	0	0	0	2	2%
Power Plant Staff	13	0	37	0	8	0	58	63%
Other Non-Executives	3	1	0	0	2	0	6	7%
Total	**22**	**5**	**47**	**1**	**17**	**0**	**92**	**100%**

All employees (other than the non-executive directors) recognized on the basis of head count, as reported in the section above are legally recognized as full time basis permanent employees of the Resus Group.

Building talent

401-1

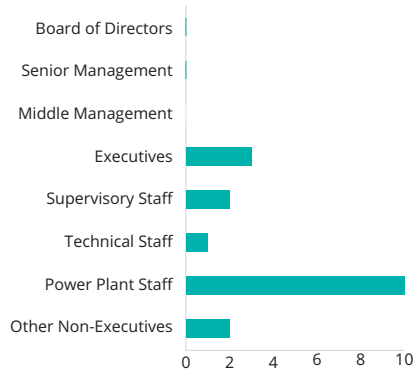
Our recruitment policy aims to enrich the Group's talent pool to create an empowered workforce. This in turn leads to better positioning in the market and creation of sustainable value.

New recruits by age, gender and region

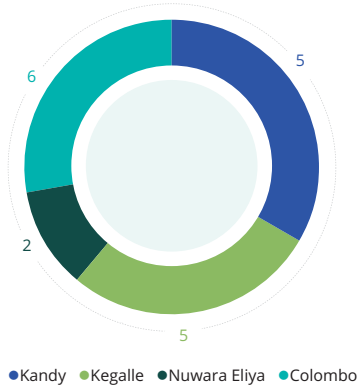
Region	Age						Total	Percentage of total employees
	< 30		30-50		50<			
	M	F	M	F	M	F		
Kandy	5	0	0	0	0	0	5	5%
Kegalle	5	0	0	0	0	0	5	5%
Nuwara Eliya	1	0	1	0	0	0	2	2%
Colombo*	4	2	0	0	0	0	6	7%
Total	**15**	**2**	**1**	**0**	**0**	**0**	**18**	**20%**

** Includes Board of Directors*

NEW RECRUITS BY EMPLOYMENT CATEGORY



NEW RECRUITS BY REGION



HUMAN CAPITAL

Training and Development

404-1,2

The human resources at Resus need to be retained and nurtured and thus we provide training for staff both locally and overseas based on individual or departmental requirements. Pre- and post-training evaluation is conducted after the conclusion of the training programme to gauge the improvements in skills and competencies. Employees who undergo training share their learnings with the rest of the team members thus maximizing the benefits of their experience. The objective of these training programmes is to ensure the continuous development of skills and competencies of all employees which in turn leads to improved present and future standards of performance. During the year employees underwent training targeted towards improving technical as well as soft skills. In recognition of the importance of leadership for top management personnel, three members of our senior management team were sent for a training at the Indian School of Business during the year under review.

All new recruits follow a thorough induction programme which is designed to familiarize the employees with the company's operations, systems, practices, culture and values.

In addition, the Group is also an approved training partner for numerous professional bodies and technical institutes such as;

- The Institute of Chartered Accountants of Sri Lanka
- National Apprentice and Industrial Training Authority (NAITA)
- Higher National Diploma in Engineering (HNDA)

Total Training Hours **280**

Average training hours per gender **3**

128 Total Training Hours

21 Average training hours per gender

Average training hours per employee category

Category	Total Employees	Total Training Hours	Average Training Hours per Employee Category
Board of Directors	7	16	2.3
Senior Management	4	136	34.0
Middle Management	3	32	10.7
Executives	6	80	13.3
Supervisory Staff	6	96	16.0
Technical Staff	2	0	0.0
Power Plant Staff	58	40	0.7
Other Non-Executives	6	8	1.3
Total	**92**	**408**	**78.3**

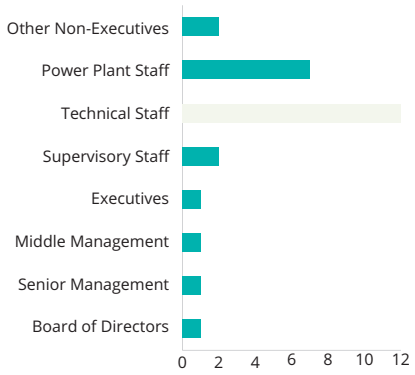
Retaining talent

401-1

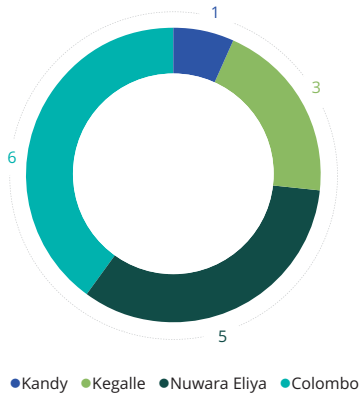
Our employee retention policy is underpinned by a range of factors to include a performance-based recognition and reward system, strategic training opportunities, health and safety measures and Company guaranteed employee well-being policies. For the year under review our employee turnover was as follows;

Region	Age						Total
	< 30		30-50		50<		
	M	F	M	F	M	F	
Kandy	0	0	1	0	0	0	1
Kegalle	2	0	0	0	1	0	3
Nuwara Eliya	1	0	1	0	3	0	5
Colombo*	4	0	0	0	2	0	6
Total	**7**	**0**	**2**	**0**	**6**	**0**	**15**

TURNOVER BY EMPLOYMENT CATEGORY



TURNOVER BY REGION



Performance Management
404-3

Our performance evaluation system assesses employees based on criteria and goals mutually agreed with the supervisors at the beginning of the financial year. A mid-year and year end evaluation is carried out, assessing the status of achievement of the set goals and a review of competencies is carried out to identify training and development needs, in line with business requirements. This process assists in building a target driven culture, rewarding and recognizing employee commitment and developing employee strengths.

Staff Trip

Employee Benefits
401-2,3

Staff loans, performance bonuses, fuel and transport allowances, reimbursements of professional membership fees, gym memberships and health insurance are some of the benefits available for the Group's full-time employees. These benefits vary based on the individual grades of the employees. All five female employees of the Group are entitled to maternity leave. However, none of these employees took maternity leave during the current and prior year.

Staff Bonding

We host numerous socializing activities focused on teamwork, bonding and building harmony and unity among employees. Outbound training programmes, trips, quiz competitions, formal and informal social gatherings are usually featured every year.

Employee Health and Safety
403-2

Ensuring a safe and hazard free work environment is a key area of focus and steps have been taken to ensure that health and safety concerns are prioritized and addressed across the Group. Alarm systems, fire safety systems and CCTV cameras have been installed to ensure that all premises, and employees remain secure at all times. The Company provides its employees all necessary safety equipment to be used at work and stringent health and safety regulations have been put in

HUMAN CAPITAL

place to ensure safety helmets, boots and belts are worn at construction sites and safety standards are adhered to. There were no injuries during the year under review.

Our power plants operate in a '5s'environment through which we aim to enhance workplace safety and efficiency.

Safety at work

'5s' System

Non-discrimination

406-1

In accordance with the doctrines inculcated within our system, we do not discriminate on the grounds of gender, age, race, cultural differences or any other applicable indicator. We unceasingly encourage our employees who have concerns of serious misconduct or any breach or suspected breach of law or regulation that may adversely impact the Company, to come forward and express such concerns without fear of punishment or unfair treatment through our 'whistleblowing' and 'open door' policies.

Employee concerns are addressed as far as possible by the senior management and those that are not satisfactorily addressed can be directly discussed with the Managing Director (Mr. G A K Nanayakkara) and/or Independent Non-Executive Director (Mr. U P Egalahewa, PC) under the whistleblowing policy.

Our Head of Human Resources regularly visits the project sites and speaks to the site employees to understand and address their needs and concerns

There were no incidents of discrimination during the year, hence no corrective action was required.

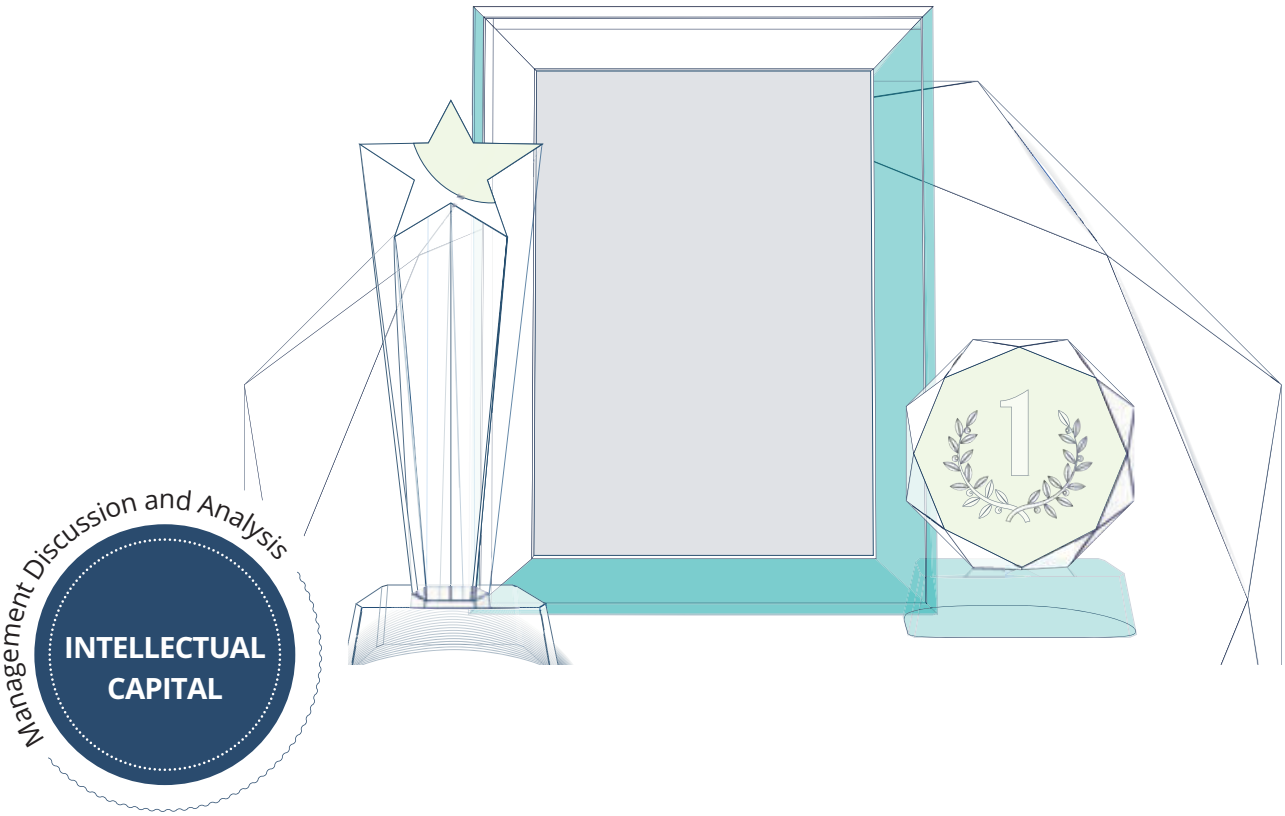
Collective Bargaining

102-41

Resus has sustained harmony among employees in all possible ways and the Group does not have any collective bargaining agreements. However, a "check-off" agreement covering the mechanism of dispute resolution between the company and the employees is signed between Upper Agra Oya Hydro Power (Pvt) Limited and Plantation Staff Congress, a trade union with which the non- executive employees of Upper Agra Oya Hydro Power (Pvt) Limited are registered.

Upper Agra Oya Hydro Power (Pvt) Limited was acquired by Resus Energy PLC in 2009/10 where a total workforce of 24 employees joined the Group with the said acquisition. All non-executive employees of Upper Agra Oya Hydro Power (Pvt) Limited had been registered with the said trade union. Upper Agra Oya Hydro Power (Pvt) Limited is now merged with Resus Energy PLC and the said collective bargaining agreement is continuing at power plant level based on geography specific identity. For the financial year under review, Upper Agra MHP project had 15 employees out of which 9 non-executive employees are currently registered with the said trade union. This is approximately 9.8% of the total employees of the Group.

The said "check-off" agreement only covers the mechanism of dispute resolution between the company and the employees.



Knowledge, Skills and Experience

The knowledge and expertise at Resus has been built and enhanced through years of experience of operating in the power sector across various geographic locations and social conditions. Our team has gained invaluable expertise in managing projects in extremely backward and socially sensitive areas in Sri Lanka; overseas exposure in East Africa; and learnings in the biomass segment, which ran in to a standoff due to social and political interferences. We create, shape and enhance the value of our intellectual capital via an ongoing process of learning through the experiences gained and challenges faced and overcome to provide increasing value to all our stakeholders.

Processes, Systems and Procedures

Resus has developed a comprehensive suite of processes, systems and procedures which clearly set out responsibilities and outline the principles to guide decision making achieve our business strategy and deliver business promises. Our operations are guided by:

- Environmental Management Systems
- Project Management Manuals
- Financial and Accounting Controls and Systems
- Human Resource Policies

These policies are implemented to ensure that we do business in accordance with set parameters and benchmarks. Our systems are continually reviewed and updated to reflect changes in the industry and ensure that they function effectively to serve our business objectives.

Working Culture

We possess a working culture that is open and supportive, with learnings continuously being shared amongst each other, thus maximizing the benefits of the experiences gained and fostering mutual growth. Our team is rich with a diverse mix of experience and skills, nurturing a dynamic culture built on the core values of the Company. Our ability to attract, develop and retain talent has ensured that we have one of the most skilled and experienced teams in the sector.

INTELLECTUAL CAPITAL

Ethics and Compliance

It is in our best interests, as well as of all our stakeholders, that we conduct our operations in a fair and transparent manner. We are committed to upholding the highest standards of ethics and integrity in all our operations. We ensure that our activities comply with relevant rules and stipulations laid down by regulatory bodies and there were no incidents of non-compliance with laws and regulations during the year.

Creativity and Innovation

The drive for innovation is an attribute that is endorsed in the enhancement of our intellectual capital base. Providing creative and innovative project designs has been a key development feature during the year. We take pride in our team's capability of providing in-house designs for the civil structures of our 700KW power plant, Ranwala Oya which was commissioned during the year. We are conscious about the ways in which we work, and are always ready to adapt new technologies to streamline and enhance our operations.

Awards

The awards and recognition we have received bear testimony to our commitment to quality and excellence, the strength of our knowledge base and the quality of our systems and processes.

CORPORATE AWARDS

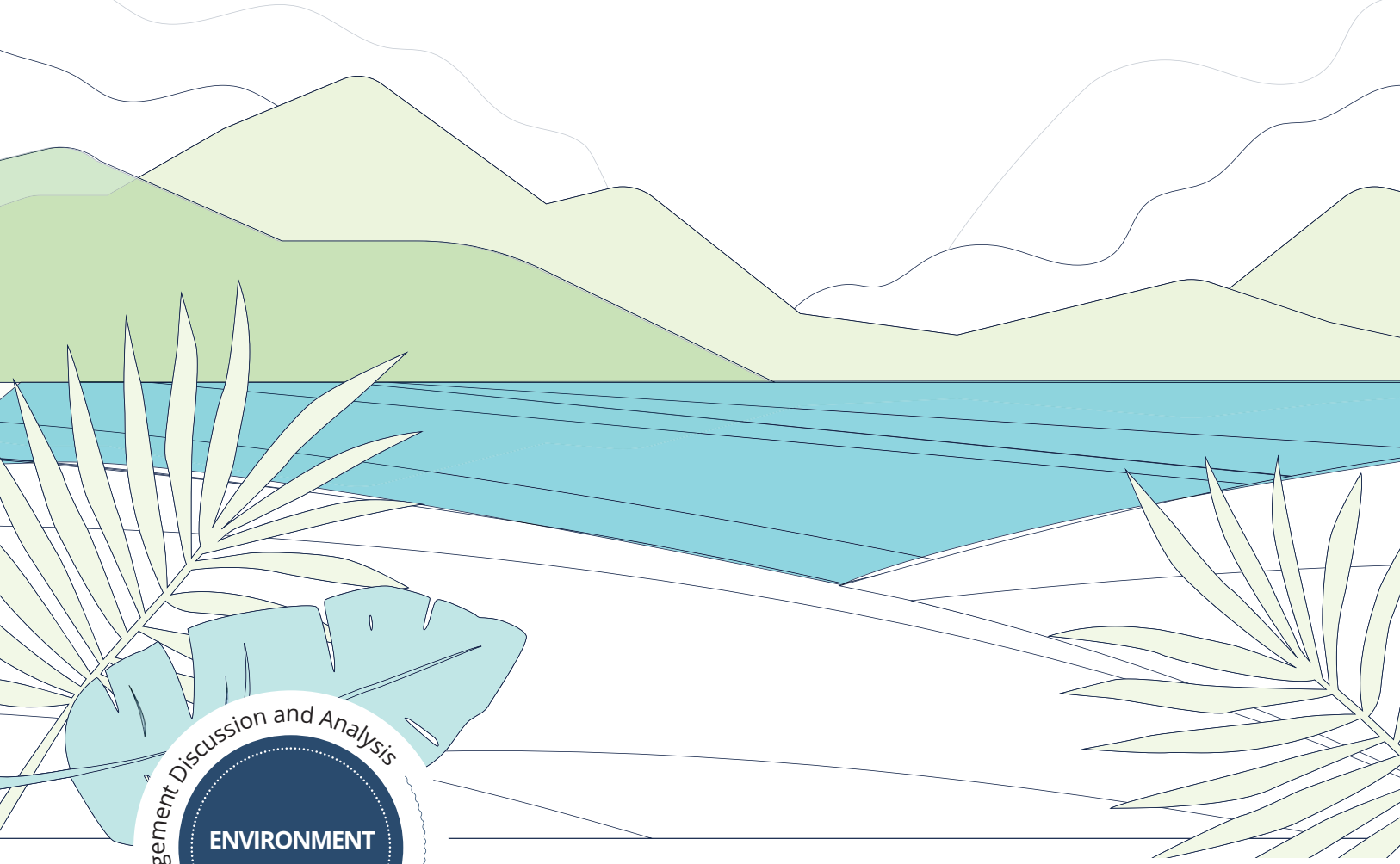
Silver Award in the Power and Energy Sector

Annual Report Awards 2018
CA Sri Lanka

SUSTAINABILITY AWARDS

Winner – Small and Medium Scale Enterprises

Sustainability Reporting Awards 2018
ACCA



Management Discussion and Analysis

ENVIRONMENT CAPITAL

Our approach to managing environment capital is vital in every facet as we are in the business of producing electricity from renewable energy sources. Renewable Energy, which is considered "clean" and "green" counters the negative effects to our environment from fossil-fuel-fired electricity generation. Therefore, we are proud to present "Resus" as an "environmentally-friendly business".

Hydro Power Projects are location specific. It determines the main parameters of a project which are "head" and "water flow". Head is the difference in elevation between head-water level at the forebay tank and the tail-water level at the power house. Thus, "Land' is considered to be one of the main elements in our operation.

The primary environmental-capital input in value creation from hydropower generation is "Water". The water used for generation of electricity through diversion of the river is released back to the same river without causing any impact to the water resource. All our projects are built preserving an uninterrupted "environmental flow" released at the weir for the benefit of the eco system and human livelihood. Hence, water is used as a renewable source of energy.

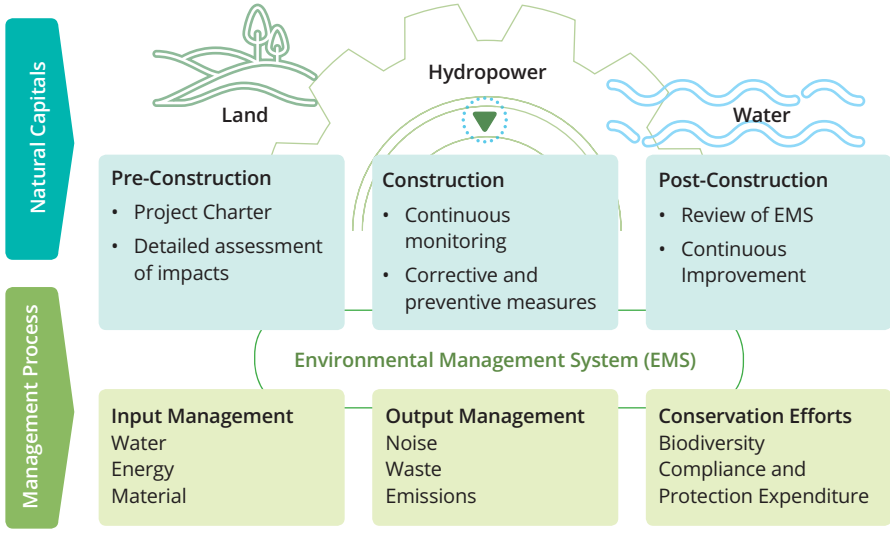
At the project design stage, we are extra cautious to optimize the design parameters to apply "Land" and "Water" resources economically and in an environmentally safe manner. Any significant deviations from an optimum design can cause poor utilization of natural resources and impact the investment negatively.

Our environmental regulations encompass standard guidelines stipulated in the approvals of Central Environmental Authority, other connected government institutions and also our own guidelines.

ENVIRONMENT CAPITAL

The following five aspects are prioritized as objectives and targets:

- Conservation and optimisation of the use of natural resources
- Waste management
- Minimisation of environmental pollution during construction and operation
- Optimise project design parameters to minimise environmental impact
- Engage with stakeholders to minimise the environmental impact from our activities



Policy of Environment Capital Management

102-11

Unlike other forms of capital such as buildings and infrastructure, which can be created or refurbished, most natural resources are finite and cannot be replenished. 'Resus' stands for REnewable energy and SUStainability and our philosophy revolves around the highest level of care towards the environment when developing and operating projects. We are committed towards adhering to good environmental practices, ensuring that the natural resources are preserved for future generations.

Pre-Construction Phase

A full assessment of the environmental impact is carried out and we sign off a Project Charter Prior to starting a development project. Our team identifies and plans for significant environmental aspects associated with the projects in line with our environmental policy, objectives and targets. This becomes part of the Environmental Management Plan.

Construction Phase

We ensure full compliance of environmental regulations as stipulated by the Central Environmental Authority and also our own environmental management policy. Our own policies are crafted encompassing the ISO-14001 guidelines and some Equator-Principles, thus often going beyond the requirements of the state regulations.

Our inhouse project development team is an integral part of our Environmental Management Plan (EMP) and they have vouched to act in line with the plan. Our Senior Operations Manager regularly visits sites to monitor compliance with the Environmental Management Plan and take corrective and preventive measures on the issues that arise. External contractors who work at our project sites should also abide by our environmental regulations, which become a contractual requirement in construction agreements.

Post-Construction Phase

The Environmental Management System is reviewed at planned intervals, to ensure its continuing suitability, adequacy and effectiveness. The outcomes from management reviews include any decisions and actions related to possible changes to the environmental policy, objectives, targets and other elements of the Environmental Management System, consistent with the commitment to continuous improvements.

A considerable amount of capital has been spent to maintain excellent aesthetics and a pleasant and green environment with tastefully contrived landscaping to blend with the natural environment. This way we try to ensure that we develop and operate renewable energy projects in the best possible way to benefit the environment, staff, society and nation.

Input Management

Water Management

303-1,2,3 - 306-1

Resus engages in development and operation of small hydropower projects based on the run-of-the-river concept where water is not retained in large reservoirs as in large-scale hydropower projects.

In the process of power generation, the water used for generating power is released back to the same river without any pollution or consumption. In fact, the water gets cleansed and relatively debris-free in the power generation process since bulk of the trash that flows along the stream gets collected at trash racks placed in the diversion channel and is removed. The water discharge destination is located within a 1km radius of the downstream from the diversion point of all our power plants.

During project construction, the water in the river is regularly tested for water pollution engaging external consultants from the Industrial Technology Institute or Water Board.

Contractors are not allowed to build any structures in close proximity to the river and we strictly monitor standard sanitation facilities and proper disposal of waste to ensure that water is not polluted by any activities at project sites.

At our power plants, we consume water tapped from sub-streams for drinking and other purposes, and municipal water is not consumed except at Giddawa and Moragaha Oya. We carry out regular observations to identify issues which could affect water pollution.

Description	Water Usage		Water recycled (m3)		Recycled Water reused (m3)		Percentage recycled	
	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18
Municipal water	1,252	696	-	-	-	-	-	-
Drinking water	6	5	-	-	-	-	-	-
Surface water	279,930,890	204,455,933	279,930,231	204,454,690	-	-	99.99%	99.99%
Total	**279,392,148**	**204,456,634**	**279,930,231**	**204,454,690**	**-**	**-**	**99.99%**	**99.99%**

Assumption : Our fully-owned hydropower plants use a water volume of 21.60m3/sec when operating at their full capacities.

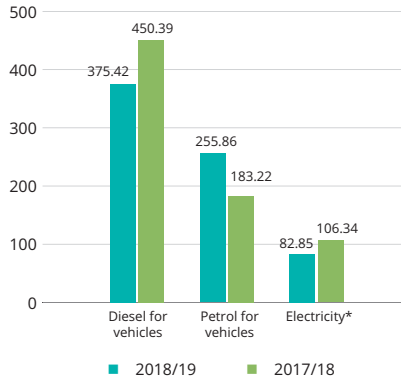
ENVIRONMENT CAPITAL

Energy Management

302-1

As a green energy generator, we try our level best to reduce the consumption of energy across all companies of the Group. Our energy preservation efforts include using natural lighting when buildings are planned, LED technology, having separate air conditioning units rather than central air conditioning to control usage when not required, setting air conditioning units at a constant minimum of 23C0-26C0, and inculcating a culture amongst the staff of 'switching it off' when not in use.

ENERGY CONSUMPTION BY SOURCE (GJ)



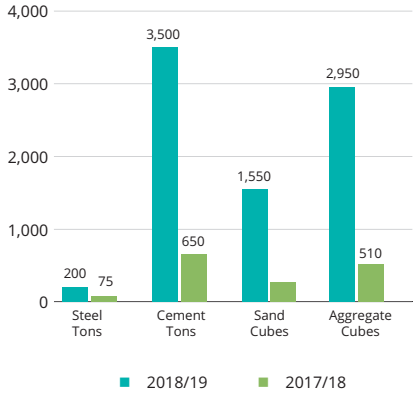
** Electricity for our internal use at hydropower stations are partly self-generated*

Material Management

301-1

We have adapted our internal process to effectively manage scarce resources. The two ongoing projects Ranwala Oya Project and Upper Huluganga project contributed towards the given material consumption during the current year. All material has been purchased from external suppliers and we ensure that they operate under ethical social and environmental standards.

NON-RENEWABLE MATERIAL CONSUMPTION AT CONSTRUCTION SITES



Output Management

Noise Management

Noise level testing is regularly carried out at our project sites engaging professional institutes, such as Industrial Technology Institute or National Institute of Occupational Health and Safety. A baseline noise level test is carried out before the start of construction work at project sites. Thereafter, the tests are carried out every six-months for comparisons and monitoring.

As per the Noise Control Regulation No. 1 of 1996 of Schedule III of National Environmental Act, we measure noise levels against the below benchmarks;

Day time – Maximum Level – 75 dB

Night time – Maximum Level – 50 dB

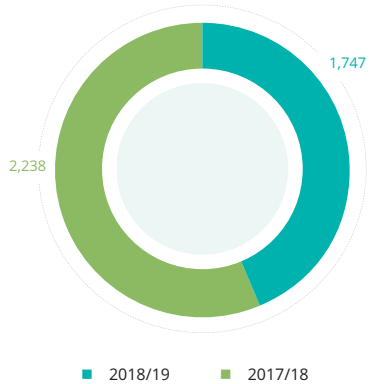
All blasting operations are carried out under strict supervision of a qualified mining engineer. Civil contractors are not permitted to use machineries in bad conditions at project sites to ensure that construction activities do not disrupt the surrounding environment.

Waste Management

306-2

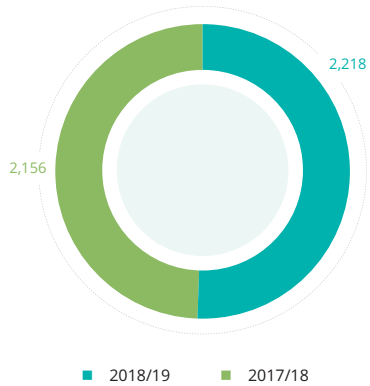
Resus promotes group wide waste segregation as a green practice, implemented in partnership with local authorities and other waste management solution providers.

KITCHEN WASTE (KG)



Type: Non-hazardous
Method of Disposal: Composting

PAPER AND OTHER (KG)



Type: Non-hazardous
Method of Disposal: Nearest paper disposal agency/ Waste dumping location of local authority

It is mandatory as per our organizational regulations for contractors to clean the site on a daily basis and all waste should be dumped in identified locations. Waste burning and use of polythene is strictly prohibited at construction sites and at power plant premises. Penalties are imposed for any violation of regulations.

Daily inspections are conducted by an assigned representative of the project team to observe any deviations from waste management procedures.

E-Waste

Our E-waste initiative covers the disposal of computers and accessories, mobile phones, batteries and other electrical and electronic appliances in a responsible manner. However, due to the low quantity of e-waste collected we have not reported the quantity of e-waste.

Emissions Management

305-1,2,3,5,6,7

We operate our hydropower plants in a zero-emission environment. During project construction, machinery deployed by contractors may have emissions and discharges. All machinery should be in good condition without unacceptable levels of emissions. Machinery in bad conditions are not allowed to be used at our project sites.

All electromechanical equipment at our hydropower stations are supplied by top-of-the-range Western-European suppliers, which are manufactured under strict European Standards.

Through this, we ensure that our equipment operates at highest efficiency and in accordance with acceptable engineering norms and they are environmentally sustainable.

Carbon footprint:

Heavy machineries are not used in project construction areas, and emissions from machinery such as concrete mixtures, excavators, and small generators used are not significant. Our operational power plants partly use self- generated electricity for internal consumption needs.

As a result, greenhouse gas emissions from these activities are not considered significant in the sector we operate. In fact, our business operation helps to reduce the carbon footprint considerably.

The nature of our business itself contributes towards the reduction of the carbon footprint, as electricity generation from renewable energy sources replaces electricity generation from burning fossil fuel.

	Emission Category	Emission of t-CO2	
		2018/19	2017/18
Scope 1	Fuel Consumption for Generators	48.2	57.2
	Fuel Consumption for Machineries at sites		
	Fuel Consumption for Transportation/ vehicles for business use		
Scope 2	Electricity Consumption	16.3	20.9
Scope 3	Business purpose air travel	7.1	4.9

Generation of electricity from our fully owned hydropower plants helps to reduce the CO_2 emissions from generation of electricity with fossil fuel.

ENVIRONMENT CAPITAL

	Reduction of t-CO_2 emission	
	2018/19	2017/18
Electricity generation from fully-owned hydropower plants	32.31 GWh	27.52 GWh
Reduction in t-CO_2 emission from our fully owned hydropower plants	22.547 t-CO_2	19.228 t-CO_2

The above calculations are based on three-year generation based weighted average grid emission factor of 0.6987 t-CO_2 / MWh for 2016 published by the Sri Lanka Sustainable Energy Authority.

There are no significant emissions of ozone depleting substances (ODS), NOx, SOx, and other significant air emissions produced from our business.

Continuing our efforts of reducing carbon emissions and promoting environmental sustainability, we have taken measures towards implementing a Clean Development Mechanism (CDM) at our operational hydropower plants Gomale Oya and Moragaha Oya and at the Upper Huluganga hydropower project which is currently under development. Together with Sri Lanka Climate Fund (Pvt) Ltd., a reputed carbon consultancy company offering guidance for proper CDM activity and verification of emissions reductions, the above three plants have registered with the UNFCC (The United Nations Framework Convention on Climate Change) and will be operating with proper monitoring, recording and reporting of greenhouse gas emissions.

Conservation Efforts

Resus attaches great importance to environmental protection and green low-carbon operations in its corporate development with an aim to build an environment friendly enterprise.

Biodiversity

304-1,2,3,4

Our projects are developed and operated with minimum impact to the natural eco system and livelihood on the Earth. The importance of conservation of biodiversity of the environment is readily addressed in our Environmental Management System.

At the project planning stage, we devote considerable effort to identify the species affected by our project development activities to ensure that variability within species, between species, and between ecosystems are preserved and maintained.

Okanda, Gomale Oya and Ranwala Oya projects are adjacent to protected areas of high biodiversity.

We have constructed a covered water channel to protect wild animals from falling into it in Okanda and diverted the channel path to save and minimize the damage to trees in the surroundings.

Few flora and faunal threatened species were found in the area where the Gomale Oya project is being constructed. Construction is done on a narrow strip on the ground, therefore the threatened flora species were not found in the excavated and cleared area. However, the effects to the faunal species due to construction is insignificant.

Fauna and Flora species found at Gomale Oya project site- IUCN Red List – 2007

Conservation Status	No. of Fauna Species	No. of Flora Species
Near Threatened	2	-
Vulnerable	2	8
Critically Endangered	-	1
Endangered	-	1

Compliance and Expenditures

307-1

The Group was not fined for any non-compliances with environmental laws and regulations for the financial year under review and the previous year.

The Group incurred considerable additional costs in designing the projects to preserve and protect the environment and its biodiversity in the project areas.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

Chairman's Statement

The trust and confidence placed on us by our stakeholders' bares testimony to our integrity and sustained value creation, which in turn reflects our adherence to high standards of governance. Our approach to governance has been based on the belief that high quality governance is essential to the creation of long-term shareholder value and must be pursued resolutely.

We aspire to maintain the highest level of governance standards ensuring that through sound policies and procedures these standards and values are cascaded across the Group. The Board is supported by robust and independent audit and compliance functions that provide effective oversight over the governance process and plays an important role in setting the tone and creating a culture that delivers sustainable value. Towards this end we focus on creating a values-driven culture at Resus, where everyone demonstrates the core values of Creativity, Integrity, Concern for People and Planet, Obsession for Performance and Sense of Urgency, making sound governance practices a way of life through our daily operations of the Group.

The level of compliance with the Code of Best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the Securities and Exchange Commission of Sri Lanka in 2017 (the Code) and the disclosure requirements and continuing listing rules of the Colombo Stock Exchange are described in the Report below.

As required in the Code, I hereby confirm that, I am not aware of any material violations of any of the provisions of the Code of Business Conduct and Ethics by any Director or any member of the Corporate Management of Resus Energy PLC.

H A S Madanayake
Chairman

Colombo, Sri Lanka
23rd May 2019

Corporate Governance Framework

102-18,22,25,36

The Group has in place a well-structured corporate governance framework, which is integral in creating sustainable shareholder value. The corporate governance framework at Resus Energy PLC, is built on the core principles of accountability and transparency, which are essential for the creation, enhancement and maintenance of a sustainable business model. The Group has also established its own set of internal benchmarks, processes and structures in meeting accepted best practices in governance, which have lent credence to Resus's continuous and consistent value creation for its stakeholders. Our cohesive governance structure consisting of several governance bodies with well-defined roles and responsibilities, ensures greater accountability and clear reporting lines.

The Company operates with an Integrated Governance framework with due considerations given to Corporate Governance Best Practice issued jointly by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the Securities and Exchange Commission of Sri Lanka (SEC) and also continuing listing rules of the Colombo Stock Exchange (CSE).

The following sections describe in detail:

- The components of the Resus Corporate Governance System
- Resus' level of compliance with the above Code comprising the following seven sections

  A – Directors

  B – Directors' remuneration

  C - Relations with Shareholders

  D – Accountability and Audit

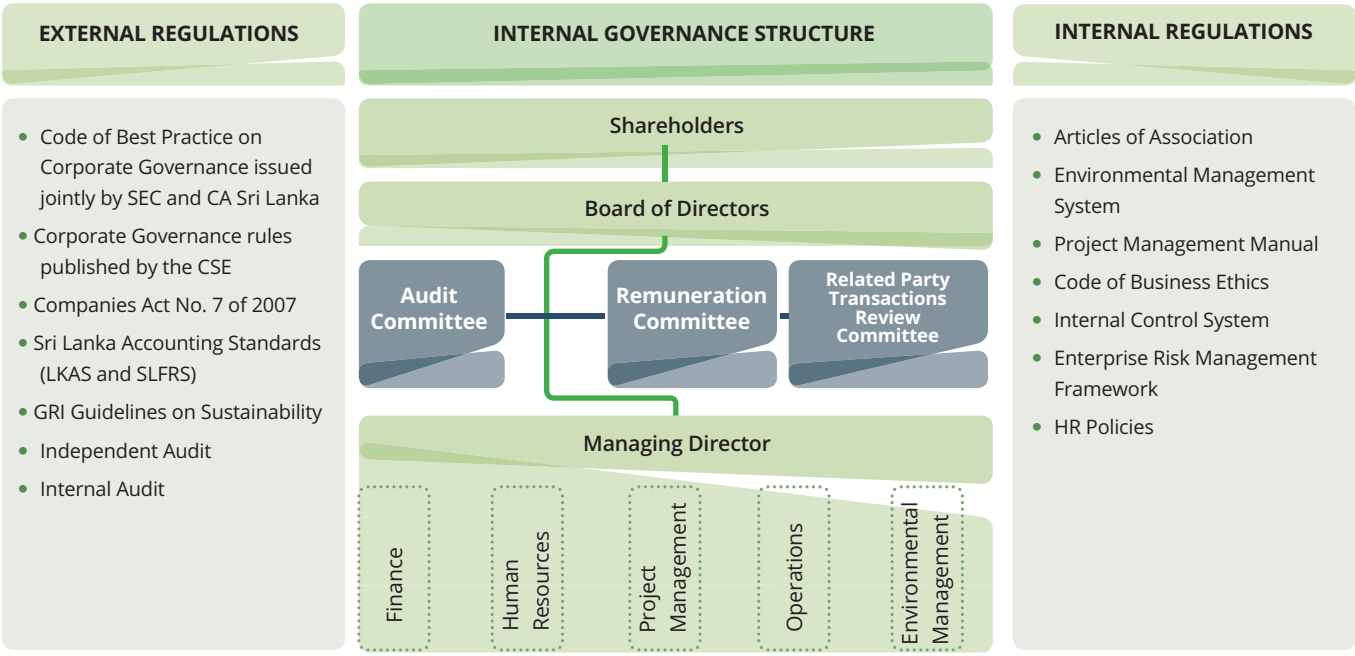
  E – Institutional Investors

  F – Other Investors

  G – Sustainability Reporting

- The monitoring and review mechanisms in place to ensure strict compliance to the Group's Governance policy in order to gain assurance of its effectiveness

Governance Structure



CORPORATE GOVERNANCE

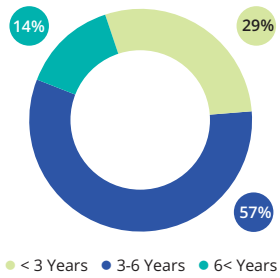
Board Effectiveness

Board Composition and Expertise

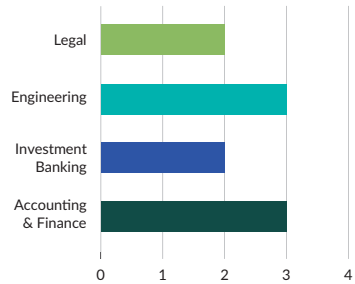
Board Composition

- Non-Executive Chairman
- Executive Managing Director
- Non-Executive Directors
- Independent Non-Executive Directors
- Alternate Directors

Tenure



Industry Expertise



Role of the Chairman and Managing Director

The role of Chairman is separate from that of the Managing Director which is in line with best practices in Corporate Governance ensuring that no one Director has unfettered power and authority. The Chairman is Non-Executive Director while the Managing Director is an Executive Director appointed by the Board.

Responsibilities of the Board	Chairman's Responsibilities	Managing Director's Responsibilities
• Formulation, implementation and monitoring the business strategy	• Ensure that the new Board members are given appropriate induction	• Formulate, obtain approvals and implement the Company's strategies and managing the day-to-day operations of the Company
• Placing effective systems to secure the integrity of information, internal controls, business continuity and risk management	• Lead the Board and manage the business of the Board	• Developing and recommending budgets to the Board
• Compliance with laws, regulations and ethical standards	• Approve the agenda for each Board meeting	• Continuously monitoring and reporting to the Board on the performance of the Company
• Consider the interest of all stakeholders in corporate decisions	• Ensure that the Board members receive accurate, timely and clear information to enable the Board to take sound decisions	• Establishing an optimum organizational structure which is appropriate for the execution of Company's Strategy
	• Ensure regular meetings, the minutes of which are accurately recorded and where appropriate include the individual and collective views of the Directors	• Compliance with all the applicable legal and regulatory obligations
	• Facilitate and encourage discussions among all Directors in the decision making	• Managing the financial and the business risk of the company's operations and identifying the potential risks of the company
	• Represent the views of the Board to the public	

Board Sub-Committees and Areas of Oversight

Board Committee	Composition of Directors	Areas of Oversight
Audit Committee	• Professor K A M K Ranasinghe (C)* • Mr. U P Egalahewa PC* • Mr. I S Somaratne**	• Integrity of Financial Statements • Risk management • Business Ethics • Internal Controls • Compliance with legal and regulatory requirements • External Audit • Internal Audit
Remuneration Committee	• Mr. U P Egalahewa PC (C)* • Professor K A M K Ranasinghe* • Mr. H A S Madanayake**	• The Company's remuneration philosophy and the principles of its remuneration policy • Company's framework of executive remuneration • The level and structure of remuneration for Senior Management
Related Party Transactions Review Committee	• Mr. U P Egalahewa PC (C)* • Professor K A M K Ranasinghe* • Mr. G A K Nanayakkara • Mr. I S Somaratne**	• Related Party Transaction Policy • Disclosures on related party Transactions in the annual report

*(C) - Committee Chairman *Independent Non-Executive Directors ** Non-Executive Directors*

Board Evaluation

At the commencement of each financial year, the Board in consultation with the Managing Director sets financial and non-financial goals based on the short, medium and long term objectives of the Company. The annual appraisal of the Managing Director is carried out by the Board at pre-agreed performance targets at the end of each financial year. Goals and targets of the Board of Directors set out are evaluated at the end of the year by the members. Further, the Board considers Non-Executive Directors' independence on an annual basis and concluded for the financial year that each of them continues to be free from any business or other relationship that could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgment.

Ethics

Our values and code of ethics ensure that we do the right business in the right way, by complying with relevant laws which in turn enhances the trust placed on us by our stakeholders. Our Code of Conduct & Ethics is communicated to employees in all three languages, detailing our Policies on Anti-Bribery and Corruption, Antiharassment and Whistle Blowing which applies to all employees and covers all operations. It is aligned to our values, standards, and procedures. The Board is not aware of any material violations of any of the provisions of the Code of Conduct and Ethics by any Director or Corporate Management Member of the Bank. Please refer to Chairman's statement on Corporate Governance on page76 for declaration that there is no violation of the code of conduct and ethics.

Remuneration

Our Remuneration Policy for the Board of Directors and Key Management Personnel seeks to motivate and reward performance while reinforcing the importance of complying with regulatory requirements, stakeholder expectations and corporate values. The remuneration committee consists of two Independent Non- Executive Directors. The remuneration package of the MD is structured to link rewards to corporate and individual performance. Further, our remuneration framework for the MD is designed to create and enhance value for all stakeholders and to ensure there is strong alignment between the short term and long term interest of the Company while taking into consideration the level of remuneration paid by the other comparable companies, performance and risk factors entailed in his job.

CORPORATE GOVERNANCE

Board Calendar and Activities

The agenda and Board papers for the meetings are sent 7 days before the meeting, allowing members sufficient time to review the same. Urgent board papers are included on an exceptional basis. Care is taken to ensure that the Board spends sufficient time on matters critical to the company, as well as compliance matters. The Board is aware of other commitments of its Directors and is satisfied that all Directors allocate sufficient time to enable them to discharge their responsibilities effectively.

Attendance at the meetings held during the year is presented below;

Name of Director	Directorship Status	Board	Audit Committee	Remuneration Committee	Related Party Transactions Review Committee
Total No. of Meetings		**6**	**4**	**3**	**4**
Mr. H A S Madanayake	Chairman	5	-	3	4
Mr. G A K Nanayakkara	Managing Director	6	3	3	3
Mr. I S Somaratne	Non-Executive Director	4	2	-	2
Mr. U G Madanayake	Non-Executive Director	-	-	-	-
Prof. K A M K Ranasinghe	Independent Non-Executive Director	5	4	3	4
Mr. U P Egalahewa PC	Independent Non-Executive Director	5	3	3	3
Mr. C D Coomasaru	Alternate Director to Mr. U G Madanayake	6	-	-	1

Key areas and activities considered in 2018

During the year the board held six meetings. A synopsis of the key areas discussed is illustrated as follows:

Strategy and Business

- Review and approval of policies, key metrics and structural changes
- Approval of significant investments
- Approval of annual budget
- Funding arrangements
- Approval of interim dividends for 2018/19

Governance

- Board Sub-Committee composition, resignations, nominations and appointments
- Board evaluations and action plan to implement recommendations
- Review of policy frameworks

Risk and Oversight

- Review of overall risk policy
- Approval of the Financial Statements and the Annual Report
- Compliance review
- Review of impacts from operating environment

Stakeholder Engagement

- Review of shareholder communications
- Review of feedback from institutional investors
- Review of regulatory reviews

SEC and CA Sri Lanka Code Reference No	Level of Compliance
A. Directors	
A.1 **The Board**	**The Company should be headed by a Board, which should direct, lead and control the Company.** All Directors except the Managing Director serve the Board in Non-Executive capacity. The Board consists of professionals in the fields of Engineering, Legal, Accounting, Finance, Investment Banking and Management. All Directors possess the skills, experience and knowledge with a greater sense of integrity and independent judgement. The Board gives leadership in setting the strategic direction and establishing sound internal control framework for the successful accomplishment of business goals.
A.1.1 Frequency of Board Meetings	Adoption status : Adopted The Board generally meets on a quarterly basis, but more frequently whenever it is necessary. Accordingly, four Board Meetings are scheduled annually to determine the Company's strategic direction, review the Company's operational and financial performances and to provide insight. Ad-hoc meetings are also scheduled to discuss and review specific matters which require the attention of the Board between scheduled Board meetings. Apart from taking decisions at Board meetings, the Board also takes decisions via circular resolutions which are required to be signed by all the Directors. The attendance at Board meetings held during the financial year is set out on page 80.
A.1.2 Responsibilities of the Board	Adoption status : Adopted Please refer "Responsibilities" on page 78.
A.1.3 Compliance with laws and access to independent professional advice	Adoption status : Adopted The Board collectively and the Directors individually act in accordance with the laws of the country of operation which are applicable to the business enterprise. The Board of Directors ensures that procedures and processes are in place to ensure that the Company complies with all applicable laws and regulations. A procedure has been established for Directors to seek independent professional advice from external parties when necessary at the expense of the Company. There were instances during the financial year under review that Board members sought such advice which were attended to by the Company.

CORPORATE GOVERNANCE

SEC and CA Sri Lanka Code Reference No	Level of Compliance
A.1.4 Board Secretary	Adoption status : Adopted The Directors have access to the advice and services of the Board Secretary. The Board Secretary ensures that Board procedures, relevant statutory obligations and other applicable rules and regulations are complied with. The Board 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. The Board Secretary ensures that the Board members are provided with timely and accurate information to fulfill their duties. The appointment and removal of the Board Secretary is a decision taken by the Board as a whole. Health insurance cover has been provided by the company for key management personnel.
A.1.5 Independent judgment	Adoption status : Adopted The Directors exercise independent judgement in all decisions pertaining to strategy, performance, resource allocation and standards of business conduct. Non-Executive Directors are responsible for bringing independent and objective judgement, and scrutinizing the recommendations/proposals made by the corporate management led by the Managing Director on issues of strategy, performance, resource utilization and business conduct.
A.1.6 Dedication of adequate time and effort by the Board and Board Committees	Adoption status : Adopted The members of the Board dedicate adequate time and effort to fulfill their duties and responsibilities as Directors of the Company. In addition to attending Board meetings, they have attended Sub-Committee meetings and have also contributed to decision making through circular resolutions where necessary. The composition of Board Sub-Committees and Meeting attendance are mentioned on page 80.
A.1.7 Calls for resolutions	Adoption status : Adopted Any Director can call for a resolution to be presented to the Board if deemed necessary.
A.1.8 Induction and Training for Directors	Adoption status : Adopted The Board recognizes the need for continuous training and expansion of knowledge and undertakes such professional development as they consider necessary in assisting them to carry out their duties as Directors. Directors are therefore encouraged to participate in continuous professional and self-development activities. In addition, an induction programme is in place for newly appointed Directors to familiarize them with the Company's business operation and internal control system.

SEC and CA Sri Lanka Code Reference No	Level of Compliance
A.2 Chairman and Chief Executive Officer	**There should be a clear division of responsibilities between the Chairman and the Chief Executive Officer to ensure a balance of power and authority, in such a way that any individual has no unfettered powers of decisions.** The roles of the Chairman and Managing Director are segregated at Resus. The Chairman's main responsibility is to lead, direct and manage the Board to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities. The Managing Director is responsible for the day-to-day operations of the Company and the Group.
A.2.1 Separation of the responsibilities of Chairman and Managing Director	Adoption status : Adopted A clear division of responsibility is maintained between the Chairman and the Managing Director ensuring that the balance of power and authority is preserved. The role of the Managing Director is mentioned on page 78.
A.3 Chairman's Role	**The Chairman should lead and manage the Board, ensuring that it discharges its legal and regulatory responsibilities effectively and fully, and preserves order, and facilitates the effective discharge of the Board function.** (The profile of the Chairman is given on page 22)
A.3.1 Role of the Chairman	Adoption status : Adopted The Chairman in running the Board facilitates the effective discharge of Board proceedings. All the Directors are encouraged to participate in decision making and their views are obtained to ensure that the Board functions in an efficient manner which is beneficial to the stakeholders and the Company. The Chairman of Resus Energy PLC is a Non-Executive Director appointed by the Board. Please refer page 78. for the Chairman's role.
A.4 Financial Acumen	**The Board should ensure the availability within of those with sufficient financial acumen and knowledge to offer guidance on matters of finance.** The Board is equipped with members having sufficient financial acumen and knowledge.
A.4.1 Availability of sufficient financial acumen and knowledge	The Board comprises of several members who possess the necessary knowledge and competence to offer guidance on matters pertaining to finance. The details of Directors' qualifications and experience have been set out on page 22 to 25.
A.5 Board Balance	**There should be balance of Executive and Non-Executive Directors so that no individual or small group of individuals can dominate the Board's decision-making.** All Directors are Non-Executive Directors except the Managing Director. Each of them bring vast experience and the ability to exercise independence and judgment when taking informed decisions.
A.5.1 Presence of Non-Executive Directors	Please refer "Our Board" on page 22 to 25.

CORPORATE GOVERNANCE

SEC and CA Sri Lanka Code Reference No	Level of Compliance
A.5.2 Independent Directors	Adoption status : Adopted Two out of the five Non-Executive Directors are considered independent as per the code of 2013. Implementation of the requirements of the new code are under discussion.
A.5.3 Independence of Directors	Adoption status : Adopted Independent Directors are independent of management and free of business dealings that may be perceived to materially interfere with the exercise of their unfettered and independent judgement.
A.5.4 Signed declarations of independence by the Non- Executive Directors	Adoption status : Adopted Independent Directors have submitted written declarations of their independence as required by Schedule J of the Code and section 7.10.2(b) of the Listing Rules.
A.5.5 Criteria to evaluate Independence of Non-Executive Directors	Adoption status : Adopted Please refer Section A.5.5 below. The Board considers Non-Executive Directors' independence on an annual basis and concluded for the financial year that each of them continues to be free from any business or other relationship that could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgment.
A.5.6 Alternate Directors	Adoption status : Adopted Mr. C D Coomasaru was appointed as the Alternate Director to Mr. U G Madanayake on 1st November 2016.
A.5.7, A.5.8 Senior Independent Director	Adoption status : Adopted A senior Independent Director has not been appointed by the Board as the Chairman and the Managing Director are separate persons. The requirement to appoint a Senior Independent Director does not arise under this Code.
A.5.9 Meeting of Non-Executive Directors	Adoption status : Adopted The Chairman meets with the Non-Executive Directors without the presence of the Executive Director on a need basis. However, there were no formal specific meetings held with Non-Executive Directors during the year.
A.5.10 Recording of concerns in Board minutes	Adoption status : Adopted All concerns raised by the Directors on matters of the Company and wished to be recorded have been duly recorded in the Board minutes in sufficient detail.

SEC and CA Sri Lanka Code Reference No	Level of Compliance
A.6 **Supply of Information**	**Management should provide time bound information in a form and of quality appropriate to enable the Board to discharge its duties.** Financial and non-financial information are analyzed and presented to the Board to make informed and accurate decisions.
A.6.1 Management's obligation to provide appropriate and timely information	Adoption status : Adopted The Board was provided with appropriate and timely information by the management by way of Board papers and proposals to discharge its duties. In the event the information volunteered by management is not adequate, the Directors are free to make further inquiries and obtain the necessary information. Members of the senior management team made presentations to Directors on important issues relating to strategy, risk management, new acquisitions and new developments in financial and legal aspects. The Chairman ensured that all Directors were briefed on issues arising at Board meetings. The Directors have free and open contact with the senior management of the Company.
A.6.2 Adequate time for effective Board meetings	Adoption status : Adopted The minutes, agenda and connected discussion papers are dispatched to the Directors in advance to facilitate the effective conduct of meetings.
A.7 **Appointments to the Board**	**A formal and transparent procedure should be followed for the appointment of new Directors to the Board.** The Board assesses the suitability of the prospective nominees to the Board and approves the persons as "fit and proper" to serve as a member of the Board.
A.7.1 Appointments to the Board	Adoption status : Adopted 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.7.2 Assessment of Board composition	Adoption status : Adopted An assessment is made of the Board composition to ascertain whether the combined knowledge and experience of the Board matches the strategic demands facing the Company when considering new appointments to the Board.

CORPORATE GOVERNANCE

SEC and CA Sri Lanka Code Reference No	Level of Compliance
A.7.3 Disclosure of details of new Directors to shareholders	Adoption status : Adopted Details of new Directors are disclosed to the shareholders at the time of their appointment by way of public announcements to the Colombo Stock Exchange as well as in the Annual Report, 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 "Independent".
A.8 **Re-election**	**All Directors should submit themselves for re-election at regular intervals and at least once in every three years, and all Non-Executive Directors should be appointed for a specific term and subject to re-election.**
A.8.1 Appointment of Non-Executive Directors	Adoption status : Adopted All Directors are subject to re-election as per the Articles of Association of the Company. One half of the Directors including the Executive Director retire by rotation at each Annual General Meeting in conformity with the Articles of Association of the Company.
A.8.2 Election of Directors by the shareholders	Adoption status : Adopted A Director appointed during the year by the Board retires at the next Annual General Meeting of the Company and seeks re-appointment by the shareholders. Mr. G A K Nanayakkara, Prof. K A M K Ranasinghe and Mr. U P Egalahewa PC will retire by rotation at the Annual General Meeting under the Articles of Association of the Company, and they have offered themselves for re-election with the unanimous support of the Board. In addition, a Director who has reached 70 years of age vacates office at the conclusion of the Annual General Meeting commencing next after he attains the age of 70 years or if he is re-appointed as a Director after attaining the age of 70 years at the Annual General Meeting following that re-appointment.
A.8.3 Resignation	Adoption status : Adopted Written communication is obtained by any director resigning prior to his term as per the Articles of Association of the Company.

SEC and CA Sri Lanka Code Reference No	Level of Compliance
A.9 **Appraisal of Board Performance**	**The Board should periodically appraise its own performance against the pre set targets in order to ensure that the Board responsibilities are satisfactorily discharged.**
A.9.1,9.2,9.3,9.3,9.4 Appraisal of Board Performance	Adoption status : Adopted The Board carries out an evaluation of its performance in the discharge of its key responsibilities. Each member of the Board and Board Sub-Committees carried out a self-assessment of his own effectiveness as an individual as well as effectiveness of the Board as a team.
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.**
A.10.1 Disclosure of information in respect of Directors	Adoption status : Adopted The biographical details of the Directors including their qualifications, nature of expertise in relevant functional areas, memberships in Board Sub-Committees and other directorships are given on page 22 to 25. Directors' attendance at Board and Board Sub-Committee meetings are given on page 80, and Directors' interest in contracts with the Company are disclosed on page 127 of this Report. The Board seats held by each Director as at 31st March 2019 is given on 'Board of Directors' section on page 22 to25.
A.11 **Appraisal of the Chief Executive Officer**	**The Board of Directors should at least annually assess the performance of the Chief Executive Officer.**
A.11.1 Target/Goals for the Managing Director	Adoption status : Adopted At the commencement of each financial year, the Board in consultation with the Managing Director sets financial and non-financial goals based on the short, medium and long term objectives of the Company.
A.11.2 Evaluation of the performance of the Managing Director	Adoption status : Adopted The annual appraisal of the Managing Director is carried out by the Board at pre-agreed performance targets at the end of each financial year.

CORPORATE GOVERNANCE

SEC and CA Sri Lanka Code Reference No	Level of Compliance
B. 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 remuneration in order to avoid the self-review threat.**
B.1.1 Remuneration Committee	Adoption status : Adopted The Remuneration Committee makes recommendations to the Board on remuneration policy for the Executive Director and the corporate management that is consistent with the objectives of the Company. The Committee determines and agrees with the Board the broad policy framework for the remuneration of the Managing Director. The Managing Director participates at meetings when deciding the remuneration of the corporate management in order to recruit, retain and motivate the corporate management team.
B.1.2, B.1.3 Composition of the Remuneration Committee	Adoption status : Adopted The Remuneration Committee consists of two Independent Non-Executive Directors and a Non-Executive Director. The Chairman of the Committee is an Independent Non-Executive Director appointed by the Board. The names of the members of the Remuneration Committee are indicated on page 109. A Board approved Terms of Reference of the Committee and a Remuneration Policy for the Board of Directors are in place. The Remuneration Committee Report is given on page 109.
B.1.4 Remuneration of the Non-Executive Directors	Adoption status : Adopted In terms of the Articles of Association of the Company, the Board of Directors as a whole determines the fees payable to Non-Executive Directors. The Independent Non-Executive Directors receive a fee for being a Director of the Board and an additional fee for being a member of a Committee. They do not receive any performance related/incentive payments.
B.1.5 Consultation of the Chairman and access to professional advice	Adoption status : Adopted The Committee consults the Chairman on proposals relating to the remuneration of the Executive Director and has access to professional advice in discharging their duties.
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.**

SEC and CA Sri Lanka Code Reference No	Level of Compliance
B.2.1, B.2.2 Level and make-up of the remuneration of the Managing Director	Adoption status : Adopted The Board makes assessments on the fact that the remuneration of Executive and the Non-Executive Directors reflects the market expectations and is sufficient enough to attract and retain the quality of Directors needed to run the Company. The remuneration package of the Managing Director is structured to link rewards to corporate and individual performance, ensuring there is strong alignment between the short-term and long-term interests of the Company.
B.2.3 Comparison of remuneration with other companies	Adoption status : Adopted The Committee ensures that remuneration of executives at each level of management is competitive and in line with their performance. Surveys are conducted as and when necessary to ensure that the remuneration is on par with those of competitive companies.
B.2.4 Comparison of remuneration with other companies in the Group	Adoption status : Adopted It also takes into consideration data concerning executive pay among the related group companies when determining annual salary increases.
B.2.5 Performance related payments to the Managing Director	Adoption status : Adopted Performance based incentives have been determined to ensure that the total earnings of the Executive Director is aligned with the achievement of objectives and budgets of the Company.
B.2.6 Executive share options	Adoption status : N/A There are no share options that have been offered to the Executive Director and senior management.
B.2.7 Deciding the Executive Directors' Remuneration	Adoption status : Adopted In deciding the remuneration of the Managing Director, the Committee takes note of the provisions set out in Schedule E of the Code.
B.2.8 Early termination of Directors	Adoption status : N/A Not applicable to the Board except for the Managing Director who is an employee of the Company and his terms of employment is governed by the employment contract.

CORPORATE GOVERNANCE

SEC and CA Sri Lanka Code Reference No	Level of Compliance
B.2.9 Early termination not included in the initial contract	Adoption status : N/A Please refer comment in B.2.7 above.
B.2.10 Remuneration of Non-Executive Directors	Adoption status : Adopted Please refer B.1.4 above.
B.3 **Disclosure of Remuneration**	**The Company should disclose the Remuneration Policy and the details of Remuneration of the Board as a whole.**
B.3.1 Disclosure of Remuneration	Adoption status : Adopted Remuneration policy is disclosed in Remuneration Committee Report on page 109 of the Annual Report. The total remuneration paid to the Directors is disclosed in Note 29.1 to the Financial Statements.
C. 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.**
C.1.1 Notice of AGM	Adoption status : Adopted The Notice of the Annual General Meeting and the relevant documents are published and dispatched to the shareholders 15 working days prior to the meeting as required by Section 135(1) of the Companies Act No. 7 of 2007.
C.1.2 Separate resolution for all separate issues	Adoption status : Adopted The Company proposes a separate resolution for each item of business at the Annual General Meeting giving shareholders the opportunity to vote on each issue separately.

SEC and CA Sri Lanka Code Reference No	Level of Compliance
C.1.3 Use of proxy votes	Adoption status : Adopted The Company records and counts all proxy votes lodged on each resolution and the percentage of votes for and against on each resolution. Arrangements are being made to comply with the requirement to provide the following information on the Company Website: • Number of shares in respect of which proxy appointments have been validly made • Number of votes for and against the resolution • Number of shares in respect of which the vote was directed to be withheld
C.1.4 Availability of all Board Sub-Committee Chairmen at the Annual General Meeting	Adoption status : Adopted The Chairpersons of the Audit Committee and Remuneration Committee were present at the 2017/18 Annual General Meeting to answer questions raised by shareholders if so requested by the Chairman of the Board.
C.1.5 Procedures of voting at General Meetings	Adoption status : Adopted The procedure governing voting at the Annual General Meeting is circulated with the Notice of Meeting.
C.2 **Communication with hareholders**	**The Board should implement effective communication with shareholders.**
C.2.1 Channel to reach all shareholders of the Company	Adoption status : Adopted The Company disseminates information pertaining to the performance of the Company through the publication of the Interim Financial Statements and the Annual Report in a timely manner. Information is provided to the shareholders prior to the Annual General Meeting to give them an opportunity to raise any issues relating to business of Resus, either verbally or in writing prior to the Annual General Meeting. Immediate announcements are also made to the Colombo Stock Exchange on any information which is considered price sensitive. The Company Secretary could be contacted in relation to any shareholder matter.

CORPORATE GOVERNANCE

SEC and CA Sri Lanka Code Reference No	Level of Compliance
C.2.2 Policy and methodology for communication with hareholders	Adoption status : Adopted The Company will focus on open communication and fair disclosure, with emphasis on the integrity, timeliness and relevance of the information provided. The Company will ensure information is communicated accurately and in such a way as to avoid the creation or continuation of a false market.
C.2.3 Implementation of the policy and methodology for communication with shareholders	Adoption status : Adopted The Company adopts a two way communication policy with shareholders. At the Annual General Meeting, the Company openly welcomes any suggestions from the shareholders and shareholders may elect to receive the Annual Report in printed form. The Board of Directors is prepared to provide comprehensive explanations for queries of shareholders.
C.2.4, C.2.6 Contact person in relation to shareholders' matters	Adoption status : Adopted Shareholders may, at any time, direct questions, request for publicly available information and provide comments and suggestions to Directors or Management of the Company. Such questions, requests and comments should be addressed to the Company Secretary.
C.2.5 Process to make all Directors aware of major issues and concerns of shareholders	Adoption status : Adopted The Company Secretary shall maintain a record of all correspondence received and will deliver as soon as practicable such correspondence to the Board or individual Director/s as applicable. The Board or individual Director/s, as applicable, will generate an appropriate response to all validly received shareholder correspondence and will direct the Company Secretary to send the response to the particular shareholder.
C.2.7 The process of responding to shareholder matters	Adoption status : Adopted Please refer the comment for C.2.5 above.
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.**
C.3.1, C.3.2 Major transactions	Adoption status : Adopted The Directors ensure that any transaction that would materially affect the net asset base of the Company or Group is communicated to the shareholders and required approvals are obtained in accordance with the Statutes.

SEC and CA Sri Lanka Code Reference No	Level of Compliance
D. Accountability and Audit	
D.1 **Financial Reporting**	**The Board should present a balanced and understandable assessment of the Company's financial position, performance and prospects.**
D.1.1, D.1.2, D.1.3 Statutory and Regulatory Reporting	Adoption status : Adopted Resus Energy PLC has reported a true and fair view of its financial position and performance for the year ended 31st March 2019 and at the end of each quarter of 2018/19 financial year. The Board ensures that the quarterly and annual Financial Statements of the Company and Group are prepared and published in compliance with the requirements of the Companies Act No. 7 of 2007, Sri Lanka Accounting Standards (LKASs and SLFRSs) and the Rules of the Colombo Stock Exchange. The responsibility statement of the Managing Director and Head of Finance has been set out on page 111 to 112 declaring that the financial records of the Company have been properly maintained and are in compliance with relevant accounting standards and that the system of risk management and internal control operates effectively.
D.1.4 Directors' Report in the Annual Report	Adoption status : Adopted The "Annual Report of the Board of Directors" which is given on page 122 to 126 covers all areas of this Section.
D.1.5 Statement of Directors' and Auditors' responsibility for the Financial Statements	Adoption status : Adopted The declarations required to be made by the Board is given in the Annual Report of the Board of Directors. "Statement of Directors' Responsibilities in relation to Annual Financial Statements" in preparation of the Financial Statements is given on page 128 of this Report while the "Independent Auditors' Report" on page 129 to 131 states the Auditors' Responsibility for the Financial Statements. The "Directors' Statement on Internal Control" is given on page 106.
D.1.6 Management Discussions and Analysis	Adoption status : Adopted A Management Discussion and Analysis is contained in the "Managing Director's Review" on page 16 to 21 and Capitals Reports on page 46 to 74 and Our Business Operation on page 28 to 30 and Risk Management Report on page 113 to 119.
D.1.7 Summoning an Extra Ordinary General Meeting (EGM) to notify serious loss of capital	Adoption status : Adopted Likelihood of such occurrence is remote. However, should the situation arise, an EGM will be called for and shareholders will be notified. The declaration by the Board that the Company is a Going Concern is given in the "Annual Report of the Board of Directors" on page 122x to 126.

CORPORATE GOVERNANCE

SEC and CA Sri Lanka Code Reference No	Level of Compliance
D.1.8 Related party transactions	Adoption status : Adopted The Directors have instituted an effective and comprehensive system of Internal Controls for identifying, recording and disclosure of related party transactions. Steps have been taken by the Board to avoid any conflict of interest that may arise, in transacting with related parties. Further, the Board ensures that no related party benefits from favourable treatment. The pricing applicable to such transactions is based on the assessment of risk and pricing model of the Company and is comparable with that what is applied to transactions between the Company and its unrelated parties. Related Party Transactions Review Committee was established by the Board w.e.f 1st January 2016 in accordance with the guidelines of the Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka. Related Party Transactions Review policy and procedures are discussed in the Related Party Transactions Review Committee report on page 110. All related party transactions as defined in Sri Lanka Accounting Standard-24 (LKAS 24) on "Related Party Transactions" are disclosed in Note 29 to the Financial Statements on page 180 to 182.
D.2 **Risk Management and Internal Control**	**The Board should have a process of risk management and a sound system of internal controls to safeguard shareholders' investments and Company's assets.**
D.2.1, D.2.2 Annual evaluation of the risks facing the Company and the effectiveness of the system of internal controls	Adoption status : Adopted The Board is responsible for establishing a sound framework of risk management and internal control and monitoring its effectiveness on a continuous basis. Through such an effective framework, Resus manages business risks and ensures that the financial information on which business decisions are made and published is reliable, and also ensures that the Company's assets are safeguarded against unauthorised use or disposition. The Board has appointed a three-member Audit Committee comprising of two Independent Non-Executive Directors. The Audit Committee on quarterly basis reviews the Risk Register of the Company and the Group in the context of likelihood and their impact to the Group along with the effectiveness of the system of internal controls to address them to a satisfactory level. Strategies adopted by the Company to manage its risk are set out in the risk management report on page 113 to 119.
D.2.3 Internal audit function	Adoption status : Adopted The internal auditors under the direction of the Audit Committee are tasked with reviewing the adequacy and the effectiveness of the internal controls of the Group. The scope of the internal audit is discussed by the Board and the internal audit function is outsourced to a firm of Chartered Accountants.

SEC and CA Sri Lanka Code Reference No	Level of Compliance
D.2.4 Review of the process and effectiveness of risk management and internal controls by the Audit Committee	Adoption status : Adopted The Audit Committee monitors, reviews and evaluates the effectiveness of the risk management and internal control system including the internal controls over financial reporting. The internal auditors review the adequacy and effectiveness of the Internal control system and report their findings to the Audit Committee. In the financial year under review, the Board of Directors was satisfied with the effectiveness of the system of internal controls of the Company. Please refer Directors' Statement on Internal Control on page 106 and Audit Committee Report on page 107 to 108.
D.2.5 Responsibilities of Directors in maintaining a sound system of internal control	Adoption status : Adopted Please refer Directors' Statement on Internal Control on page 107.
D.3 Audit Committee	**The Board should have a formal and transparent arrangement in selecting and applying the accounting policies, financial reporting and internal control principles and maintaining an appropriate relationship with the Company's External Auditors.**
D.3.1 Composition of the Audit Committee	Adoption status : Adopted Refer page 107 for the Directors who served on the Audit Committee during 2018/19. The said Committee met four times during the year. The Board Secretary functions as the Secretary to the Audit Committee. The Managing Director, Head of Finance, Senior Project Managers, and the External and Internal Auditors attend meetings on invitation.

CORPORATE GOVERNANCE

SEC and CA Sri Lanka Code Reference No	Level of Compliance
D.3.2 Terms of Reference of the Audit Committee	Adoption status : Adopted The Terms of Reference of the Audit Committee has been approved by the Board. Duties of the Committee encompasses: • Recommending Financial Statements to the Board for approval • Company's compliance with applicable regulations • Assess the processes to ensure internal controls are adequate, especially in relation to financial reporting • Assess the Company's ability to continue as a Going Concern • The Audit Committee monitors and reviews the effectiveness and specific requirements of Internal Audit function. The Audit Committee is authorised to obtain external professional advice and to invite outsiders with relevant experience to attend if necessary. The Committee also has full access to information in order to investigate into matters relating to any matter within its terms of reference.
D.3.3 Disclosures of the Audit Committee	Adoption status : Adopted Please refer page 107 to 108 for the Audit Committee Report. The External Auditor has provided a Confirmation of Independence in compliance with the "Guidelines for Appointment of Auditors of Listed Companies" issued by SEC.
D.4 **Related Party Transactions Review Committee**	**The Board should establish a procedure to ensure that the Company does not engage in transactions with "related parties" in a manner that would grant such parties "more favourable treatment" than that accorded to third parties in the normal course of business.**
D.4.1, D.4.2 Composition of Related Party Transactions Review Committee	Adoption status : Adopted Refer page 110 for the Directors who served on the Related Party Transactions Review Committee during 2018/19. The said Committee met four times during the year. The Board Secretary functions as the Secretary to the Related Party Transactions Review Committee.
D.4.3 Terms of Reference of the Related Party Transactions Review Committee	Adoption status : Adopted The Terms of Reference of the Related Party Transactions Review Committee has been approved by the Board. Duties of the Committee have been set out in the report of the Related Party Transactions Review Committee on page 110.

SEC and CA Sri Lanka Code Reference No	Level of Compliance
D.5 **Code of Business Conduct and Ethics**	**The Company should develop a Code of Business Conduct and Ethics for Directors and members of the senior management team.**
D.5.1 Code of Business Conduct and Ethics	Adoption status : Adopted The Company has adopted a Code of Business Conduct and Ethics and the Directors are committed to the Code and the principles contained therein. A set of guidelines for ethical behaviour has also been compiled to assist employees to act responsibly and to make the correct decisions in their day to day work. The Code of Conduct explains the principles for dealing with business associates, general partners, colleagues and the community in which the Company operates. The Corporate Governance Report sets out the manner and extent to which the Company has complied with the principles and provisions of the Code. The Board is not aware of any material violations of any of the provisions of the Code of Business Conduct and Ethics by any Director or any corporate management member of the Company.
D.5.2 Reporting of price sensitive information	Adoption status : Adopted Material and price sensitive information is reported in accordance with relevant regulations.
D.5.3 Disclosure of share information of Key Management Personnel	Adoption status : Adopted Policies and reporting procedures are in place to disclose the purchase of shares by any director, Key Management Personnel and any other employee involved in financial reporting. Refer share information on page 190 to 192.
D.5.4 Affirmation by the Chairman that there is no violation of the Code of Conduct and Ethics	Adoption status : Adopted Please refer Chairman's Statement on Corporate Governance on page 76 for details.
D.6 Corporate Governance Disclosures	**The Company should disclose the extent of adoption of Best Practices in Corporate Governance.**

CORPORATE GOVERNANCE

SEC and CA Sri Lanka Code Reference No	Level of Compliance
D.6.1 Disclosure of Corporate Governance	Adoption status : Adopted This requirement is met through the presentation of this report.
E. Institutional Investors	
E.1 Shareholders voting	**Institutional shareholders are required to make considered use of their votes and encouraged to ensure their voting intentions are translated into practice.**
E.1.1 Institutional shareholders	Adoption status : Adopted The Company is committed to maintain good communications with investors. The Chairman conducts a structured dialogue with the shareholders based on the mutual understanding of objectives and ensures that the views of the shareholders are communicated to the Board as a whole. The Annual General Meeting is used to have an effective dialogue with the shareholders on matters which are relevant and concern to the general membership. The Managing Director has regular discussions with key institutional shareholders to share highlights of the Company's performance and also with the view to obtaining constructive feedback. The feedback obtained from institutional shareholders is communicated to the entire Board by the Managing Director.
E.2 Evaluation of Corporate Governance initiatives	Adoption status : Adopted Institutional investors are encouraged to give due weight to all relevant factors drawn to their attention when evaluating the governance arrangements particularly in relation to Board structure and composition.
F. Other Investors	
F.1 Individual shareholders	Adoption status : Adopted Individual shareholders are encouraged to carry out adequate analysis and seek the independent advice prior to investing or divesting directly in shares of the Company.
F.2 Individual shareholders voting	Adoption status : Adopted 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.

SEC and CA Sri Lanka Code Reference No	Level of Compliance
H. Environmental, Social and Governance Reporting (ESG)	
H.1 ESG Reporting	**The Company's annual report should contain sufficient information to enable investors and other stakeholders to assess how ESG risks and opportunities are recognized, measured, managed and reported.**
H.1.1 ESG Information	Adoption status : Adopted Please refer our Value Creation model on page 38 to 39 Capitals Reports on page 46 to 74 and GRI Index on page 193 to 196.
H.1.2 Environmental Indicators	Adoption status : Adopted Please refer "Environmental Capital" on page 69 to 74.
H.1.3 Social Factors	Adoption status : Adopted Please refer "Social and Relationship Capital" on page 59 to 61.
H.1.4 Governance	Adoption status : Adopted Please refer "Corporate Governance" on page 75 to 99.
H.1.5 Board's role on ESG factors	Adoption status : Adopted ESG principles are embedded in our operations and considered in formulating our business strategy and reported in a holistic manner within this report. Integrated reporting and Global Reporting Initiative Guidelines are followed in reporting and disclosure of ESG factors.

G A K Nanayakkara
Managing Director

H A S Madanayake
Chairman

Colombo, Sri Lanka
23rd May 2019

CORPORATE GOVERNANCE

Compliance with Section 7.6 - Continuing Listing Rules issued by the Colombo Stock Exchange (CSE)

CSE Rule Number and Description	Status of Compliance	Section Reference in the Annual Report
7.6 Contents of Annual Report A Listed Entity must include in its Annual Report and accounts, inter alia;		
i) Names of persons who during the financial year were Directors of the Entity	✓	Board of Directors
ii) Principal activities of the Entity and its subsidiaries during the year and any changes therein	✓	Annual Report of the Board of Directors
iii) The names and the number of shares held by the 20 largest holders of voting and non-voting shares and the percentage of such shares held	✓	Share Information
iv) The Public Holding percentage	✓	Share Information
v) A statement of each Director's holding and Chief Executive Officer's holding in shares of the Entity at the beginning and end of each financial year	✓	Share Information
vi) Information pertaining to material foreseeable risk factors of the Entity	✓	Enterprise Risk Management
vii) Details of material issues pertaining to employees and industrial relations of the Entity	✓	Corporate Governance, Human Capital
viii) Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties	✓	Notes to the Financial Statements (Note 4.3), Our Business Operation
ix) Number of shares representing the Entity's stated capital	✓	Notes to the Financial Statements, Share Information
x) A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings in different categories	✓	Share Information
xi) The following ratios and market price information: • Dividend per share • Dividend pay out • Net asset value per share • Market value per share - highest and lowest values recorded during the financial year - value as at the end of financial year	✓	Financial Highlights, Five Year Summary, Financial Capital, Share Information

CSE Rule Number and Description	Status of Compliance	Section Reference in the Annual Report
xii) Significant changes in the Entity's or its subsidiaries' fixed assets and the market value of land, if the value differs substantially from the book value	✓	Notes to the Financial Statements (Note 4.3)
xiii) If during the year, the Entity has raised funds either through a public issue, rights Issue, and private placement;	N/A	
a statement as to the manner in which the proceeds of such issue has been utilized;	✓	
b if any shares or debentures have been issued, the number, class and consideration received and the reason for the issue; and,	✓	
c any material change in the use of funds raised through an issue of Securities	✓	
xv) Disclosures pertaining to Corporate Governance practices in terms of Rules 7.10.3, 7.10.5 (c) and 7.10.6 (c)	✓	Corporate Governance
xvi) Related Party transactions exceeding 10% of the Equity or 5% of the total assets of the Entity as per Audited Financial Statements, whichever is lower. Details of investments in a Related Party and/or amounts due from a Related Party to be set out separately *The details shall include, as a minimum;* i The date of the transaction ii The name of the Related Party iii The relationship between the Entity and the Related Party Iv The amount of the transaction and terms of the transaction v The rationale for entering into the transaction (This section was repealed on 1st January 2016 and the Code of Best Practices on Related Party Transactions are applicable w.e.f 1st January 2016)	✓	Notes to the Financial Statements (Note 29.2)

✓ Compliant **N/A** - Not Applicable

CORPORATE GOVERNANCE

Compliance with Section 7.10 of the Listing Rules on Corporate Governance issued by the Colombo Stock Exchange

CSE Rule and Description	Status of Compliance	Section Reference in the Annual Report
Board of Directors		
7.10.1 Non-Executive Directors (NEDs) Two or at least one-third of the total number of Directors should be NEDs	✓ Five NEDs out of total of Six Directors	Corporate Governance
7.10.2 (a) Independent Directors (IDs) Two or one-third of NEDs (whichever is higher) should be independent	✓ Two IDs out of Five NEDs	Corporate Governance
7.10.2 (b) Declaration of Independence Each Non-Executive Director should submit a declaration of independence / Non-independence in the prescribed format	✓ NEDs have submitted the declaration in the prescribed format	Corporate Governance
7.10.3 (a) Disclosures relating to Directors Names of Independent Directors should be disclosed in the Annual Report	✓	Corporate Governance
7.10.3 (b) Disclosures relating to Directors The basis for determining the independence of NEDs, if criteria for independence is not met	✓ The Board has determined that criteria for independence is met for IDs	Corporate Governance
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	✓	Board of Directors
7.10.3 (d) Disclosures relating to Directors Upon appointment of a new Director a brief resume of the Director should be submitted to the Exchange	✓ CSE Announcements dated 02/11/2016 on change in Directorates	Corporate Governance
Remuneration Committee		
7.10.5 (a) Composition The Committee shall comprise of a minimum of two Independent Directors or of Non–Executive Directors, a majority of whom shall be independent The Chairman of the Committee shall be a Non-Executive Director	✓ The Remuneration Committee consists of three NEDs of which two are independent The Chairman of the Committee is an Independent Non- Executive Director	Corporate Governance Report of the Remuneration Committee
7.10.5 (b) Functions The Committee shall recommend the remuneration payable to the Executive Directors and Chief Executive Officer or equivalent role	✓	Report of the Remuneration Committee

✓ Compliant **N/A** - Not Applicable

CSE Rule and Description	Status of Compliance	Section Reference in the Annual Report
7.10.5 (c) Disclosure in the Annual Report The Annual Report should set out the names of the members of the Committee, a statement of Remuneration Policy and the aggregate remuneration paid to Executive and Non-Executive Directors	✓	Report of the Remuneration Committee
Audit Committee		
7.10.6 (a) Composition The Committee shall comprise of a minimum of two Independent Directors or of Non–Executive Directors, a majority of whom shall be independent The Chairman of the Committee shall be a Non-Executive Director Unless otherwise determined by the Committee, the CEO and the CFO shall attend meetings Chairman or one member of the Committee should be a member of a recognized professional accounting body	✓ The Audit Committee consists of three NEDs of which two are independent The Chairman of the Committee is an Independent Non-Executive Director The Managing Director and the Head of Finance attend Audit Committee meetings by invitation One Committee member is a member of The Chartered Institute of Management Accountants, UK	Corporate Governance Report of the Audit Committee
7.10.6 (b) Functions Overseeing the preparation, presentation and adequacy of disclosures in the Financial Statements in accordance with the LKASs and SLFRSs 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	✓ The terms of reference of the Audit Committee adopted by the Board covers the areas outlined	Corporate Governance Report of the Audit Committee
7.10.6 (c) Disclosure in the Annual Report The names of the members of the Audit Committee The basis of determination of the independence of Auditors A report of the Audit Committee setting out the manner of compliance with their functions	✓	Corporate Governance Report of the Audit Committee

✓ Compliant **N/A** - Not Applicable

CORPORATE GOVERNANCE

Compliance with Section 9 of CSE Listing Rules and the Code of Best Practice on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka w.e.f 1st January 2016

Applicable Rule	Status of compliance	Section Reference in the Annual Report
9.3.2 Disclosures in the Annual Report 9.3.2 (a) In the case of non-recurrent Related Party Transactions, if aggregate value of the non-recurrent Related Party Transactions exceeds 10% of the Equity or 5% of the Total Assets, whichever is lower, of the Listed Entity as per the latest Audited Financial Statements, the following information must be presented in the Annual Report: • Name of the Related Party • Relationship • Value of the Related Party Transactions entered into during the financial year • Value of Related Party Transactions as a % of Equity and as a % of Total Assets • Terms and Conditions of the Related Party Transactions • The rationale for entering into the transactions	✓	Notes to the Financial Statements (Note 29.2)
9.3.2 (b) In the case of recurrent Related Party Transactions, if the aggregate value of the recurrent Related Party Transactions exceeds 10% of the gross revenue/ income (or equivalent term in the Income Statement and in the case of group entity, the consolidated revenue) as per the latest Audited Financial Statements, the Listed Entity must disclose the aggregate value of recurrent Related Party Transactions entered into during the financial year in its Annual Report with the following information; • Name of the Related Party • Relationship • Nature of the transaction • Aggregate value of Related Party Transactions entered into during the financial year • Aggregate value of Related Party Transactions as a % of Net Revenue/ Income • Terms and Conditions of the Related Party Transactions	✓	Notes to the Financial Statements (Note 29.2)
9.3.2 (c) Annual Report shall contain a report by the Related Party Transactions Review Committee, setting out the following: • Names of the Directors comprising the Committee • A statement to the effect that the Committee has reviewed the Related Party Transactions during the financial year and has communicated the comments/observations to the Board of Directors • The policies and procedures adopted by the Committee for reviewing the Related Party Transactions • The number of times the Committee has met during the Financial Year	✓	Report of the Related Party Transactions Review Committee
9.3.2 (d) A declaration by the Board of Directors in the Annual Report as an affirmative statement of the compliance with these Rules pertaining to Related Party Transactions or a negative statement in the event the Entity has not entered into any Related Party Transaction/s.	✓	Annual Report of the Board of Directors

✓ Compliant **N/A** - Not Applicable

Disclosures required by the Companies Act No. 7 of 2007

Section reference in the Companies Act No. 7 of 2007	Disclosure Requirement	Reference in the Annual Report
168 (1) (a)	The nature of the business of the Group and the Company together with any change thereof during the accounting period	Notes to the financial statements – page 138 to 187
168 (1) (b)	Signed Financial Statements of the Group and the Company for the accounting period completed	Financial Statements and notes to the financial statements – page 132 to 187
168 (1) (c)	Auditors' Report on Financial Statements of the Group and the Company	Independent Auditors' Report – page 129 to 131
168 (1) (d)	Accounting Policies and any changes therein	Notes to the financial statements – page 138 to 187
168 (1) (e)	Particulars of the entries made in the Interests Register during the accounting period	Annual Report of the Board of Directors – page 122 to 126
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period	Notes to the financial statements – page 180
168 (1) (g)	Corporate Donations made by the Company and its subsidiaries during the accounting period	Notes to the financial statements – page 173
168 (1) (h)	Information on the Directorate of the Company and its subsidiaries during and at the end of the accounting period	Group structure – page 10
168 (1) (i)	Amounts paid/payable to the External Auditors as audit fees and fees for other services rendered during the accounting period	Notes to the financial statements – page 173
168 (1) (j)	Auditors' relationship or any interest with the Company and its subsidiaries	Annual Report of the Board of Directors – page 122 to 126 Audit Committee Report - page 107 to 108
168 (1) (k)	Acknowledgment of the contents of this Report and signatures on behalf of the Board	Annual Report of the Board of Directors – page 122 to 126

DIRECTORS' STATEMENT ON INTERNAL CONTROLS

Requirement

The 'Code of Best Practice on Corporate Governance 2017' (The Code) issued jointly by the Securities and Exchange Commission and the Institute of Chartered Accountants of Sri Lanka recommends that the Board of Directors present a statement on internal controls.

Responsibility

The Board of Directors is responsible for the Company's system of internal controls and for reviewing its design and effectiveness. The Board has delegated this responsibility to the Audit Committee for review and to report any findings and concerns in this regard.

Internal control process

The Audit Committee of Resus Energy PLC adopts a continuous review protocol to ensure the system of internal controls both at Company level and individual subsidiary levels are operating effectively. The Committee obtains quarterly operational compliance certificates signed by each Senior Manager of the respective functional areas and the Managing Director's confirmation that the system of internal control of the Group functions without major control weaknesses and breakdowns. The Audit Committee carries out annual independent discussions with external auditors of the Company and reports to the Board of Directors of any material control aspects revealed from such discussions for immediate attention of the Board.

There is an ongoing process in every Audit Committee meeting agenda to review the risk matrix of the Company and the Group to continuously identify, evaluate, and manage risks faced by the Group. The risk register requires the management to identify all risks at Company level and individual subsidiary levels and prioritize risks based on the set rating framework. The Audit Committee reviews the risk rating and obtains explanations from the Managing Director and functional heads regarding any updates and risk responses. The risk register with the comments of the Audit Committee is tabled at Board meetings and Board discussions are carried out to ensure appropriate procedures are in place to evaluate and manage the identified risks. The Board ensures that the disclosures of risks and mitigation actions provide meaningful, information for facilitating the decision makers about the Company and do not give a misleading impression for their decisions.

Statement of Confirmation

Based on the said processes, the Board of Directors of Resus Energy PLC confirms that the financial reporting system of the Company and the Group has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes has been done in accordance with applicable Accounting Standards and regulatory requirements.

By order of the Board,

Professor Malik Ranasinghe
Chairman-Audit Committee

N K L Perera
Head of Finance

G A K Nanayakkara
Managing Director

H A S Madanayake
Chairman

Colombo, Sri Lanka
23rd May 2019

REPORT OF THE AUDIT COMMITTEE

Composition of the Committee

The Audit Committee is formally established as a Sub-Committee of the main Board of Resus Energy PLC. The committee consists of the following members whose profiles are given on page 22 to 25.

Professor K A M K Ranasinghe*
Chairman

Mr. U P Egalahewa PC*

Mr. I S Somaratne
Non-Executive Director

*Independent Non-Executive Director

Regular Attendees by Invitation

Mr. G A K Nanayakkara
Managing Director

Mr. N K L Perera Head of Finance

Secretary to the Committee

Nexia Corporate Consultants (Pvt) Limited

Meetings

Name	Attendance
Professor K A M K Ranasinghe	4/4
Mr U P Egalahewa PC	3/4
Mr I S Somaratne	2/4
Mr G A K Nanayakkara	3/4
Mr N K L Perera	4/4
Nexia Corporate Consultants (Pvt) Limited	4/4

The Audit Committee held four meetings during the period under review. The proceedings of the Audit Committee are reported to the Board.

Role of the Committee

The Audit Committee is established for the purpose of assisting the Board in fulfilling their responsibilities regarding the integrity of the Financial Statements, risk management, business ethics, internal control, compliance with legal and regulatory requirements, review of External Auditors' performance and independence and internal audit.

Compliance with Financial Reporting

The Audit Committee discusses the Company's quarterly and annual Financial Statements prior to publication with the management and the External Auditors, including the extent of compliance with Sri Lanka Accounting Standards (LKASs and SLFRSs), and the adequacy of disclosures required by other applicable laws, rules, objectives and guidelines. The Audit Committee also regularly discusses the operations of the Company and its future prospects with the management and is satisfied that all relevant matters have been taken into account in the preparation of the Financial Statements. The Audit Committee performs the following;

- Oversee the preparation, presentation and adequacy of disclosures in the Financial Statements in accordance with the LKASs and SLFRSs
- Review appropriateness and changes in Accounting Policies
- Review significant estimates and judgments made by the management
- Oversee compliance with financial reporting related regulations and requirements
- Oversee the processes to ensure that internal controls and risk management measures are adequate
- Assess the independence and performance of the external Auditors
- Recommend to the Board the appointment, re-appointment and removal of the External Auditors and approving their remuneration and terms of engagement
- Review the Company's ability to continue as a Going Concern

Internal Audit, Risks and Controls

The main focus of the Internal Audit is to provide independent assurance on the overall system of internal controls, business and associated risk management and governance based on internal controls, and compliance with laws and regulations and established policies and procedures of the Group. The Audit Committee monitors and reviews the scope of the Internal Audit plan and the follow-up actions taken by the management to ensure the effectiveness of the Internal Audit function.

The Audit Committee also reviews the processes for the identification, evaluation and management of all significant development and operational risks faced by the Group. The Committee reviews the Risk Register on a quarterly basis in order to identify and assess the risks attached to different areas of operation and effectiveness of internal controls. Formal confirmations and assurances are obtained from management regularly regarding the efficiency of the internal control system and risk management system, and compliance with applicable laws and regulations. The Board of

REPORT OF THE AUDIT COMMITTEE

Directors and Audit Committee obtain and are guided by technical advice from external consultants as required.

The key risks associated with the business are given in the Enterprise Risk Management Report on page 113 to 119.

Independent External Auditors

Ernst & Young were appointed as the External Auditors of the Company and its Subsidiaries. Audit plans and the scope of work and a letter of engagement are formulated in consultation with the Finance Division of the Company.

The Audit Committee is satisfied that the independence of the External Auditors has not been adversely influenced by any event or service that could result in a conflict of interest. Due consideration has been given to the level of audit and non-audit fees received by the External Auditors from Resus Energy PLC and its Subsidiaries.

The Audit Committee meets the External Auditors on an annual basis and reviews their findings.

The performance of the External Auditors has been discussed with the senior management of the Company and the Audit Committee has recommended to the Board that Ernst & Young, Chartered Accountants be re-appointed as External Auditors of Resus Energy PLC for the financial year ending 31st March 2020, subject to approval by the shareholders at the Annual General Meeting.

Conclusion

Based on the reports submitted by the External Auditors and the Risk Management system of the Company, the Audit Committee is satisfied with the control environment, and of the implementation of the Group's accounting policies and operational controls and the financial position of the Group and is confident that the financial position of the Group is secure.

Professor Malik Ranasinghe
Chairman-Audit Committee

Colombo, Sri Lanka
23rd May 2019

REPORT OF THE REMUNERATION COMMITTEE

Composition of the Committee

The Committee was established for the purpose of recommending the remuneration of the Executive Directors. The Committee also approves the remuneration of the members of the Senior Management on the recommendations made by the Managing Director. The committee consists of the following members whose profiles are given on page 22 to 25.

Mr. U P Egalahewa PC* Chairman

Professor K A M K Ranasinghe*

Mr. H A S Madanayake
Non-Executive Director

*Independent Non-Executive Director

Regular Attendees by Invitation

Mr G A K Nanayakkara
Managing Director

Ms C Ranaweera Head of HR

Secretary to the Committee

Nexia Corporate Consultants (Pvt) Limited

Meetings

Name	Attendance
Mr U P Egalahewa PC	3/3
Professor K A M K Ranasinghe	3/3
Mr H A S Madanayake	3/3
Mr G A K Nanayakkara	3/3
Ms C Ranaweera	3/3
Nexia Corporate Consultants (Pvt) Limited	3/3

The Committee held three meetings during the period under review. The minutes of meetings of the Remuneration Committee are circulated to all members of the Board.

Role of the Committee

- Determine and recommend to the Board, the Company's remuneration philosophy and its principles, ensuring that these are in line with the business strategy, objectives, values and long-term interests of the Company
- Make recommendations to the Board on the Company's framework of executive remuneration and its cost, and to determine on behalf of the Board specific remuneration packages and conditions of employment (including compensation entitlements) for Executive Directors
- Make recommendations to the Board and monitor the level and structure of remuneration for Senior Management
- Make recommendations to the Board regarding the content of the Board's Annual Report to shareholders on Directors' Remuneration (including the Company's policy on Executive Director's remuneration, details of individual remuneration and other terms and conditions)

Advisers

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

Remuneration to Directors

The Remuneration paid to Directors during the year under review is indicated in Note 29.1 to the Financial Statements.

All Independent Non-Executive Directors receive a fee for serving on the Board and serving on Sub-Committees. They do not receive any performance related incentive payments.

The Company does not have an Employee Share Ownership Plan for Directors and Key Management Personnel (KMPs).

Conclusion

The annual evaluation of the Committee was carried out by the Board during the year and it was concluded that the Committee continues to operate effectively.

U P Egalahewa PC
Chairman-Remuneration Committee

Colombo, Sri Lanka
23rd May 2019

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Composition of the Committee

The Company established the Related Party Transactions Review Committee (RPTRC) on 31st December 2015 as a Board Sub-Committee. The committee consists of the following members whose profiles are given on page 22 to 25.

Mr. U P Egalahewa PC* Chairman

Professor K A M K Ranasinghe*

Mr. G A K Nanayakkara
Managing Director

Mr. I S Somaratne
Non-Executive Director

*Independent Non-Executive Director

Regular Attendees by Invitation

Mr. N K L Perera Head of Finance

Secretary to the Committee

Nexia Corporate Consultants (Pvt) Limited

Meetings

Name	Attendance
Mr U P Egalahewa PC	3/4
Professor K A M K Ranasinghe	4/4
Mr G A K Nanayakkara	3/4
Mr I S Somaratne	2/4
Mr H A S Madanayake	4/4
Mr N K L Perera	4/4
Nexia Corporate Consultants (Pvt) Limited	4/4

The Committee held four meetings during the period under review. The minutes of all meetings are properly documented and communicated to the Board of Directors.

The Finance Division submits a comprehensive report on related party transactions to the Committee. Any concerns of the Committee will be reported to the Board of Directors on a continuous basis.

The Committee meets at least quarterly, to monitor, review and report to the Board on matters pertaining to related party transactions.

Objective

Related Party Transactions Review Committee was formed to ensure that the Company complies with the requirements of the Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka with effect from 1st January 2016 which is part of the CSE Listing Rules.

The Committee specifies a process to capture related party transactions and to report to the Board of Directors.

Role of the Committee

- Recommend and develop terms of reference of the RPTRC for adoption by the Board of Directors of the Company.
- Review of related party transactions as required in terms of the provisions set out in Section 9 of CSE Rules.
- Make recommendations to obtain shareholder approval for applicable related party transactions as per the provisions in the Code and Section 9 of CSE Listing Rules.
- Obtain 'competent independent advice' from independent professional experts with regard to the value of the substantial assets of the related party transaction under consideration.
- Make immediate market disclosures on applicable related party transactions as required by the Listing Rules of CSE.
- Make appropriate disclosures on related party transactions in the Annual Report as required by CSE Listing Rules.

Conclusion

The Committee confirms that all applicable rules in the Code of Best Practice on Related Party Transactions and Section 9 of CSE Listing Rules have been complied with by the Group as at the date of this Report.

U P Egalahewa PC

Chairman-Related Party Transactions Review Committee

Colombo, Sri Lanka

23rd May 2019

RESPONSIBILITY STATEMENT OF MANAGING DIRECTOR AND HEAD OF FINANCE

Compliance with Laws and Regulations

The Financial Statements of Resus Energy PLC (the Company) and the Consolidated Financial Statements of the Company and its subsidiaries (the Group) for the year ended 31st March 2019 are prepared and presented in compliance with the requirements of the followings:

- Sri Lanka Accounting Standards issued by The Institute of Chartered Accountants of Sri Lanka (SLFRS/LKAS),
- Companies Act No. 07 of 2007,
- Listing Rules of the Colombo Stock Exchange,
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and
- Code of Best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka.

Financial Reporting

The Significant Accounting Policies used in the preparation of the consolidated Financial Statements are appropriate and are consistently applied, except unless otherwise stated in the notes accompanying the Financial Statements. The Significant Accounting Policies and estimates that involved a high degree of judgment and complexity were discussed with the Audit Committee and Company's External Auditors. There are no departures from the prescribed Accounting Standards in their adoption. Comparative information has been reclassified wherever necessary to comply with the current presentation.

The Board of Directors and the management of the Company accept responsibility for the integrity and objectivity of these Financial Statements. The estimates and judgments relating to the Financial Statements were made on a prudent and reasonable basis, in order that the Financial Statements reflect a true and fair view and the form and substance of transactions reasonably present the Company's state of affairs.

We confirm that to the best of our knowledge, the Financial Statements, significant Accounting Policies and other financial information included in this Annual Report, fairly present all material aspects regarding the financial position, results of the operations and the Cash Flows of the Group during the year under review. We also confirm that the Group has adequate resources to continue in operation and have applied the Going Concern basis in preparing these Financial Statements.

System of Internal Control

The Company has taken proper and sufficient care in installing a system of internal control and accounting records, for safeguarding assets, and for preventing and detecting frauds as well as other irregularities, which are reviewed, evaluated and updated on an ongoing basis. We have evaluated the internal controls and procedures of the Group for the financial period under review and confirm, based on our evaluations that there were no significant deficiencies and material weaknesses in the design or operation of internal controls and frauds that involves management or other employees. However, there are inherent limitations that should be recognised in weighing the assurances provided by any system of internal control and accounting.

Report of Independent Auditors

The Financial Statements were audited by Messrs Ernst & Young, Chartered Accountants, the Independent Auditors and their report is given on page 129 to 131.

Audit Committee

The Audit Committee pre-approves the audit and non-audit services provided by Messrs Ernst & Young. The Audit Committee meets periodically with the Independent Auditors to review the manner in which these Auditors are performing their responsibilities, and to discuss auditing, internal control and financial reporting issues. To ensure complete independence, the Independent Auditors have full and free access to the members of the Audit Committee to discuss any matter of substance.

The Audit Committee Report is given on page 107 to 108.

RESPONSIBILITY STATEMENT OF MANAGING DIRECTOR AND HEAD OF FINANCE

Conclusion

We confirm that to the best of our knowledge:

- The Group has complied with all applicable laws, regulations and guidelines and there is no material litigation against the Group other than those disclosed in Note 28.4 of the Financial Statements.
- The system of internal control is operating effectively.
- The Financial Statements reflect in a true and fair manner, the form and substance of transactions, and reasonably present the Company's state of affairs and have applied the Going Concern basis in preparing these Financial Statements.
- All taxes, duties, levies and all statutory payments by the Group and all contributions, levies and taxes payable on behalf of and in respect of the employees of the Group as at 31st March 2019 have been paid, or where relevant provided for.

G A K Nanayakkara

Managing Director

N K L Perera

Head of Finance

Colombo, Sri Lanka

23rd May 2019

MANAGING RISK

102-15

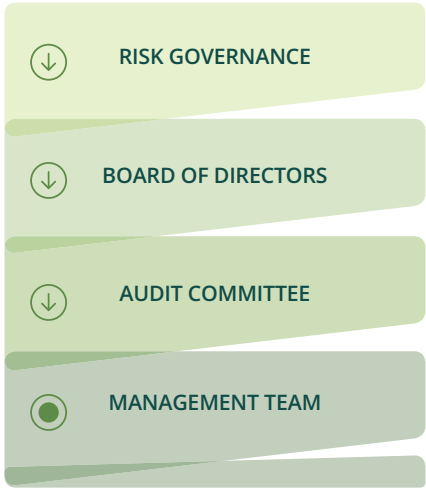
A sound risk management system is vital for any organization to keep up with the turbulent and ever-evolving external environment. At Resus, we seek to create value for all stakeholders by ensuring that Group companies effectively identify and mitigate a range of operational, structural, financial and strategic risks that may otherwise prevent the organisation from meeting its objectives.

Risk Governance

The Board is responsible for;

- Evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives
- Ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems
- Promotes the sustainable and healthy development of the Company
- Enhances the Company's operation management level and risk prevention ability

The Board oversees the management in the design, implementation and monitoring of the risk management and internal control systems, and the management provides a confirmation to the Board on the effectiveness of these systems. The Board and the management of Resus continuously face the challenge of striking a balance between the downside exposure and upside potential to optimize or preserve value creation.



Risk Management Framework

The risk management framework of the Group is to respond to risks pro-actively to ensure continued growth within a competitive and uncertain business environment. Accordingly, we operate an integrated risk management system, while maintaining business flexibility to identify, assess and mitigate significant risks associated with our business.

The strong risk management culture at Resus reinforces the key elements of the risk management framework which comprise risk governance, risk appetite and risk management tools.

Risk Management Process

The Board has delegated the responsibility for reviewing the effectiveness of the Group's risk management process to the Audit Committee. A well- structured risk managing framework has been established under which the risks are being assessed at enterprise level, subsidiary level and business unit process level.

The identified risks in the Risk Register are reviewed by the Audit Committee at the Company level as well as at the Group level. Under the Framework, the risks are prioritized and business units use both preventive and mitigation controls to manage risk exposures within the prescribed tolerance limits.

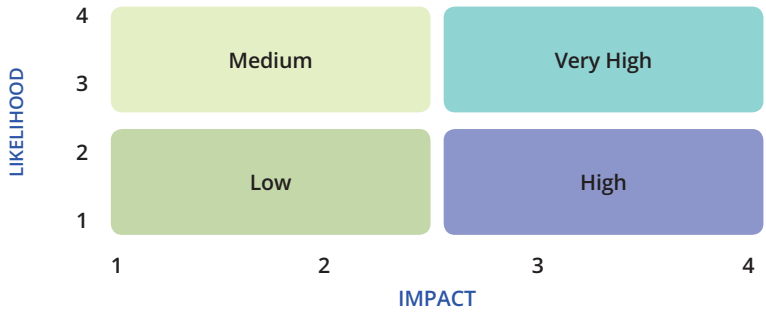
1st Line of Defense: Business Units/ Departments	2nd Line of Defense: Risk and compliance management	3rd Line of Defense: Independent Assurance by Audit Committee
Identification and management of risks in the business	Assist in determining the risk capacity, risk appetite, strategies and policies for risk management	Challenge and review the effectiveness of processes and controls
Primary responsibility of the day-to-day risk management	Provide oversight, support, monitoring and reporting	Provides independent assurance on overall effectiveness of risk framework

MANAGING RISK

Risk Grid

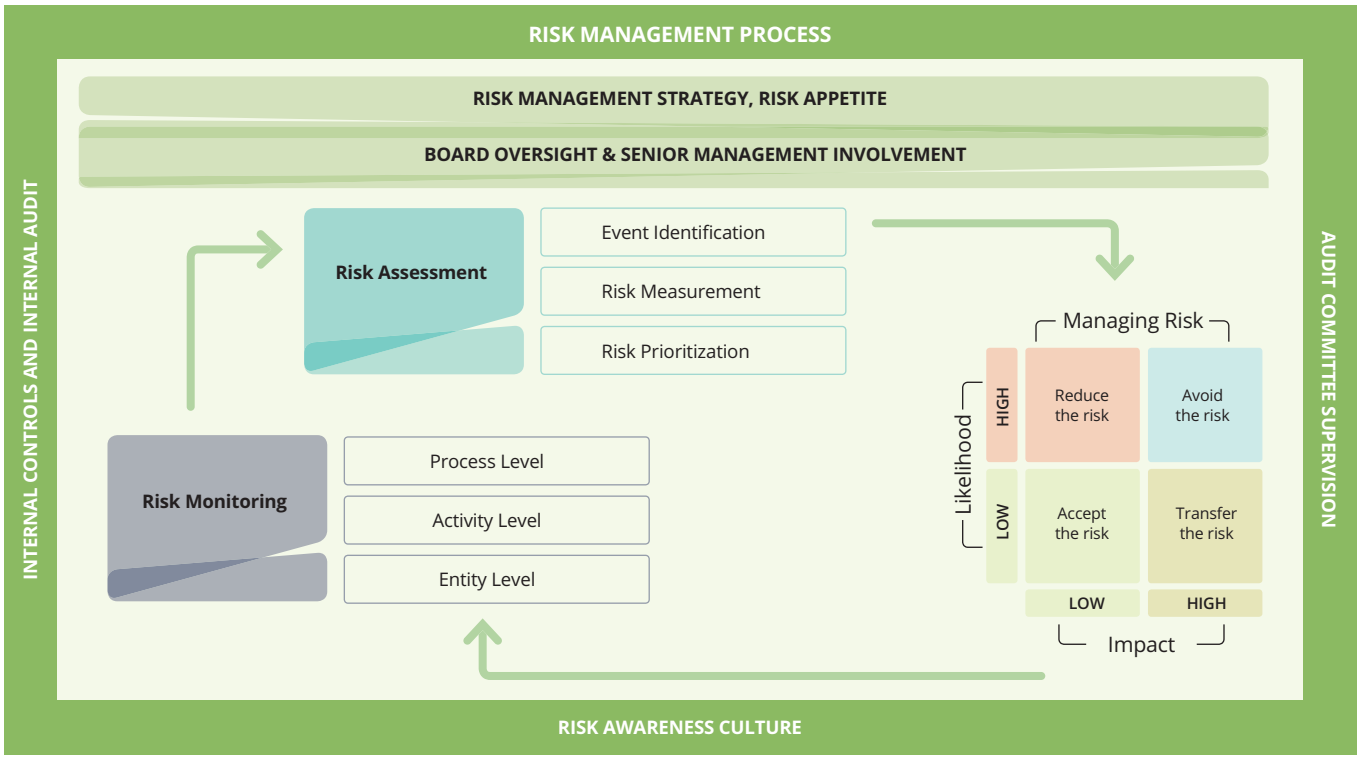
Risks are assessed based on their likelihood of occurrence and the probable impact of the event. Accordingly, the risks are ranked as very-high, high, medium and low.

The impact of the event is assessed by determining the loss or damage it would cause and the extent of the impact. Likelihood of occurrence is assessed on the basis of past experience and the preventive measures in place. The Risk Register is updated quarterly and discussed at each Audit Committee meeting along with the operational compliance statements submitted by the heads of business units.



We have introduced various risk management templates into our project management process to facilitate project managers to adopt risk management protocols at project levels to ensure that projects are completed and delivered within anticipated parameters.

An effective communication network has been established to encourage fruitful dialogue and debate among team members in drafting a risk matrix for their respective projects.



Major Risks and Uncertainties

The principal risks in achieving the Company's objective of enhancing stakeholder value and safeguarding its assets have been identified and are set out below. The nature and the scope of risks are subject to change and not all of the factors listed below are within the control of the Company.

Risk	Potential Exposure	Mitigating Actions	Priority		Strategic Impact
			2018/2019	2017/2018	
1. **Business Risk** Low returns due to inaccurate projections on business parameters	• Deviation from expected rainfall patterns • Design discrepancies • Inaccurate assessments of hydrological properties for hydropower plants	• Obtain expert knowledge on establishing business parameters • Utilize in-house capabilities to perform cross verifications on estimates and assumptions	M	M	Sustainable growth and all stakeholders
2. **Default Risk** Risk that the customer may revise the agreements and may not serve debt	• Renegotiation of Power Purchase Agreements before the termination dates • Default of settlements by Ceylon Electricity Board (CEB) • Delays in settlements by CEB	• Standardised Power Purchase Agreements (SPPAs) entered into with CEB for all power plants • Carry out necessary and appropriate representative efforts	M	M	Financial Capital
3. **Growth Risk** Hindrances to the growth of the Group	• The growth potential may dilute, due to lack of viable new projects • Government's plan not to execute SPPAs or limit the private developers' participation in development of non-conventional renewable energy projects	• Strengthen business leads generation and reference network • Exert lobbying efforts both at Company and industry level • Explore other countries for viable projects that matches risk-return profile	VH	VH	Sustainable growth and all stakeholders
4. **Price Risk** Adverse movements in tariff rates	• Downward revisions of non-conventional renewable energy tariff adversely impacting on returns and profitability of existing projects	• Participate in representative and lobbying efforts through industry groups and associations	VH	VH	Financial Capital

VH Very High H High M Medium L Low

MANAGING RISK

Risk	Potential Exposure	Mitigating Actions	Priority 2018/2019	Priority 2017/2018	Strategic Impact
5. **Inflation Risk** Continual increase in the general price level	• Spare-parts price increases leading to high Operation and Maintenance cost of hydropower plants • Capital expenditure overruns of new projects under development	• Use of appropriate financial and hedging strategies • Use of top quality electro-mechanical equipment is expected to keep the spare parts requirement at low levels.	L	L	Financial Capital
6. **Interest Rate Risk** Continual increase in the interest rates	• Upward pressure in overheads • Adverse impact on profitability due to resultant high interest cost to the Group	• Use of appropriate financial and hedging strategies • Maintain an appropriate combination of fixed and floating rate borrowings • Negotiate for concessionary interest rates using Group strength	H	H	Financial Capital
7. **Exchange Rate Risk** Adverse movements in the exchange rate	• Capital expenditure overruns of new projects under development • Changes in meeting feasibility of new projects	• Effective management of exchange rate exposure using financial risk management tools such as hedging, forwards etc.	H	H	Financial Capital
8. **Credit Risk**	• Impact on liquidity due to delays/non- payments by CEB	• Protection through legally enforceable agreements	L	L	Financial Capital
9. **Regulatory and Compliance**	• Introduction of new regulations affecting the business adversely • Complexity in complying with regulatory requirements • Unexpected tax burdens • Abolishing of tax and import duty concessions and enforce infeasible environmental regulations	• Monitor the compliance with regulatory requirements • Participate in representative efforts against regulations that could have a negative impact on business/ industry	VH	VH	All stakeholders

Risk	Potential Exposure	Mitigating Actions	Priority 2018/2019	Priority 2017/2018	Strategic Impact
10. Risk arising due to Adverse Environmental Conditions	• Impact on returns from hydropower plants due to adverse environmental conditions such as droughts, floods etc. • Adverse environmental conditions impact on the continuation of current projects under constructions	• Carry out preventive maintenance work to mitigate the plant down-time risk in bad weather conditions • Have a business continuity plan to reduce the plant start-up lag after a disaster	H	H	Financial Capital
11. Project Development Risk and Crowding Out threat Delays in project development work due to deadlocks leading to loss of revenue	• Social and political issues that result in abandoning viable projects • Lack of government support to encourage credible developers • Government's attempt to engage in the sector as a developer (crowding out threat)	• Strengthen project management expertise • Build and maintain good rapport with the project stakeholders • Exert lobbying efforts both at Company and industry level	VH	VH	All stakeholders
12. Funding Constraints Ability of the company to raise funds at the lowest rates	• Unavailability of funding lines at favourable terms	• Build and maintain good rapport with banks, financial institutions and funding agencies • Maintenance of a desired mix of financial slack • Search for foreign funding sources • Selecting projects with high internal rate of returns for development to attract investors/ lenders	H	H	All stakeholders

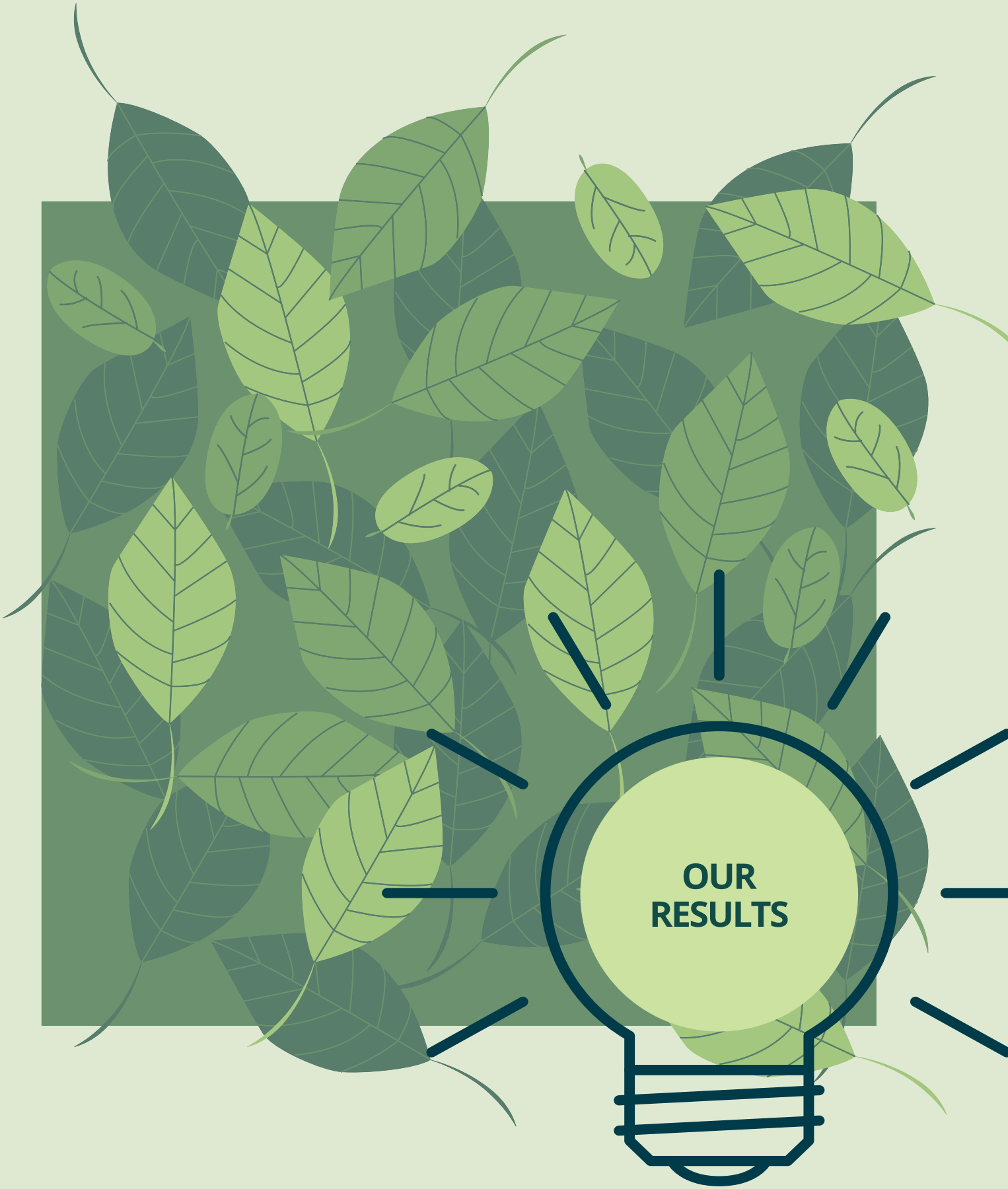
VH Very High H High M Medium L Low

MANAGING RISK

Risk	Potential Exposure	Mitigating Actions	Priority		Strategic Impact
			2018/2019	2017/2018	
13. Employee health and safety	• The health and safety of the employees who work in the power plants and construction site	• Establishing safety procedures for all operations that illustrate risks to employees and ensuring implementation and monitoring of the same • Maintaining and monitoring employee health and safety statistics	H	H	Human Capital-Employees
14. Employee relations	• Impact on business competitiveness due to difficulties in recruiting/ retaining required talent	• Losses from low productivity and low employee engagement as a result of industrial disputes	H	H	Human Capital-Employees
15. Project Cost Overrun Risk	• Project cost exceeding budgets and estimates impacting the project return due to unexpected circumstances or inefficiencies	• Detailed Planning • Making accurate project cost estimates using expert knowledge • Having tight budgetary controls on development cost and close monitoring of the costs by both project and finance teams	H	H	Financial Capital
16. Operational Risk	• Losses arising from fraud, human errors, inefficient processes, natural perils and loss of sensitive information	• Conduct periodic internal audit reviews and report to the Audit Committee • Maintain a business continuity plan to ensure disaster preparedness	L	L	All stakeholders

Risk	Potential Exposure	Mitigating Actions	Priority		Strategic Impact
			2018/2019	2017/2018	
17. Reputational Risk Loss of reputation arising from corporate behavior against the interest of the society	• Potential exposure of the Group to financial losses, litigation and unacceptable corporate behavior • Loss of confidence due to the Group not being perceived as a responsible corporate	• Operate within a code of business ethics that requires compliance with laws and regulations by all employees • Projects are developed according to the Environmental Management System of the Group • Environmental sustainability is within corporate DNA of Resus • Engagement in various community related activities, including community development in surrounding areas of project sites • Developing the social and physical infrastructure in rural villages where our projects are developed	M	M	All stakeholders
18. IT Risk	• Potential threat of loss of data, interruptions to systems and outdated systems	• Having an internal IT consultant for facilitating the smooth functioning of IT systems • Regular maintenance and upgrades to the systems • Establishment of IT policy and guidelines	L	L	Employees/ Management

VH Very High H High M Medium L Low


OUR
RESULTS

FINANCIAL CALENDAR	
Interim Financial Statements	
Three months ended 30th June 2018	**6th August 2018**
Six months ended 30th September 2018	**26th October 2018**
Nine months ended 31st December 2018	**7th February 2019**
Twelve months ended 31st March 2019	**23rd May 2019**

Annual Report for the year ended 31st March 2018	
15th Annual General Meeting	**29th June 2018**

Annual Report for the year ended 31st March 2019	
16th Annual General Meeting	**10th July 2019**

ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of Resus Energy PLC takes pleasure in presenting its report combined with the Audited Consolidated Financial Statements for the year ended 31st March 2019.

The details set out herein provide the pertinent information required by the Companies Act No. 7 of 2007 and the Colombo Stock Exchange's Continuing Listing Requirements and are guided by Recommended Best Practice.

Principal Activities and Review of Business Segment Performance

Resus Energy PLC amalgamated with its wholly owned subsidiaries, Giddawa Hydro Power (Private) Limited, Upper Agra Oya Hydro Power (Private) Limited and Okanda Power Grid (Private) Limited under section 242(1) of the Companies Act No. 7 of 2007, with Resus Energy PLC being the amalgamated entity effective from 28th February 2019. Apart from this there was no significant change in the nature of the business that may have a significant impact on the state of affairs of the Group. Investing in power generation projects remained the principal activity of Resus Energy PLC and its subsidiaries during the year under review.

The Group portfolio now consists of hydro power and solar power projects and the strategic intent of the Group's business focuses on non-conventional renewable energy projects. J B Power (Pvt) Ltd a 700KW small hydropower project developed in Kegalle District was commissioned in November 2018. The Upper Huluganga project is on track with development work underway. The Group acquired the entirety of Sierra Power (Pvt) Ltd, a company owning the approvals to develop a 2MW small hydropower project in Nuwara Eliya District, for a purchase consideration of Rs. 180Mn in the beginning of April 2018. The development work of this project is in progress as at the reporting date. Standard Power Purchase Agreements were signed in March 2019 to build two solar power projects of One Megawatt each awarded under the 1Megawatt x 60 PV Power Plants of the 'Soorya Bala Sangramaya-Phase Two'. With expected commissioning of these two hydro power projects and further two solar power projects in the ensuing financial year, our fully-owned operational portfolio would enhance to 16.5MW.

The Group's revenue chiefly represents economic benefits derived from selling of electricity by its hydropower plants. The details of operational hydropower projects for the year ended 31st March 2019 are depicted in the table below:

Name of Project	Generation Capacity	Location	River	Electricity Units Dispatched GWh	
				2018/19	2017/18
Giddawa MHPP	2.0MW	Giddawa, Digana, Kandy District	Hulu Ganga	8.42	6.55
Upper Agra Oya MHPP	2.6MW	Lindula, Talawakelle, Nuwara Eliya District	Agra Oya	8.38	7.24
Okanda MHPP	2.4MW	Maliboda, Deraniyagala, Kegalle District	Magal Ganga	7.10	6.57
Gomale Oya MHPP	1.4MW	Magala, Maliboda,Kegalle District	Gomale Oya	2.69	3.02
Moragaha Oya MHPP	1.5MW	Panvila, Theldeniya, Kandy District	Moragaha Oya	5.31	4.14
Ranwala Oya MHPP	0.7MW	Maliboda, Deraniyagala, Kegalle District	Ranwala Oya	0.41	0.00
Total	**10.6MW**			**32.31**	**27.52**

Business Segmental performance has been extensively presented and discussed in the Managing Director's Review on page 16 to 21 and in Financial Capital Report on page 46 to 54 of this Report.

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

Financial Statements

The Financial Statements of the Company and the Group are given on page 132 to 187.

For the year ended 31st March	Group		Company	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Revenue	521,062,459	408,644,139	4,643,903	21,647,209
Gross Profit	417,739,852	318,730,206	(673,340)	21,647,209
Share of profits of Equity Accounted Investees – Associate	-	-	-	-
Other operating income/(expenses)	(415,590)	(155,598)	12,000	(155,598)
Operating profit/(loss) before interest and tax	342,652,100	248,096,545	(18,281,519)	8,445,185
Net Finance cost	(149,912,879)	(118,621,043)	(21,805,213)	(12,855,520)
Profit/(Loss) before tax	192,739,221	129,475,503	(40,086,732)	(4,410,335)
Provision for tax including deferred tax	(29,893,332)	(13,309,829)	(5,109,625)	-
Profit/(Loss) for the Year	**162,845,889**	**116,165,674**	**(45,196,357)**	**(4,410,335)**
Deficit/(Profit) attributable to Non-controlling interests	-	-	-	-
Profit/(Loss) available to Group's shareholders	**162,845,889**	**116,165,674**	**(45,196,357)**	**(4,410,335)**
Other comprehensive income/(expense)	(264,666)	(2,592,336)	(264,488)	(1,895,413)
Balance brought forward from the previous year	557,720,159	564,839,248	169,394,624	292,480,898
Transfer of fair value reserve to retained earnings	(7,120,223)	-	(7,120,223)	-
Transfer of reserves from amalgamation	-	-	528,653,558	-
Tax on subsidiary dividends	-	(324,134)	-	-
Changes in non-controlling interest	-	(3,587,767)	-	-
Amount available for appropriation	713,181,159	674,500,685	645,467,114	286,175,150
Interim dividends paid	(613,067,090)	(116,780,526)	(613,067,090)	(116,780,526)
Balance to be carried forward to the next year	**100,114,069**	**557,720,159**	**32,400,024**	**169,394,624**

Auditors' Report

The Auditors' Report on the Financial Statements is given on page 129 to 131.

Accounting Policies

The Accounting Policies adopted in the preparation of the Financial Statements are given on page138 to187. There were no changes to the Accounting Policies adopted during the year.

Interest Register and Directors' interests in Contracts Directors' interest in contracts or proposed contracts are disclosed on page 127 and have been disclosed at meetings of the Directors and recorded in the Interest Register as per Section 192 of the Companies Act No. 7 of 2007. The Directors did not have any material interest in any contract of significance to the Group's business, other than those disclosed on page 127, "Directors' Interest in Contracts" of this Report.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

During the year, entries made in the Interest Register consisted of Directors' Interest in Contracts, remuneration paid to the Directors and renewal of Directors' and Officers' liability insurance. The Interest Register is available at the registered head office of the Company, in keeping with the requirements of the Section 119(1)(d) of the Companies Act No. 7 of 2007.

Directors of the Company

Names of the Directors and their profiles including the names of the Directors who held office and resigned during the year have been disclosed on the inner back cover of the Annual Report.

Review of Performance of the Board and Board Sub-Committees

The review of performance of Board and Board Sub- Committees were carried out during the year by way of a discussion during the Board Meetings.

Board and Board Sub-Committee Meetings

The number of Board meetings, Audit Committee meetings, Remuneration Committee meetings and Related Party Transactions Review Committee meetings held during the year and the attendance of Directors at these meetings are given on page 80 of Corporate Governance Report. The Board established a 'Related Party Transactions Review Committee' on 31st December 2015.

Directors' Remuneration

The Directors' remuneration paid by the Company and the Group is disclosed in note 29.1 to the Financial Statements.

Directors' Interest in Shares

The Directors' shareholdings are disclosed on page 191 of this Report.

Corporate Governance

The Board is committed to maintain high standards of Corporate Governance, the process by which the Company is directed and managed. The Corporate Governance Report is given on page 75 to 105 of the Annual Report.

Risks and Internal Controls

The Enterprise Risk Management Report is given on page 113 to 119 of the Annual Report, which includes information pertaining to material foreseeable risks of the Group and the mitigation actions.

The Directors accept the ultimate responsibility for the system of internal control of the Company and the Group. The systems are geared to provide reasonable assurance that the assets of the Group are safeguarded and that all transactions are conducted as relevant, properly authorised and duly recorded. Further details of the internal control system in operation are also contained in the Directors' Statement on Internal Controls on page 106, Statement of Directors' Responsibilities in relation to Annual Financial Statements on page 128, Corporate Governance on page 75 to 105, and the Audit Committee Report on page 107 to 108 of the Annual Report.

Taxation

The tax liability of the Company and its subsidiaries has been computed according to the provisions of the Inland Revenue Act No. 10 of 2006 and amendments thereto. The applicable provisions under the Board of Investments (BOI) law have been taken into consideration for taxation of subsidiary companies.

The method of computation of income taxes of the Company and the Group has been depicted in the note 23 to the Financial Statements.

Corporate Donations

The Group and the Company made Rs. 1.52Mn (2018 - Rs. 1.62Mn) and Rs. 0.03Mn (2018 – Rs. 0.02Mn) donations during the year respectively.

Property, Plant and Equipment

The book carrying value of property, plant and equipment as at the reporting date amounted to Rs. 957.10Mn (2018 - Rs. 28.27Mn) and Rs. 2,465.27Mn (2018 - Rs. 1,990.29Mn) for the Company and Group respectively. Capital expenditure during the year for the Company and Group amounted to Rs. 1.6Mn (2018 - Rs. 10.6Mn) and Rs. 406.5Mn (2018 - Rs. 301.6Mn) respectively.

Details of property, plant and equipment are given in note 4 to the Financial Statements.

The most recent revaluation of the Company's subsidiaries' freehold land was carried out by a qualified independent valuer on 31st March 2016, and the carrying value of freehold land was adjusted accordingly. The details of freehold revalued lands as per the valuation report are given in note 4.3 to the Financial Statements and the Directors are of the view that these values reflect the current market values of freehold lands of the Group.

The Directors are of the view that the carrying values of Group's fixed assets do not substantially differ from their market values and no indications of impairment have been noted as of the date of this Report.

Stated Capital

The Stated Capital of the Company as at 31st March 2019 was Rs. 679,506,038 (2018-Rs. 300,000,000) consisting of 75,508,262 (2018-Rs. 58,390,263) ordinary shares. The stated capital increased by Rs. 379,506,038 during the year due to a scrip dividend issue of additional 17,117,119 at Rs. 22.17 per share.

Shareholdings

There were 2561 registered Ordinary Voting Shareholders as at 31st March 2019 (2,686 – as at 31st March 2018).

The distribution of shareholdings is shown on page 190 to 192 of the Annual Report. This gives information on the top twenty shareholders' names, number of shares held and the percentage held by each shareholder with the Public holding percentage and the distribution schedule of the number of holders in each class of equity securities and the percentage of their total holding.

Each of Director's including the Managing Director's direct and indirect holdings in shares of the Company at the beginning and end of each financial year are given on page 191 of the Annual Report.

No Employee Share Ownership Plans and Profit Sharing Plans prevailed during the year for the Company and the Group.

Share Information

Information relating to earnings, dividends, net assets and market value per share is available in "Share Information" on page 192 and "Financial Highlights" on page 12 of the Annual Report along with information on share trading.

Substantial Shareholdings

The twenty major shareholders as at 31st March 2019 are given on page 190 of the Annual Report.

The Directors paid an interim cash dividend of Rs.4.00 per share and scrip dividend of Rs.6.50 per share for the financial year ending 31st March 2019. No recommendation was made for a final dividend for shareholders' approval at the AGM.

Environment Protection

The Directors confirm that the Company and its subsidiaries have not engaged in any activities, which have caused detriment to the environment. The activities are carried out in accordance with the Group Environmental Management System to preserve the environment.

Statutory Payments

The Directors confirm, to the best of their knowledge and belief that all statutory obligations due to the Government and to the Employees have been either duly paid or adequately provided for in the Financial Statements.

Related Party Transactions

The Directors confirm that Section 9 of the CSE Listing Rules and the Code of Best Practices on Related Party Transactions issued by Securities and Exchange Commission of Sri Lanka pertaining to Related Party Transactions have been complied with by the Company and the Group with effect from 1st January 2016.

Events after the Reporting Period

Circumstances giving rise to disclosure in the Financial Statements since the Reporting Date have been disclosed in note 27 to the Financial Statements. No circumstances have arisen since the Reporting Date that would require adjustments in the Financial Statements.

Going Concern

The Board of Directors is satisfied that the Company and its subsidiaries will have adequate resources to continue its operations without any disruption in the foreseeable future. Accordingly, the Directors consider that it is appropriate to prepare Financial Statements on Going Concern basis.

Auditors

The Financial Statements of the Company and the Group for the year have been audited by Messrs Ernst & Young, Chartered Accountants, who are recommended for re-appointment.

The Audit Fees payable and fees paid to them by the Company for other services rendered for the year under review are as follows;

Audit Fees and Expenses - Rs. 584,423/-
(2018 – Rs. 563,706/-)

Fees for non-audit services - Rs. 718,122
(2018 – Rs. 370,531/-)

ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Directors have recommended a resolution to be passed at the forthcoming Annual General Meeting for re-appointment of Messrs Ernst & Young as Auditors and authorizing the Directors to fix their remuneration.

The Auditors of the Group have confirmed that they do not have any relationships (other than that of Auditor) with, or interests in, the Company or any of its Subsidiaries other than those disclosed above.

Annual General Meeting

The Annual General Meeting of the Company will be held at the Auditorium of the Development Holdings Private Limited, 3rd Floor, No. 42, Navam Mawatha, Colombo 02 on Friday, the 10th day of July 2019 at 9.30 a.m. The Notice of the Annual General Meeting appears on page 198 of the Annual Report.

Board of Directors,

H A S Madanayake
Chairman

G A K Nanayakkara
Managing Director

Nexia Corporate Consultants (Pvt) Limited
Secretaries

Colombo, Sri Lanka
23rd May 2019

DIRECTORS' INTEREST IN CONTRACTS WITH THE COMPANY

Related party disclosures as required by the Sri Lanka Accounting Standard-LKAS 24 'Related Party Disclosures' are detailed in note 29 to the Financial Statements. In addition, the Company carries out transactions in the ordinary course of business in an arm's length basis with the entities where the Chairman or a Director of the Company is the Chairman or a Director of such entity as detailed below.

			Amount Rs.	
Company	Director	Nature of Transaction	**2018/19**	2017/18
Gomale Oya Hydro Power (Pvt) Ltd	Mr. G A K Nanayakkara	Funds Received	10,350,000	23,200,000
	Mr. H A S Madanayake	Funds Transferred	(19,866,084)	(28,017,383)
	Mr. U G Madanayake	Share Issue	-	50,000,000
	Mr. I S Somaratne	Share Transfer	-	(100,000,000)
Moragaha Oya (Pvt) Ltd	Mr. G A K Nanayakkara	Funds Received	33,889,994	32,740,988
	Mr. H A S Madanayake	Funds Transferred	(11,968,432)	(25,797,265)
	Mr. U G Madanayake	Share Issue	-	80,000,000
	Mr. I S Somaratne	Share Transfer	-	(147,000,020)
Upper Huluganga (Pvt) Ltd	Mr. G A K Nanayakkara	Funds Received	131,103,013	65,000,000
	Mr. H A S Madanayake	Funds Transferred	(97,457,392)	(111,046,306)
	Mr. U G Madanayake	Share Issue	-	-
	Mr. I S Somaratne	Share Transfer	-	(66,000,020)
JB Power (Pvt) Ltd	Mr. G A K Nanayakkara	Funds Received	43,124,000	5,600,000
	Mr. H A S Madanayake	Funds Transferred	(73,872,025)	(96,737,975)
	Mr. U G Madanayake			
	Mr. I S Somaratne			
Resus Solar (Pvt) Limited	Mr. G A K Nanayakkara	Reimbursement of Expenses	(6,910,650)	(6,222,237)
	Mr. H A S Madanayake			
	Mr. U G Madanayake			
	Mr. I S Somaratne			
Resus Eastern Solar (Pvt) Limited	Mr. G A K Nanayakkara	Reimbursement of Expenses	(4,274,568)	(6,025,737)
	Mr. H A S Madanayake			
	Mr. U G Madanayake			
	Mr. I S Somaratne			

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO ANNUAL FINANCIAL STATEMENTS

The following statement which should be read in conjunction with the Auditors' Statement of their responsibilities, as set out in their report, is made with a view to distinguish the respective responsibilities of the Directors and the Auditors, in relation to the Financial Statements.

The Companies Act No. 7 of 2007 requires that the Directors prepare the Financial Statements for each financial year giving 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 and present it to the shareholders. These Financial Statements comprise a Statement of Comprehensive Income, which presents a true and fair view of the profit or loss of the Company and the Group for the financial year and a Statement of Financial Position, which presents a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year which complies with the requirements of the Companies Act No. 7 of 2007.

The Directors consider that in preparing the Financial Statements disclosed on page 132 to 187, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgment and estimates, and that all Accounting Standards (LKASs/SLFRSs) which they consider to be applicable have been followed. The Directors also ensure that the requirements of the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and Listing Rules of the Colombo Stock Exchange have been followed and complied with.

The Directors have the responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy of the financial position of the Company and which enable them to ensure that the Financial Statements comply with the provisions of the Companies Act No. 7 of 2007.

The Directors are required to provide the Auditors with every opportunity to take whatever steps necessary to enable them to form their audit opinion. The responsibility of the Auditors in relation to the Financial Statements appears in the Report of the Independent Auditors on page 129 to 131. Messrs Ernst & Young, Chartered Accountants, the Independent Auditors of the Company has examined the Financial Statements and the related records and information. Their opinion on Financial Statements is given on page 129 to 131.

The Board of Directors accepts responsibility for the integrity and objectivity of the Financial Statements presented. The Directors have general responsibility for taking reasonable steps to safeguard the assets of the Company and in this regard to give proper consideration to the establishment of appropriate internal control systems, with a view to preventing and detecting frauds and other irregularities.

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

The Directors are satisfied that the Company and its subsidiaries have adequate resources to continue in business for the foreseeable future, and have continued to adopt the Going Concern basis in preparing Financial Statements for the Company and the Group.

By order of the Board,

Nexia Corporate Consultants (Pvt) Limited

Secretaries

Colombo, Sri Lanka

23rd May 2019

INDEPENDENT AUDITOR'S REPORT

EY
Building a better working world

Ernst & Young
Chartered Accountants
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TO THE SHAREHOLDERS OF RESUS ENERGY PLC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Resus Energy 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 31 March 2019 and the statement of 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.

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 31 March 2019, 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matters common to both Group and the Company

Key audit matter	How our audit addressed the key audit matter
Annual impairment of Goodwill	
The Group is required to annually test Goodwill for impairment which amounted to LKR 197Mn as at 31 March 2019. This annual impairment test was significant to our audit as the amounts are material to the financial statements. In addition, management's assessment process includes a cashflow forecast which is judgemental and based on assumptions, specifically relating to tariff rate and discount factor, which are affected by expected future market and economic conditions.	We performed the following procedures, amongst others. • We compared the cashflow forecast to the approved budget, business plans and other evidence of future intentions and compared the estimates with those achieved historically. • We have involved our specialized internal resources to assist us, in assessing the appropriateness of the models and reasonableness of the estimates used by the Group. • We also assessed the adequacy of the related disclosures in Note 05 to the financial statements.

INDEPENDENT AUDITOR'S REPORT

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Other Information included in the 2019 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover 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 other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based 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 the management and those charged with governance

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 internal controls of the Company and the Group.
- 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.

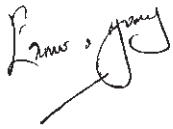
We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and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

The Institute of Chartered Accountant of Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2097.



23rd May 2019

Colombo

STATEMENT OF FINANCIAL POSITION

		Group		Company	
As at 31st March		**2019**	2018	**2019**	2018
	Note	Rs.	Rs.	Rs.	Rs.
ASSETS					
Non-current assets					
Property, plant and equipment	4	2,464,844,370	1,990,297,401	957,102,386	28,270,158
Intangible assets	5	197,484,944	141,752,566	126,752,566	-
Investments in subsidiaries	6	-	-	613,313,155	376,699,230
Financial investments - Fair value through OCI	7	-	82,693,527	-	82,693,527
Deferred tax assets	15	6,422,449	991,135	-	-
		2,668,751,763	2,215,734,629	1,697,168,107	487,662,915
Current assets					
Inventories	8	7,298,404	5,114,379	6,033,512	-
Trade and other receivables	9	169,774,485	96,378,902	221,742,503	190,365,725
Tax recoverable		13,530,218	12,953,534	12,302,539	8,584,042
Cash and cash equivalents	10	120,332,487	157,016,566	119,153,141	86,142,571
		310,935,594	271,463,381	359,231,695	285,092,338
Total Assets		2,979,687,357	2,487,198,010	2,056,399,802	772,755,253
EQUITY AND LIABILITIES					
Equity					
Stated capital	11	679,506,038	300,000,000	679,506,038	300,000,000
Other components of equity		6,949,461	(5,301,432)	5,194,210	(12,250,893)
Retained earnings		100,114,069	557,720,159	32,400,024	169,394,624
Equity attributable to equity holders of the parent		786,569,568	852,418,727	717,100,272	457,143,731
Non-controlling interest		-	-	-	-
Total Equity		786,569,568	852,418,727	717,100,272	457,143,731
Non-current liabilities					
Non-current financial liabilities	12	-	83,978,010	-	-
Interest bearing loans and borrowings	13	1,222,660,534	1,055,175,983	440,193,466	-
Retirement benefit obligations	14	17,137,799	14,556,313	17,010,849	11,759,230
Deferred tax liabilities	15	15,825,870	10,683,764	15,825,870	-
		1,255,624,203	1,164,394,070	473,030,185	11,759,230
Current liabilities					
Trade and other payables	16	200,609,884	127,788,698	283,911,296	192,726,537
Income tax liabilities		21,782,041	1,979,322	21,782,041	-
Interest bearing loans and borrowings	13	434,414,937	250,628,852	301,510,000	85,000,000
Bank overdrafts	10	280,686,724	89,988,341	259,066,008	26,125,755
		937,493,586	470,385,213	866,269,345	303,852,292
Total Equity and Liabilities		2,979,687,357	2,487,198,010	2,056,399,802	772,755,253

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

N K L Perera
Head of Finance

H A S Madanayake
Chairman

G A K Nanayakkara
Managing Director

The accounting policies and notes as set out in pages 138 to 153 form an integral part of these financial statements.

23rd May 2019
Colombo, Sri Lanka

STATEMENT OF PROFIT OR LOSS

		Group		Company	
For the year ended 31st March		**2019**	2018	**2019**	2018
	Note	Rs.	Rs.	Rs.	Rs.
Revenue	17	521,062,459	408,644,139	4,643,903	21,647,209
Cost of electricity generated		(103,322,607)	(89,913,933)	(5,317,243)	-
Gross profit		417,739,852	318,730,206	(673,340)	21,647,209
Other operating income/(expense)	18	(415,590)	(155,598)	12,000	(155,598)
Administrative expenses		(74,672,162)	(70,478,063)	(17,620,179)	(13,046,426)
Results from operating activities		342,652,100	248,096,545	(18,281,519)	8,445,185
Finance income	21.2	607,748	538,723	540,585	326,127
Finance cost	21.1	(150,520,627)	(119,159,765)	(22,345,798)	(13,181,647)
Profit/(Loss) before tax	22	192,739,221	129,475,503	(40,086,732)	(4,410,335)
Tax expense	23	(29,893,332)	(13,309,829)	(5,109,625)	-
Profit/(Loss) for the year		162,845,889	116,165,674	(45,196,357)	(4,410,335)
Attributable to:					
Equity holders of the parent		162,845,889	116,165,674	(45,196,357)	(4,410,335)
Non-controlling interest		-	-	-	-
		162,845,889	116,165,674	(45,196,357)	(4,410,335)
Earnings/(Loss) per share - basic/diluted	24	2.16	1.54	(0.60)	(0.06)

Figures in brackets indicate deductions.

The accounting policies and notes as set out in pages 138 to 153 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

		Group		Company	
For the year ended 31st March		**2019**	2018	**2019**	2018
	Note	Rs.	Rs.	Rs.	Rs.
Profit/(Loss) for the year		162,845,889	116,165,674	(45,196,357)	(4,410,335)
Other comprehensive income:					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods					
Re-measurement gain/(loss) on defined benefit plans	14	(232,214)	(2,706,034)	(232,007)	(1,895,413)
Deferred tax effect on above	15.2	(32,452)	113,698	(32,481)	-
Loss on fair valuation of financial investments - Fair value through OCI	7.1	5,130,670	-	5,130,670	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods		-	-	-	-
Loss on fair valuation of financial investments - Fair value through OCI	7.1	-	(8,600,893)	-	(8,600,893)
Other comprehensive income for the year, net of tax		4,866,004	(11,193,229)	4,866,182	(10,496,306)
Total comprehensive income for the year, net of tax		167,711,893	104,972,445	(40,330,175)	(14,906,641)
Attributable to:					
Equity holders of the parent		167,711,893	104,972,445	(40,330,175)	(14,906,641)
Non-controlling interest		-	-	-	-
		167,711,893	104,972,445	(40,330,175)	(14,906,641)

The accounting policies and notes as set out in pages 138 to 153 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March	Attributable to Equity holders of the parent						
		Other components of equity				Non-controlling	
Group	Stated capital	Revaluation reserve	Fair value reserve	Retained earnings	Total	interest	Total equity
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 1st April 2017	300,000,000	6,949,461	(3,650,000)	564,839,248	868,138,709	(3,587,767)	864,550,942
Profit for the year	-	-	-	116,165,674	116,165,674	-	116,165,674
Other comprehensive income	-	-	(8,600,893)	(2,592,336)	(11,193,229)	-	(11,193,229)
Total comprehensive income for the year	-	-	(8,600,893)	113,573,338	104,972,445	-	104,972,445
						-	-
Transactions with equity holders							
Dividend Paid 2017/18 (Note 25)	-	-	-	(116,780,526)	(116,780,526)	-	(116,780,526)
Total distribution to equity holders	-	-	-	(116,780,526)	(116,780,526)	-	(116,780,526)
Transfer of NCI balance to retained earnings	-	-	-	(3,587,767)	(3,587,767)	3,587,767	-
Tax on dividends paid by subsidiaries	-	-	-	(324,134)	(324,134)	-	(324,134)
Balance as at 31st March 2018	300,000,000	6,949,461	(12,250,893)	557,720,159	852,418,727	-	852,418,727
Profit for the year	-	-	-	162,845,889	162,845,889	-	162,845,889
Other comprehensive income	-	-	5,130,670	(264,666)	4,866,004	-	4,866,004
Total comprehensive income for the year	-	-	5,130,670	162,581,223	167,711,893	-	167,711,893
Transactions with equity holders							
Dividends paid - Interim 2018/19 (Note 25)	-	-	-	(233,561,052)	(233,561,052)	-	(233,561,052)
Scrip Dividends - Interim 2018/19 (Note 11)	379,506,038	-	-	(379,506,038)	-		-
Total distribution to equity holders	379,506,038	-	-	(613,067,090)	(233,561,052)	-	(233,561,052)
Transfer of FV reserve to retained earnings	-	-	7,120,223	(7,120,223)	-	-	-
Balance as at 31st March 2019	679,506,038	6,949,461	-	100,114,069	786,569,568	-	786,569,568

		Other component of equity			
Company	Stated capital	Revaluation reserve	Fair value reserve	Retained earnings	Total equity
	Rs.	Rs.	Rs.	Rs.	Rs.
Balance 1st April 2017	300,000,000	-	(3,650,000)	292,480,898	588,830,898
Loss for the Year	-	-	-	(4,410,335)	(4,410,335)
Other comprehensive income	-	-	(8,600,893)	(1,895,413)	(10,496,306)
Total comprehensive income for the year	-	-	(8,600,893)	(6,305,748)	(14,906,641)
Transactions with equity holders					
Dividends paid - Interim 2017/18 (Note 25)	-	-	-	(116,780,526)	(116,780,526)
Total distribution to equity holders	-	-	-	(116,780,526)	(116,780,526)
Balance as at 31st March 2018	300,000,000	-	(12,250,893)	169,394,624	457,143,731
Loss for the year	-	-	-	(45,196,357)	(45,196,357)
Other comprehensive income	-	-	5,130,670	(264,488)	4,866,182
Total comprehensive income for the year	-	-	5,130,670	(45,460,845)	(40,330,175)
Transactions with equity holders					
Dividends paid - Interim 2018/19 (Note 25)	-	-	-	(233,561,052)	(233,561,052)
Scrip Dividends - Interim 2018/19 (Note 11)	379,506,038	-	-	(379,506,038)	-
Total distribution to equity holders	379,506,038	-	-	(613,067,090)	(233,561,052)
Transfer of FV reserve to retained earnings	-	-	7,120,223	(7,120,223)	-
Transferred on Amalgamation (Note 6.2)	-	5,194,210		528,653,558	533,847,768
Balance as at 31st March 2019	679,506,038	5,194,210	-	32,400,024	717,100,272

Figures in brackets indicate deductions.

The accounting policies and notes as set out in pages 138 to 153 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

		Group		Company	
For the year ended 31st March		**2019**	2018	**2019**	2018
	Note	Rs.	Rs.	Rs.	Rs.
Cash flows from/(used in) operating activities					
Profit/(Loss) before tax		192,739,221	129,475,503	(40,086,732)	(4,410,335)
Adjustments for;					
Depreciation	4	54,025,848	52,100,344	10,170,122	8,901,373
Provision for defined benefit plan-Gratuity	14.1	3,280,735	2,658,836	3,210,991	2,004,875
Finance cost	21.1	150,520,627	119,159,765	22,345,798	13,181,647
Loss on sale of fixed assets	18	415,590	(48,301)	(12,000)	(48,301)
Gain on share repurchase		-	-	-	(9,079,218)
(Profit) / Loss on sale of investment - FVTOCI	18	-	203,899	-	203,899
Finance income	21.2	(607,748)	(538,723)	(540,585)	(326,127)
Operating profit/(loss) before working capital changes		400,374,273	303,011,323	(4,912,406)	10,427,813
Decrease / (Increase) in inventories		(2,184,025)	(18,486)	-	-
Decrease / (Increase) in trade and other receivables		(73,395,583)	(16,686,688)	(31,376,778)	690,103,631
(Decrease) / Increase in financial liabilities		-	(764,092)	-	-
(Decrease) / Increase in trade and other payables		79,107,903	90,929,808	128,045,480	(499,393,426)
Cash generated/(used in) from operations		403,902,568	376,471,865	88,515,686	201,138,018
Finance cost paid		(140,278,973)	(131,871,826)	(31,080,600)	(13,181,647)
Gratuity paid	14	(931,463)	(567,482)	(931,463)	-
Income tax paid		(10,988,957)	(5,729,619)	-	-
Net cash flows from/(used in) operating activities		251,703,175	238,302,938	59,744,233	187,956,371

		Group		Company	
For the year ended 31st March		**2019**	2018	**2019**	2018
	Note	Rs.	Rs.	Rs.	Rs.
Cash flows from/(used in) investing activities					
Acquisition of property, plant and equipment	4	(406,083,092)	(279,322,783)	(1,620,305)	(10,601,540)
Proceeds from sale of property, plant and equipment	4	1,362,000	2,423,176	-	2,423,176
Finance income received	21.2	607,748	538,723	540,585	326,127
Proceeds from disposal of investment-FVTOCI		87,824,197	18,001,681	87,824,197	18,001,681
Investments in subsidiaries	6	(180,000,020)	(20,310,995)	(180,000,020)	(20,310,995)
Net cash flows from/(used in) investing activities		(496,289,167)	(278,670,198)	(90,014,933)	(10,161,551)
Cash flows from/(used in) financing activities					
Proceeds from interest bearing loans and borrowings	13.1	605,077,599	455,200,000	260,000,000	85,000,000
Capital repayments-interest bearing loans and borrowings	13.1	(254,524,000)	(225,840,000)	(119,825,000)	(85,000,000)
Repayment of preference shares		(83,978,010)	-	-	-
Dividends paid - preference shares		(15,811,333)	(6,550,000)	-	-
Dividends paid - ordinary shares	25	(233,561,052)	(116,780,526)	(233,561,052)	(116,780,526)
Tax on dividends paid by subsidiaries		-	(324,134)	-	-
Net cash flows from/(used in) financing activities		17,203,204	105,705,340	(93,386,052)	(116,780,526)
Net increase/(decrease) in cash and cash equivalents		(227,382,788)	65,338,080	(126,897,362)	61,014,294
Cash and cash equivalents at the beginning of the year		67,028,225	(3,620,850)	60,016,816	(997,478)
Cash balance from Acquisition		326	5,310,995	-	-
Cash balance from Amalgamation		-	-	(73,032,321)	-
Cash and cash equivalents at the end of the year		(160,354,237)	67,028,225	(139,912,867)	60,016,816
Analysis of cash and cash equivalents					
Cash in hand and at bank	10.1	120,332,487	157,016,566	119,153,141	86,142,571
Bank overdrafts	10.2	(280,686,724)	(89,988,341)	(259,066,008)	(26,125,755)
Cash and cash equivalents at the end for the purpose of statement of cash flow		(160,354,237)	67,028,225	(139,912,867)	60,016,816

The accounting policies and notes as set out in pages 138 to 153 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Reporting Entity

1.1 Corporate Information

Resus Energy PLC (the 'Company') is a public limited liability company listed on Colombo Stock Exchange incorporated and domiciled in Sri Lanka. The registered office of the Company and its subsidiaries is situated at No. 250/1, Torrington Avenue, Colombo 07. The ordinary shares of the Company are being traded on the Colombo Stock Exchange. The staff strength of the Group as at 31st March 2019 was 92 (2018-88)

1.2 Consolidated Financial Statements

The Consolidated Financial Statements of Resus Energy PLC as at and for the year ended 31st March 2019 comprise the Company and all its subsidiaries whose accounts have been consolidated therein (the 'Group'). The financial statements of all companies in the Group have a common financial year which ends on 31st March.

Resus Energy PLC does not have any identifiable parent of its own. The Company is the ultimate parent of the Group.

1.3 Principal Activities and Nature of Operations

There were no significant changes in the nature of the principal activities of the Group and the Company during the financial year under review. Activities of the Group are described in more detail in the 'Group Structure' on page 10.

All subsidiaries of the Company as at reporting date have been incorporated in Sri Lanka.

The Company, Resus Energy PLC

The Company was incorporated on 11th June 2003, with the objective of investing in power generating companies and to carry on the business of a Venture Capital Company including investment in shares, stocks, options, funds, debentures, debenture stocks, bonds, obligations, or securities or acquiring any other interest whatsoever in any company, public authority, or business concern, investing in ordinary shares in a company engaged in any project specified in section 21H (1) (i) to (iv) of Inland Revenue Act No. 38 of 2000 as amended by the Inland Revenue (Amended) Act No. 37 of 2003 and to dispose of such investments of such terms and conditions as may be thought fit either in the name of the company or any nominee. The Company was engaged in investing in power generating companies and related venture capital activities during the year under review.

The Company's name was changed to Resus Energy PLC from Hemas Power PLC with effect from 5th December 2014 consequent to the 75% ownership change of the Company from Hemas Holdings PLC to a consortium comprising NDB Capital Holdings Limited, ACL Cables PLC and Trydan Partners (Pvt) Limited.

Resus Energy PLC amalgamated with its wholly owned subsidiaries, Giddawa Hydro Power (Private) Limited, Upper Agra Oya Hydro Power (Private) Limited and Okanda Power Grid (Private) Limited under section 242(1) of the Companies Act No. 7 of 2007, effective from 28th February 2019.

Group Entities

Fully-owned subsidiaries

Gomale Oya Hydro Power (Pvt) Limited - The Company became a direct Subsidiary of Resus Energy PLC after the Amalgamation which was carried out during the year. Previously Okanda Power Grid (Pvt) Limited held 100% ownership in Gomale Oya Hydro Power (Pvt) Ltd, a special purpose entity with rights to develop 1.8MW hydro power plant in Maliboda, Deraniyagala in the district of Kegalle and commenced its commercial operations in August 2016. Gomale Oya Hydro Power (Pvt) Limited generated 2.69GWh (3.02GWh – in 2017/18) of electricity from hydro power during the year under review and transmitted to feed the national grid.

Moragaha Oya (Pvt) Limited - The Company became a direct Subsidiary of Resus Energy PLC after the Amalgamation which was carried out during the year. Previously Giddawa Hydro Power (Pvt) Limited held 100% ownership in Moragaha Oya (Pvt) Ltd, a special purpose entity with rights to develop 1.5MW hydro power plant located in Panvila, Diganga in the district of Kandy and commenced its commercial operations in March 2017. Moragaha Oya (Pvt) Limited generated 5.31GWh (4.14GWh – in 2017/18) of electricity from hydro power during the year under review and transmitted to feed the national grid.

Upper Huluganga (Pvt) Limited - The Company became a direct Subsidiary of Resus Energy PLC after the Amalgamation which was carried out during the year. Previously Giddawa Hydro Power (Pvt) Limited and Upper Agra Oya Hydro Power (Pvt) Limited held 55% and 45% ownership in Upper Huluganga (Pvt) Ltd respectively. This is a special purpose entity with rights to develop 1.9MW hydro power in Panvila, Digana. Upper Huluganga project is progressing with construction work as of the reporting date.

Resus Eastern Solar (Pvt) Limited - The Company became direct Subsidiary of Resus Energy PLC after the Amalgamation which was carried out during the year. The Company was incorporated with the intention to build and operate Solar power plants under 'Soorya Bala Sangramaya-Phase II' . Previously Giddawa Hydro Power (Pvt) Limited held 100% Ownership of the Company.

Rawanakanda Hydro Power (Pvt) Limited - The company is a dormant company as of the reporting date.

Resus Solar (Pvt) Limited - The Company was incorporated with the intention to build and operate Solar power plants under 'Soorya Bala Sangramaya-Phase II' .

Sierra Power (Pvt) Limited – The Company acquired 100% of ordinary shares of the entity. This is a special purpose entity with rights to develop 2MW hydro power in Nuwara Eliya District.

J.B Power (Pvt) Limited – The Company acquired 99% of ordinary shares of the entity. This is a special purpose entity with rights to develop 0.7MW hydro power at Maliboda, Deraniyagala and commenced its commercial operation in November 2018.

1.4 Date of Authorization for Issue

The Consolidated Financial Statements of Resus Energy PLC for the year ended 31st March 2019 were authorised for issue by the Board of Directors on 23rd May 2019.

2. Basis of preparation and other accounting policies

2.1 Basis of preparation

2.1.1 Statement of Compliance

The Consolidated Financial Statements of the Group and separate financial statements of the Company comprise of the statement of financial position, statement of profit or loss, statement of other comprehensive income, statement of changes in equity, statement of cash flows and notes thereto have been prepared in accordance with Sri Lanka Accounting Standards, promulgated by the Institute of Chartered Accountants of Sri Lanka (CA-Sri Lanka) and comply with the requirements of the Companies Act, No. 7 of 2007 and the listing rules of the CSE.

2.1.2 Responsibility for financial statements

The board of directors is responsible for the preparation and presentation of the financial statements of the Group and the Company as per Sri Lanka Accounting Standards and the provision of the Companies Act No. 07 of 2007.

2.1.3 Basis of Measurement

The Consolidated Financial Statements have been prepared on a historical cost basis, except for financial investment Fair Value through OCI which has been measured at fair value and defined benefit obligations is recognised as the present value of the defined benefit obligation.

2.1.4 Functional and Presentation Currency

These consolidated financial statements are presented in Sri Lankan Rupees, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

2.1.5 Changes in Accounting Policies

The Group has initially applied SLFRS 15 (see A) and SLFRS 9 (see B) from 1 April 2018. A number of other new standards are also effective from 1 January 2018, but they do not have a material effect on the Group's financial statements.

Due to the transition methods chosen by the Group in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

NOTES TO THE FINANCIAL STATEMENTS

A) SLFRS 15 Revenue from Contracts with Customers

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced LKAS 18 Revenue, LKAS 11 Construction Contracts and related interpretations. Under SLFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time requires judgements.

This standard is effective for the annual periods beginning on or after 01 January 2018. SLFRS 15 does not have an impact on Company's Financial Statements.

B) SLFRS 9 Financial Instruments

The Sri Lanka Accounting Standard – SLFRS 9 on "Financial Instruments", which replaces the existing guidance on LKAS 39 on "Financial Instruments: Recognition and Measurement" has become effective for annual reporting periods beginning on or after January 01, 2018 bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Company has applied SLFRS 9 retrospectively but has elected not to restate comparative information based on the transitional provisions available in SLFRS 9. In the first year of SLFRS 9 implementation, the accounting policy relevant to the comparative information on financial instruments is reported under LKAS 39. As a result, the comparative information provided continues to be accounted for in accordance with the company's previous accounting policy.

Classification and measurement of financial instruments

The Financial Assets categorised as Available -for -Sale Investments under LKAS 39 is now reclassified under Equity Investments at Fair Value through Other Comprehensive Income (FVOCI) under SLFRS 9. The Company intends to hold such financial assets for the foreseeable future and which the Company has irrevocably elected to classify as such at or transition to SLFRS 09. There is no recycling of gains or losses to profit or loss on derecognition and the dividend received as a result of holding this investment will be recognized to profit or loss.

These reclassifications have no impact on the measurement categories.

2.2 Significant Accounting Judgements, Estimation and Assumptions

The preparation of Consolidated Financial Statements in conformity with Sri Lanka Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the Consolidated Financial Statements is set out below.

2.2.1 Going Concern

After considering the financial position, operating conditions, regulatory and other factors and such matters required to be addressed the Directors have a reasonable expectation that the Company possesses adequate resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the Going Concern basis in preparing the financial statements.

2.2.3 Defined Benefit Obligations

The Group annually measures the present value of the promised retirement benefits for gratuity, which is a Defined Benefit Plan. The cost of providing benefits under the defined benefits plans is determined using the projected unit credit method. This involves making assumptions on discount rates, future salary increases, mortality rates. All assumptions are reviewed at each reporting date. Due to the long–term nature of these plans, such estimates are subject to significant uncertainty. See Note 14 for the assumptions used and the sensitivities thereon.

2.2.4 Useful Life time of Property, Plant and Equipment

The Group reviews the residual values, useful lives and methods of depreciation of Property, Plant and Equipment at each reporting date. Judgment of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

2.2.5 Deferred Tax Assets

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

2.2.6 Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions on an arm's length basis of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

3.1 Basis of consolidation

3.1.1 General

The consolidated Financial Statements comprise the financial statements of the Parent and its subsidiaries in terms of the Sri Lanka Accounting Standard – SLFRS 10 on "Consolidated Financial Statements". Thus, the consolidated financial statements present financial information about the Group as a single economic entity distinguishing the equity attributable to the parent (Controlling Interest) and attributable to minority shareholders with non-controlling interest.

3.1.2 Subsidiaries

Business combinations are accounted for using the acquisition method as at the acquisition date – i.e. when control is transferred to 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. Specifically, the Group controls an investee if, and only if, the Group has:

I. Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)

II. Exposure, or rights, to variable returns from its involvement with the investee

III. The ability to use its power over the investee to affect the amount of the investor's returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

I. The contractual arrangement between the investor and other vote holders.

II. Rights arising from other contractual arrangements

III. The investor's voting rights and potential voting rights

The Group re-assesses whether 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.

NOTES TO THE FINANCIAL STATEMENTS

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

3.1.3 Business Combination

The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration which is deemed to be a financial liability or as equity that is a financial instrument and within the scope of LKAS 32 Financial Instruments: presentations. If the contingent consideration is not within the scope of LKAS 32, it is measured in accordance with the appropriate SLFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is measured at fair value with changes in fair value either in profit or loss or as a change to the other comprehensive income (OCI).

3.1.4 Goodwill and gain from a Bargain Purchase arising on the Acquisition of Subsidiaries

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain (bargain purchase) is recognised immediately in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination transferred; the gain is recognised in profit or loss.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Goodwill is tested for impairment annually as at 31st March and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

3.1.5 Non-Controlling Interest

Non-Controlling Interests represent the portion of profit or loss and net assets that is not held by the Group and are presented separately in the Consolidated Statement of profit and loss and within equity in the Consolidated Statement of Financial Position separately from parent shareholders' equity.

Non-controlling interest are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. The Group elects whether to measure the non-controlling interest in the proportionate share of the acquiree's fair value or at the proportionate share of the acquiree's identifiable net assets.

3.1.6 Associates (equity accounted investees) and Joint Ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method. However, the Company does not have any interest in associate and joint ventures during the year under review.

Under the equity method, the investment in an associate and joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The Statement of profit and loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the Statement of profit and loss and represents profit or loss before tax.

The Financial Statements of the associate and joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate

NOTES TO THE FINANCIAL STATEMENTS

or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

3.1.7 Common control business combination

Resus Energy PLC amalgamated with its wholly owned subsidiaries, Giddawa Hydro Power (Private) Limited, Upper Agra Oya Hydro Power (Private) Limited and Okanda Power Grid (Private) Limited under section 242(1) of the Companies Act No. 7 of 2007. The company applied the below accounting policy in accounting for assets and liabilities transferred to Resus Energy PLC.

- Assets and liabilities of the combining entities were transferred at their carrying amounts and accordingly no adjustments have been made to reflect their fair values on the transaction date.
- Inter-company transactions have been eliminated in full.
- The Statement of Profit or Loss and Statement of Comprehensive Income of Resus Energy PLC reflects the results of Gidawa Hydro Power (Pvt) Ltd, Okanda Power Grid (Pvt) Ltd and Upper Agra Oya Hydro Power (Pvt) Ltd from the date of the amalgamation.
- Separate audit reports for Gidawa Hydro Power (Pvt) Ltd, Okanda Power Grid (Pvt)Ltd and Upper Agra Oya Hydro Power (Pvt) Ltd were issued for transactions up to 28th February 2019.

3.2 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable net of related taxes.

The following specific recognition criteria must also be met before revenue is recognised:

(a) Electricity Supplied

Revenue from electricity supplied is recognised upon delivery of electricity to Ceylon Electricity Board. Delivery of electrical energy shall be completed when electrical energy meets the specifications as set out in Standardised Power Purchase Agreements (SPPA) which is complied at the metering point.

(b) Interest Income

For all financial instruments measured at amortised cost and interest bearing financial assets classified as fair value through OCI, interest income or expense is recorded using the Effective Interest Rate (EIR), which 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.

Interest income earned by subsidiaries is included under finance income in the Statement of profit or loss and the interest income earned by the Company from its venture capital activities is shown under Revenue.

(c) Dividends

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

(d) Others

Other income is recognised on an accrual basis when it is probable that future economic benefits will flow to the group.

3.3 Foreign Currency

(a) Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the Statement of profit or loss with the exception of all monetary items that forms part of a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net

investment. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss respectively).

(b) Foreign Operations

The assets and liabilities of foreign operations are translated into Sri Lankan Rupees at the rate of exchange prevailing at the reporting date and their Statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the Statement of profit or loss.

3.4 Taxation

3.4.1 Income Tax

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and the amendments thereto.

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the Commissioner General of Inland Revenue. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted on the reporting date in the country where the Group operates and generates taxable income. Current income tax relating to items recognised directly in equity is recognised in equity and not in the Statement of profit or loss.

Resus Energy PLC - Parent

As per section 104 of Inland Revenue Act No. 24 of 2017, any person, who has entered into a Standardized Power Purchase Agreement on or before November 10, 2016 with the Ceylon Electricity Board to provide electricity generated using renewable resources shall be taxed at the rate of 14% for the three years of assessment after the commencement of the Act. After expiration of the above 3 year concessionary tax period, the Company is liable for income tax at 28%.

Moragaha Oya (Pvt) Limited – Subsidiary

Pursuant to the agreement entered with BOI, profits of Moragaha Oya (Pvt) Ltd is exempted from income tax for a period of five (5) years reckoned from the year of assessment as may be determined by the BOI, in which the company commences to make profits or any year of assessment not later than two (2) years from the date of commencement of commercial operations of the company, whichever is earlier.

After expiration of the aforesaid tax exemption period, the profit of Moragaha Oya (Pvt) Limited shall be charged for income tax at the rate of 10% for a period of two (2) years immediately succeeding the last date of the tax exemption period.

After expiration of the aforesaid two years concessionary tax period at the rate of 10%, the profits of the company shall, for any year of assessment, be charged at the rate of 20%.

Gomale Oya Hydro Power (Pvt) Limited – subsidiary

Gomale Oya Hydro Power (Pvt) Limited has not been granted any specific tax holidays under the BOI agreement. However, As per section 104 of Inland Revenue Act No. 24 of 2017, any person, who has entered into a Standardized Power Purchase Agreement on or before November 10, 2016 with the Ceylon Electricity Board to provide electricity generated using renewable resources shall be taxed at the rate of 14% for the three years of assessment after the commencement

NOTES TO THE FINANCIAL STATEMENTS

of Act. After expiration of the above 3-year concessionary tax period, the Company is liable for income tax at 28%.

Upper Huluganga (Pvt) Limited & J.B Power (Pvt) Limited– subsidiary

Both Companies have not been granted any specific tax holidays under the BOI agreements. However, as per section 104 of Inland Revenue Act No. 24 of 2017, any person, who has entered into a Standardized Power Purchase Agreement on or before November 10, 2016 with the Ceylon Electricity Board to provide electricity generated using renewable resources shall be taxed at the rate of 14% for the three years of assessment after the commencement of Act. After expiration of the above 3-year concessionary tax period, the Company is liable for income tax at 28%.

3.4.2 Deferred Taxation

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

Deferred tax liabilities are recognised for all taxable temporary differences except;

i) The initial recognition of goodwill: or

ii) The initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised except: where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as at the reporting date.

Deferred tax relating to items recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

3.4.3 Tax on dividends

Tax on dividends declared by the Company and its subsidiaries is recognized in equity.

3.5 Property, Plant and Equipment

Property, plant and equipment are tangible items that are held for use in the production of Hydro Power Electricity and for administrative purposes which is expected to be used during more than one period.

(a) Recognition and Measurement

Property, Plant and Equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the expenditure that is directly attributable to the acquisition/construction, cost of replacing component parts of the Property, Plant and Equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of Property, Plant and Equipment are required to be

replaced at intervals, the Group derecognises net book value of the replaced part, and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the Plant and Equipment as a replacement if the recognition criteria are satisfied.

(b) Subsequent Cost

Subsequent expenditure is capitalised only when it is probable that the future economic benefits of the expenditure will flow to the Group. Ongoing repair and maintenance costs are recognised in the statement of profit or loss as incurred.

(c) Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. 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. Land is not depreciated.

(d) Derecognition

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

When replacement costs are recognised in the carrying amount of an item of property, plant and equipment, the remaining carrying amount of the replaced part is derecognised.

(e) Revaluation

When items of Property, Plant and Equipment are subsequently revalued, the entire class of such assets is revalued. Any revaluation surplus is recognised in other comprehensive income and accumulated in equity in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Statement of profit or loss, in which case the increase is recognised in the Statement of profit or loss. A revaluation deficit is recognised in the Statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

3.6 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Finance leases that transfer to the Group substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

NOTES TO THE FINANCIAL STATEMENTS

Operating lease payments are recognised as an operating expense in the Statement of profit or loss on a straight-line basis over the lease term.

3.7 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.8 Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Consumables and Spares - At weighted average cost basis

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell.

3.9 Financial Instruments- Initial Recognition and Subsequent Measurement

Initial recognition and subsequent measurement A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.9.1 Financial Assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under SLFRS 15. Refer to the accounting policies in section 3.2, Revenue from contracts with customers.

In order for a financial asset (excluding equity instruments) to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement for purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon recognition (equity instruments)
- Financial assets at fair value through profit or loss

3.9.1.1 Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows And
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables and amounts due from related companies.

3.9.1.2 Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling And
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the income statement and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon recognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

3.9.1.3 Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the income statement the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

3.9.1.4 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the income statement.

Dividends on listed equity investments are also recognised as other income in the income statement when the right of payment has been established.

NOTES TO THE FINANCIAL STATEMENTS

3.9.2 Impairment of financial assets - after 1st April 2018

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows

3.9.3 Impairment of financial assets – before 1st April 2018

A financial asset not carried at fair value was assessed at each reporting date to determine whether there is objective evidence that is impaired. A financial asset was considered impaired if, there was 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.

3.9.4 Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired

  Or

- The Group 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 (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

3.9.5 Financial liabilities

3.9.5.1 Recognition and measurement

Financial liabilities are classified as measured at amortised cost or fair value through profit or loss (FVTPL). A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

3.9.5.2 Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition

of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

3.9.6 Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.9.7 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.

3.10 Fair Value measurement

The Group measures financial instruments such as financial assets fair value through OCI and non-financial assets such as certain classes of Property, Plant and Equipment at fair value. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarised under the respective notes. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement 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 for the asset or liability

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as properties and significant liabilities, such as defined benefit obligations. Involvement of external valuers is decided upon annually after discussion with and approval by the Group's Board Audit Committee wherever necessary. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Board Audit Committee whenever

NOTES TO THE FINANCIAL STATEMENTS

necessary after discussions with the Group's external valuers decide which valuation techniques and inputs to use for each case.

At each reporting date the Management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Management in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 26.1.

3.11 Cash and Cash Equivalents

Cash and Cash Equivalents in the Statement of financial position comprise cash at banks and on hand and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

For the purpose of the Group statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

3.12 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.13 Employee benefits

(a) Defined Contribution Plans –Employees' Provident Fund and Employees' Trust Fund

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed determinable contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

Employees are eligible to Employees' Provident Fund (EPF) contributions and Employees' Trust Fund (ETF) contributions as per the respective statutes. These obligations come within the scope of a defined contribution plan as per LKAS -19 on 'Employee Benefits'.

The Company contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively. The contributions made are expensed to Profit or Loss as and when the contributions are made.

(b) Defined Benefit Plan – Gratuity

In accordance with the Gratuity Act No. 12 of 1983, a liability arises for a defined benefit obligation to employees. Such defined benefit obligation is a post-employment benefit obligation falling within the scope of Sri Lanka Accounting Standard LKAS -19 on 'Employee Benefits'.

The liability recognised in the Statement of financial position is the present value of the defined benefit obligation at the reporting date. The calculations performed annually by a qualified actuary using the projected unit credit method (PUC). Any actuarial gains and losses arising are recognised immediately in other comprehensive income. The discount rate has been derived considering the yield of government bonds.

However, as per the payment of Gratuity Act No. 12 of 1983, this liability only arises upon completion of 5 years of continued service.

The gratuity liability is not externally funded.

3.14 Business Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Managing Director (MD) to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the MD include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

3.15 Comparative Information

The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year. Prior year figures and phrases have been restated or reclassified where necessary to conform to the current year presentation.

3.16 New Accounting Standards issued but not effective as at Reporting Date

Certain new accounting standards and amendments / improvements to existing standards have been published, that are not mandatory for 31st March 2019 reporting periods. None of those have been early adopted by the group.

SLFRS 16-Leases

SLFRS 16 provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value even though lessor's accounting remains similar to current practice. This supersedes: Sri Lanka Accounting Standard LKAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement Contains a Lease", SIC 15 "Operating Leases - Incentives"; and SIC 27 "Evaluating the substance of Transactions Involving the Legal form of a Lease". Earlier application is permitted for entities that apply SLFRS 15 "Revenue from Contracts with Customers".

SLFRS 16 is effective for annual reporting periods beginning on or after 1st January 2019. The impact on the implementation of the above standard has not been quantified yet by the Group.

3.18 Amendments to Existing Accounting Standards effective from 1 January 2019

Amendments to existing accounting standards effective from 1st January 2019 as published by the Institute of Chartered Accountants of Sri Lanka did not have any material impact on the financial statements of the Group.

NOTES TO THE FINANCIAL STATEMENTS

4 PROPERTY, PLANT AND EQUIPMENT

4.1 Group

	Freehold land	Civil construction at hydropower plants	Office equipment	Furniture and fittings	Plant and machinery at hydropower plants
Cost/ Valuation					
Balance as at 1st April 2017	19,900,000	890,488,310	9,147,634	16,380,912	912,578,211
Additions	-	20,890,891	767,491	45,950	14,333,629
Disposals	-	-	-	-	-
Balance as at 31st March 2018	19,900,000	911,379,201	9,915,125	16,426,862	926,911,840
Additions	-	4,887,596	1,137,434	27,500	1,197,817
Transfers from Acquisition	-	-	-	-	-
Transfers from WIP	-	189,477,017	121,427	100,000	102,935,528
Disposals	-	-	(268,480)	(58,083)	-
Balance as at 31st March 2019	19,900,000	1,105,743,814	10,905,506	16,496,279	1,031,045,185
Accumulated depreciation					
Balance as at 1st April 2017	-	63,745,982	3,276,288	4,425,421	112,840,392
Charge for the year	-	14,400,808	1,118,163	1,998,911	27,623,049
Disposals	-	-	-	-	-
Balance as at 31st March 2018	-	78,146,790	4,394,451	6,424,332	140,463,441
Charge for the year	-	15,647,382	1,151,650	1,945,402	28,958,086
Disposals	-	-	(268,480)	(58,083)	-
Balance as at 31st March 2019	-	93,794,172	5,277,621	8,311,651	169,421,527
Carrying value as at 31st March 2018	19,900,000	833,232,411	5,520,674	10,002,530	786,448,399
Carrying value as at 31st March 2019	19,900,000	1,011,949,642	5,627,885	8,184,628	861,623,658

4.2 During the year fixed assets additions and cash payments - Group

During the financial year, the Group acquired property, plant and equipment to the aggregate value of Rs. 530,350,407/- (2018 - Rs. 301,648,062/-). Cash payments amounted to Rs. 406,510,951/- (2018 - Rs. 279,322,783/-) were made during the year for acquisition/ construction of property, plant and equipment.

Computer equipment	Motor vehicles	Generators	Construction in Progress	Total
9,067,379	27,731,181	1,347,752	64,021,423	1,950,662,802
300,877	12,903,750	-	252,405,474	301,648,062
-	(3,000,000)	-	-	(3,000,000)
9,368,256	37,634,931	1,347,752	316,426,897	2,249,310,864
803,480	274,430	-	397,754,835	406,083,092
-	-	-	124,267,315	124,267,315
60,600	270,300	-	(292,964,872)	-
(1,907,558)	(2,245,500)	-	-	(4,479,621)
8,324,778	35,934,161	1,347,752	545,484,175	2,775,181,650
5,781,198	16,978,355	490,608	-	207,538,244
1,789,982	5,024,440	144,991	-	52,100,344
-	(625,125)	-	-	(625,125)
7,571,180	21,377,670	635,599	-	259,013,463
1,565,166	4,630,014	128,148	-	54,025,848
(1,907,558)	(467,910)	-	-	(2,702,031)
7,228,788	25,539,774	763,747	-	310,337,280
1,797,076	16,257,261	712,153	316,426,897	1,990,297,401
1,095,990	10,394,387	584,005	545,484,175	2,464,844,370

NOTES TO THE FINANCIAL STATEMENTS

4.3 Information on freehold lands and buildings of the group - extents and locations

Freehold lands

Name of the company	Location	Freehold land extent	Revaluation amount (Rs.)
Resus Energy PLC	Giddawa, Digana, Teldeniya	1A - 3R - 30.90P	12,500,000
Resus Energy PLC	Dikkellakanda, Maliboda, Deraniyagala	0A - 3R - 31.83P	3,500,000
Gomale Oya Hydro Power (Pvt) Limited	Magala, Deraniyagala	1A - 0R - 26.91P	3,900,000
		2A - 7R - 22.65P	19,900,000

Freehold buildings

Name of the company	Location	No. of buildings	Sq. ft. of buildings
Resus Energy PLC	Giddawa, Digana, Teldeniya	2	4,103
Resus Energy PLC	Lindula, Talawakelle	2	5,078
Resus Energy PLC	Dikkellakanda, Maliboda, Deraniyagala	2	3,504
Gomale Oya Hydro Power (Pvt) Limited	Magala, Deraniyagala	2	2,518
Moragaha Oya (Pvt) Limited	Digana, Teldeniya	1	1,520
JB Power (Pvt) Limited	Maliboda, Deraniyagala	1	2,100
		10	18,823

The carrying value of the above buildings is reflected under civil construction of hydropower plants.

4.4 Property, plant and equipment pledged as security against long-term bank loans

Land, buildings including civil structures and power generating equipment of hydropower projects with a carrying value of Rs.1,882,034,027/- have been pledged as security against bank loans as at the reporting date (2018 - Rs. 1,639,580,810/-).

		Carrying value as at 31st March 2019 (Rs.)				Loan capital outstanding as at 31st March 2019 (Rs.)
Company	Lender	Freehold land	Civil structures	Hydropower plant and machinery	Total	
Resus Energy PLC	Sampath bank PLC and NDB PLC	16,000,000	475,033,907	441,851,780	916,885,687	481,703,467
Gomale Oya Hydro Power (Pvt) Limited	Sampath bank PLC	3,900,000	129,122,851	141,860,521	274,883,372	160,094,405
Moragaha Oya (Pvt) Limited	Sampath bank PLC	-	190,212,784	204,540,876	394,753,660	246,000,000
JB Power (Pvt) Limited	Seylan Bank PLC	-	192,517,145	102,994,163	295,511,308	150,000,000
		19,900,000	986,886,688	891,247,340	1,882,034,027	1,037,797,872

4.5 Fully depreciated but still in use

The cost of fully-depreciated property, plant and equipment of the Group which are still in use amounted to Rs. 8,879,536/- (2018 - Rs. 11,113,657/-).

4.6 Impairment

Based on the assessment of potential impairment carried out internally for fixed assets by the board of directors as at 31 March 2019, no provision was required to be made in the financial statement.

4.7 Borrowing Costs

Borrowing costs amounting Rs. 38,346,599/- that are directly attributable to the acquisition, construction or production of a qualifying assets have been capitalized as part of the cost of the asset in accordance with Sri Lanka Accounting Standard - LKAS 23 on "Borrowing Costs" (2018- Rs. 22,325,279/-).

4.8 There were no restrictions existed on the title to the property, plant and equipment of the Group/Company as at the reporting date.

4.9 The useful lives of the assets of the Group are estimated as follows:

	2019	2018
Civil construction at hydropower plants	60 Years	60 Years
Office equipment	8 Years	8 Years
Furniture and fittings	8 Years	8 Years
Plant and machinery at hydropower plants	33 1/3 Years	33 1/3 Years
Computer equipment	3 Years	3 Years
Motor vehicles	6 Years	6 Years
Generators	8 Years	8 Years

The estimated useful life time has been prepared by assuming the current SPPA will be extended/renewed by fifteen years at the expiration of remaining year. Current development in the sector were considered to forecast the renewed tariff.

NOTES TO THE FINANCIAL STATEMENTS

4.10 Company

	Freehold land	Civil construction at hydropower plants	Plant and machinery at hydropower plants	Computer equipment	Motor vehicles
Cost/ Valuation					
Balance as at 1st April 2017	-	-	-	8,031,739	26,208,441
Additions	-	-	-	90,900	9,859,950
Disposals	-	-	-	-	(3,000,000)
Balance as at 31st March 2018	-	-	-	8,122,639	33,068,391
Additions	-	-	-	556,700	-
Transferred on Amalgamation	16,000,000	556,508,546	586,163,727	1,043,960	1,772,040
Disposals	-	-	-	(1,796,335)	-
Balance as at 31st March 2019	16,000,000	556,508,546	586,163,727	7,926,964	34,840,431
Accumulated depreciation					
Balance as at 1st April 2017	-	-	-	4,962,703	16,437,568
Charge for the year	-	-	-	1,678,997	4,573,812
Disposals	-	-	-	-	(625,125)
Balance as at 31st March 2018	-	-	-	6,641,700	20,386,255
Charge for the year	-	809,290	1,416,987	1,378,877	4,036,298
Transferred on Amalgamation	-	80,665,349	142,894,960	783,760	892,218
Disposals	-	-	-	(1,796,335)	-
Balance as at 31st March 2019	-	81,474,639	144,311,947	7,008,002	25,314,771
Carrying value as at 31st March 2018	-	-	-	1,480,939	12,682,136
Carrying value as at 31st March 2019	16,000,000	475,033,907	441,851,780	918,962	9,525,660

4.11 During the year fixed assets additions and cash payments - Company

During the financial year, the Company acquired property, plant and equipment to the aggregate value of Rs. 1,620,305/- for cash (2018 - Rs. 10,601,540/-).

4.12 Fully depreciated but still in use

The cost of fully depreciated assets of the Company which are still in use as at 31 March 2019 amounts to Rs. 7,405,299/- (2018- Rs. 9,482,077/-).

Office equipment	Furniture and fittings	Generators	Total
5,829,599	14,501,351	1,293,752	55,864,882
650,690	-	-	10,601,540
-	-	-	(3,000,000)
6,480,289	14,501,351	1,293,752	63,466,422
1,063,605	-	-	1,620,305
3,075,263	1,854,088	54,000	1,166,471,624
(222,360)	(58,083)	-	(2,076,778)
10,396,797	16,297,356	1,347,752	1,229,481,573
1,731,318	3,311,611	476,816	26,920,016
736,261	1,773,480	138,823	8,901,373
-	-	-	(625,125)
2,467,579	5,085,091	615,639	35,196,264
702,877	1,799,081	26,712	10,170,122
2,224,979	1,505,323	122,990	229,089,579
(222,360)	(58,083)	-	(2,076,778)
5,173,075	8,331,412	765,341	272,379,187
4,012,710	9,416,260	678,113	28,270,158
5,223,722	7,965,944	582,411	957,102,386

NOTES TO THE FINANCIAL STATEMENTS

5 INTANGIBLE ASSETS

5.1 Group

Gross value	Balance as at 01st April 2018	Additions	**Balance as at 31st March 2019**
	Rs.	Rs.	Rs.
Goodwill	141,752,566	55,732,378	197,484,944
	141,752,566	55,732,378	197,484,944

Total carrying value - As at 31st March	**2019**	2018
	Rs.	Rs.
Goodwill	197,484,944	141,752,566
	197,484,944	141,752,566

5.2 Goodwill during the year

Goodwill arising from the acquisition of Sierra Power (Pvt) Limited has been recognized as follows,

	Rs.
Purchase consideration	180,000,020
NCI, based on their proportionate interest in the recognized amounts of net assets	-
Value of identifiable net assets acquired	(124,267,642)
Goodwill	55,732,378

5.3 The Company and its subsidiaries annually carry out impairment tests on all its intangible assets. The business acquisition to which the goodwill is attributable is valued based on the earnings growth method. Assumptions applied in such computations are reviewed each year.

Goodwill as at the date of financial position has been tested for impairment and found no impairment for the carrying value. Recoverable values for the above test was estimated based on value in use of the acquired assets on business combination in the normal course of business. The key assumptions used to determine the recoverable amount are as follows;

Long-term growth rate for cash flows for subsequent years

Based on historical growth rate and business plan.

Discount rate

The discount rate used is the risk free rate, adjusted by the addition of an appropriate risk premium (15% - 18%).

Inflation rate

Based on the current inflation rate and the percentage of the total cost subject to the inflation

Period covered

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

Subsidiary	Remaining years	Current Tariff per KWh (Rs.)
Okanda Power Grid (Pvt) Ltd - Amalgamated with Resus Energy PLC	12 years	14.58
Upper Agra Oya Hydro Power (Pvt) Ltd - Amalgamated with Resus Energy PLC	2 years	15.74/17.58
J.B Power (Pvt) Ltd	19 years	14.58
Sierra Power (Pvt) Ltd	20 years	17.39

The value in use computation has been prepared by assuming the current SPPA will be extended/ renewed by fifteen years at expiration of remaining years. Current development in the sector were considered to forecast the renewed tariff.

Gross margins

The basis used to determine the value assigned to the budgeted gross margins is the gross margins achieved in the year preceding the budgeted year

adjusted for projected market conditions and the tariff for electricity generate.

5.4 Following business acquisitions resulted in recognition of Goodwill at the year of acquisition ;

	Rs.
Okanda Power Grid (Pvt) Ltd	20,405,018
Upper Agra Oya Hydro Power (Pvt) Ltd	106,347,548
J.B Power (Pvt) Ltd	15,000,000
Sierra Power (Pvt) Ltd	55,795,378
	197,547,944

5.5 Company

Gross value	
	Rs.
Transferred on Amalgamation	126,752,566
Balance as at 31st March 2019	126,752,566

NOTES TO THE FINANCIAL STATEMENTS

Giddawa Hydro Power (Pvt) Ltd, Okanda Power Grid (Pvt) Ltd and Upper Agra Oya Hydro Power (Pvt) Ltd were amalgamated with Resus Energy PLC on 28th February 2019 and continue to operate as Resus Energy PLC (Note 6.2).

The amalgamation between entities is considered as a common control transaction, as Resus Energy PLC continues to control the operations of amalgamated entities after the amalgamation. The business operations of amalgamated subsidiaries are similar and have identical net assets which were not changed after the amalgamation.

Therefore Resus Energy PLC will continue to record carrying values including the remaining goodwill that resulted from the original acquisition of Upper Agra Oya Hydro Power (Pvt) Ltd and Okanda Power Grid (Pvt) Ltd in the financial statements.

6 INVESTMENTS IN SUBSIDIARIES

	Effective holding %		No. of shares		Cost of investment	
As at 31st March	**2019**	2018	**2019**	2018	**2019**	2018
					Rs.	Rs.
Direct subsidiaries						
Giddawa Hydro Power (Pvt) Ltd (Note 6.2)	-	100%	-	1,335,004	-	133,500,272
Okanda Power Grid (Pvt) Ltd (Note 6.2)	-	100%	-	11,066,696	-	114,648,558
Upper Agra Oya Hydro Power (Pvt) Ltd (Note 6.2)	-	100%	-	5,143,761	-	108,238,305
Rawanakanda Hydro Power (Pvt) Ltd	100%	100%	10	10	100	100
J.B Power (Pvt) Ltd	100%	100%	1,045,005	45,005	120,310,995	20,310,995
Resus Solar (Pvt) Ltd	100%	100%	100	100	1,000	1,000
Sierra Power (Pvt) Ltd (Note 6.1)	100%	-	8,680,003	-	180,000,020	-
Transferred from Amalgamation						
Upper Huluganga (Pvt) Ltd	100%	-	660,002	-	66,000,020	-
Moragaha Oya (Pvt) Ltd	100%	-	1,470,002	-	147,000,020	-
Gomale Oya Hydro Power (Pvt) Ltd	100%	-	1,000,001	-	100,000,000	-
Resus Eastern Solar (Pvt) Ltd	100%	-	100		1,000	
Sub subsidiaries*						
Upper Huluganga (Pvt) Ltd	-	100%	-	660,002	-	-
Moragaha Oya (Pvt) Ltd	-	100%	-	1,470,002	-	-
Gomale Oya Hydro Power (Pvt) Ltd	-	100%	-	1,000,001	-	-
Resus Eastern Solar (Pvt) Ltd	-	100%	-	100	-	-
					613,313,155	376,699,230

**Sub subsidiaries were transferred to the company at the amalgamation*

6.1 Acquisition during the year

The Company acquired the entirety of 8,680,003 ordinary shares of Sierra Power (Pvt) Ltd in April, 2018 for a total purchase consideration of Rs. 180,000,020/-. Sierra Power (Pvt) Ltd owns the approvals to develop a 2MW mini hydropower project in Nuwara Eliya District.

6.2 Amalgamation of Gidawa Hydro Power (Pvt) Ltd, Okanda Power Grid (Pvt) Ltd, Upper Agra Oya (Pvt) Ltd with Resus Energy PLC

Resus Energy PLC amalgamated with its wholly owned subsidiaries, Giddawa Hydro Power (Private) Limited, Upper Agra Oya Hydro Power (Private) Limited and Okanda Power Grid (Private) Limited under section 242(1) of the Companies Act No. 7 of 2007, effective from 28th February 2019. The company applied the below accounting policy in accounting for assets and liabilities transferred to Resus Energy PLC.

- Assets and liabilities of the combining entities were transferred at their carrying amounts and accordingly no adjustments have been made to reflect their fair values on the transaction date.
- Inter-company transactions have been eliminated in full.
- The Statement of Profit or Loss and Statement of Comprehensive Income of Resus Energy PLC reflects the results of Giddawa Hydro Power (Pvt) Ltd, Okanda Power Grid (Pvt) Ltd and Upper Agra Oya Hydro Power (Pvt) Ltd from the date of the amalgamation.
- Separate audit reports for Giddawa Hydro Power(Pvt) Ltd, Okanda Power Grid (Pvt)Ltd and Upper Agra Oya Hydro Power (Pvt) Ltd were issued for transactions upto 28th February 2019.

Composition of Assets and Liabilities of Amalgamated Entities as at the date of amalgamation

	Giddawa Hydro Power (Pvt) Ltd	Okanda Power Grid (Pvt) Ltd	Upper Agra Oya Hydro Power (Pvt) Ltd	Total
Assets				
Property, plant and equipment	357,390,232	372,965,542	207,216,267	937,572,041
Investments in subsidiaries	183,001,040	100,000,010	30,000,000	313,001,050
Inventories	4,749,724	1,050,752	233,036	6,033,512
Trade and other receivables	141,646,862	97,590,713	176,712,252	415,949,827
Income tax recoverable	927,663	1,000,704	960,493	2,888,860
Cash and cash equivalents	60,000	212,111	75,000	347,111
Total Assets (A)	687,775,521	572,819,832	415,197,048	1,675,792,401
Liabilities				
Interest bearing loans and borrowings	226,798,393	216,511,216	81,953,660	525,263,269
Retirement benefit obligations	733,600	911,276	1,402,419	3,047,295
Deferred tax liabilities	7,232,105	1,092,259	2,359,398	10,683,762
Trade and other payables	159,719,153	46,444,483	71,990,629	278,154,266
Income tax liabilities	9,914,310	3,360,132	8,507,599	21,782,041
Bank overdrafts	25,274,473	23,269,447	24,835,512	73,379,432
Total Liabilities (B)	429,672,034	291,588,813	191,049,218	912,310,065
Total Identifiable Net Assets (A-B)	258,103,487	281,231,019	224,147,830	763,482,336
Investment in Amalgamated entities	(133,500,272)	(114,648,558)	(108,238,305)	(356,387,135)
Goodwill recognized on initial acquisition	-	20,405,018	106,347,548	126,752,566
Total Balances transferred on amalgamation	124,603,215	186,987,479	222,257,073	533,847,768

NOTES TO THE FINANCIAL STATEMENTS

6.3 Summarised material financial information of subsidiaries

	As at 31 March 2019		
	Assets	Liabilities	Equity
Gomale Oya Hydro Power (Pvt) Ltd	298,443,893	199,194,581	99,249,312
Moragaha Oya (Pvt) Ltd	505,006,658	289,140,546	215,866,112
J.B Power (Pvt) Ltd	363,168,390	359,586,174	3,582,216
Upper Hulu Ganga (Pvt) Ltd	480,282,552	414,312,532	65,970,020
Sierra Power (Pvt) Ltd	278,351,482	129,762,156	148,589,326

6.4 Issue of new shares

During the year, JB Power (Pvt) Ltd issued 1,000,000 ordinary shares to Resus Energy PLC for a consideration of Rs.100Mn.

7 FINANCIAL INVESTMENT - FAIR VALUE THROUGH OCI

	Group		Company	
	2019	2018	**2019**	2018
	Rs.	Rs.	Rs.	Rs.
Investment in Panasian Power PLC (Note 7.1)	-	82,693,527	-	82,693,527
7.1 Investment in Panasian Power PLC				
Balance at the beginning of the year	82,693,527	109,500,000	82,693,527	109,500,000
Fair value gain/(loss) for the year	5,130,670	(8,600,893)	5,130,670	(8,600,893)
Cost of the investment sold	(87,824,197)	(18,205,580)	(87,824,197)	(18,205,580)
Balance at the end of the year	-	82,693,527	-	82,693,527

8 INVENTORIES

	Group		Company	
	2019	2018	**2019**	2018
	Rs.	Rs.	Rs.	Rs.
Spare parts	7,298,404	5,114,379	6,033,512	-
Total inventories at the lower of cost and net realisable value	7,298,404	5,114,379	6,033,512	-

9 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019	2018	**2019**	2018
	Rs.	Rs.	Rs.	Rs.
Trade receivables (Note 9.1)	73,884,889	39,346,205	62,066,441	-
Advances, deposits and pre-payments	93,818,587	50,984,857	31,786,837	28,400,584
Staff loans receivable (Note 9.2)	1,243,427	2,851,839	1,170,139	1,520,047
Other receivables	827,582	3,196,001	823,281	1,822,615
Group balance receivable (Note 9.3)	-	-	125,895,805	158,622,479
	169,774,485	96,378,902	221,742,503	190,365,725

9.1 Trade receivable

Trade Receivable comprise only the Ceylon Electricity Board which is sole electricity buyer of all subsidiaries. As at 31st March 2019, the ageing analysis of Group trade receivables is as follows;

Company	Total	Current	< 30 days	< 60 days
	Rs.	Rs.	Rs.	Rs.
Resus Energy PLC	62,066,441	53,086,890	8,979,551	-
Gomale Oya Hydro Power (Pvt) Ltd	7,568,235	805,813	6,762,422	-
Moragaha Oya (Pvt) Ltd	1,271,650	676,582	-	595,068
JB Power (Pvt) Ltd.	2,978,563	1,322,304	1,656,259	-
	73,884,889	55,891,589	17,398,232	595,068

9.2 Staff loans receivable

	Group		Company	
	2019	2018	**2019**	2018
	Rs.	Rs.	Rs.	Rs.
Balance at the beginning of the year	2,851,839	2,398,956	1,520,047	731,934
Loans granted during the year	448,625	2,850,998	375,335	1,403,750
Less: Repayments	(2,057,037)	(2,398,115)	(725,245)	(615,637)
Balance at the end of the year	1,243,427	2,851,839	1,170,137	1,520,047

NOTES TO THE FINANCIAL STATEMENTS

9.3 Group balance receivable

		Company	
		2019	2018
Company name	Relationship	Rs.	Rs.
Giddawa Hydro Power (Pvt) Ltd	Subsidiary/Amalgamated	-	5,169,062
Rawanakanda Hydro Power (Pvt) Ltd	Subsidiary	651,515	591,113
J.B Power (Pvt) Ltd	Subsidiary	21,271,477	96,737,978
Resus Solar (Pvt) Ltd	Subsidiary	14,033,017	6,222,237
Upper Huluganga (Pvt) Ltd	Subsidiary	68,989,425	43,876,352
Gomale Oya Hydro Power (Pvt) Ltd	Subsidiary	9,716,412	-
Resus Eastern Solar One (Pvt) Ltd	Subsidiary	11,233,959	6,025,737
		125,895,805	158,622,479

9.3.1 Summary of related party balances movement elaborated in Note no 29.2.

9.3.2 Based on the assessment of potential impairment carried out internally by the board of directors as at 31 March 2019, no provision was required to be made in the financial statement.

10 CASH AND CASH EQUIVALENTS

		Group		Company	
		2019	2018	**2019**	2018
		Rs.	Rs.	Rs.	Rs.
10.1	**Favourable cash and cash equivalent balances**				
	Cash in hand and at bank	120,332,487	157,016,566	119,153,141	86,142,571
10.2	**Unfavourable cash and cash equivalent balances**				
	Bank overdrafts	(280,686,724)	(89,988,341)	(259,066,008)	(26,125,755)
	Total cash and cash equivalents for the purpose of statement of cash flow	(160,354,237)	67,028,225	(139,912,867)	60,016,816

11 STATED CAPITAL - GROUP/COMPANY

Fully paid ordinary shares	**2019**		2018	
	No of Shares	Rs.	No of Shares	Rs.
At the beginning of the year	58,390,263	300,000,000	58,390,263	300,000,000
Issue of new shares (Note 11.1)	17,117,999	379,506,038	-	-
At the end of the year	75,508,262	679,506,038	58,390,263	300,000,000

11.1 The Board of Directors of Resus Energy PLC authorized an interim dividend of Rs. 379,506,038/- amounting to a dividend per share of Rs. 6.50 in the form of a scrip dividend by the issue of 17,117,999 ordinary shares computed on the basis of One (1) ordinary share for every 3.410769126 ordinary shares held as at the end of trading on the date of the allotment.

The Company do issue aforementioned ordinary shares on March, 2019 under the scrip dividend at a consideration of Rs. 22.17 per share amounting to Rs. 379,506,038/- in total.

11.2 Rights, preferences and restrictions of classes of capital

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share on a poll at a meeting of the Company.

12 NON-CURRENT FINANCIAL LIABILITIES

	Group		Company	
Financial liabilities at amortised cost	**2019**	2018	**2019**	2018
	Rs.	Rs.	Rs.	Rs.
Preference shares	-	83,978,010	-	-
Non-current financial liabilities at amortised cost	-	83,978,010	-	-

Preference share liability of Rs. 83.98Mn includes redeemable preference shares issued by Giddawa Hydro Power (Pvt) Ltd to Hemas Holdings PLC and Hemas Pharmaceuticals (Pvt) Ltd amounting to Rs. 81.0Mn and preference shares issued by Upper Agra Oya Hydro Power (Pvt) Ltd to Hatton Plantations PLC amounting Rs. 2.98Mn were fully settled during 2018/19.

13 INTEREST BEARING LOANS AND BORROWINGS

	Group		Company	
	2019	2018	**2019**	2018
	Rs.	Rs.	Rs.	Rs.
13.1 Movement				
At the beginning of the year	1,305,804,835	1,073,381,617	85,000,000	85,000,000
Loans obtained during the year	605,077,599	455,200,000	260,000,000	85,000,000
Amounts transferred on Amalgamation	-	-	525,263,269	-
Interest charged to profit or loss (Note 21.1)	116,115,915	103,976,113	4,205,401	9,650,788
Borrowing cost capitalized	38,346,599	22,325,279	-	-
Interest payments	(153,745,477)	(123,238,174)	(12,940,203)	(9,650,788)
Capital repayments during the year	(254,524,000)	(225,840,000)	(119,825,000)	(85,000,000)
At the end of the year at amortised cost	1,657,075,471	1,305,804,835	741,703,467	85,000,000
Classified as current liabilities (repayable within one year)	434,414,937	250,628,852	301,510,000	85,000,000
Classified as non-current liabilities (repayable after one year)	1,222,660,534	1,055,175,983	440,193,466	-
	1,657,075,471	1,305,804,835	741,703,466	85,000,000

NOTES TO THE FINANCIAL STATEMENTS

13.2 Details of loans as at 31st March 2019

Company	Facility	Lenders	Principal amount	Amount outstanding	Repayments terms	Interest rate
Transferred on Amalgamation from Giddawa Hydro Power (Pvt) Ltd	Syndicated loan facility	NDB PLC	178,000,000	100,002,733	Repayable in 28 quarterly instalments commenced from December 2015.	Fixed rate
		Sampath Bank PLC	198,000,000	110,852,733		
Transferred on Amalgamation from Okanda Power Grid (Pvt) Ltd	Syndicated loan facility	NDB PLC	169,500,000	95,170,235	Repayable in 28 quarterly instalments commenced from December 2015.	Fixed rate
		Sampath Bank PLC	189,500,000	106,120,235		
Transferred on Amalgamation from Upper Agra Oya Hydro Power (Pvt) Ltd	Syndicated loan facility	NDB PLC	97,500,000	31,587,531	Repayable in 16 quarterly instalments commenced from December 2015.	Fixed rate
		Sampath Bank PLC	117,500,000	37,970,000		
Gomale Oya Hydro Power (Pvt) Ltd	Project financing loan facility	Sampath Bank PLC	200,000,000	160,094,405	Repayable in 59 monthly instalments commenced from October 2017.	3 months AWPLR based plus margin
Moragaha Oya (Pvt) Ltd	Project financing loan facility	Sampath Bank PLC	246,000,000	246,000,000	Repayable in 60 monthly instalments commenced from March 2019.	1 month AWPLR based plus margin
Upper Hulu Ganga (Pvt) Ltd	Project financing loan facility	Hatton National Bank PLC	263,500,000	263,500,000	Repayable in 72 monthly instalments commencing from July 2019.	1 month AWPLR based plus margin
J.B Power (Pvt) Ltd	Project financing loan facility	Seylan Bank PLC	50,000,000	50,000,000	Repayable in 96 monthly instalments commencing from April 2020.	3 months AWPLR based plus margin
		Seylan Bank PLC	100,000,000	100,000,000	Repayable in 47 monthly instalments commenced from March 2019.	Fixed rate
Sierra Power (Pvt) Ltd	Project Financing Loan Facility	Sampath Bank PLC	200,000,000	-	Repayable in 96 monthly instalments commencing from July 2020.	1 months AWPLR based plus margin
		Sampath Bank PLC	200,000,000	95,777,599	Repayable in 48 monthly instalments.	Fixed rate
Resus Energy PLC	Bridging facility	Commercial Bank PLC	100,000,000	100,000,000	Bullet repayment at maturity as at September 2019.	Fixed rate
Resus Energy PLC	Credit Facility	Nation Trust Bank PLC	100,000,000	100,000,000	Repayable in 11 quarterly instalments commencing from June 2019.	Weekly AWPLR based plus margin
Resus Energy PLC	Short Term Loan Facility	Sampath Bank PLC	60,000,000	60,000,000	Repayable in June 2019.	1 month AWPLR based plus margin
				1,657,075,471		

13.3 Security offered for syndicated loan facilities

a) Primary concurrent mortgage over immovable project assets, movable project assets including project documents (licenses, approvals, agreements, contracts, bonds), book debts, insurance proceeds and receivables.

13.4 Security offered for project financing loan facilities

a.) Primary mortgage over immovable and movable projects assets including project appovals, book debts and insurance proceeds.

b) Primary mortgage bond over entirety of shares issued supported by a power of attorney.

c) Corporate guarantee issued by Resus Energy PLC.

14 RETIREMENT BENEFIT OBLIGATIONS - GRATUITY

	Group		Company	
	2019	2018	**2018**	2017
	Rs.	Rs.	Rs.	Rs.
At the beginning of the year	14,556,313	9,758,925	11,759,230	7,858,942
Current service cost	1,601,194	1,487,765	1,594,925	1,061,802
Interest cost on benefit obligation	1,679,541	1,171,071	1,616,066	943,073
Actuarial (gain)/loss on obligation	232,214	2,706,034	232,007	1,895,413
Benefits paid during the year	(931,463)	(567,482)	(931,463)	-
Transferred on Amalgamation	-	-	2,740,084	-
At the end of the year	17,137,799	14,556,313	17,010,849	11,759,230
14.1 The total amount charged to statement of profit or loss				
Current service cost	1,601,194	1,487,765	1,594,925	1,061,802
Interest cost on benefit obligation	1,679,541	1,171,071	1,616,066	943,073
	3,280,735	2,658,836	3,210,991	2,004,875

14.2 Acturial & Management Consultants (Pvt) Ltd, carried out an actuarial valuation of the defined benefit plan - gratuity on 31st March 2019. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used as at 31st March2019 are as follows:

	2019	2018
Method of Actuarial Valuation:	Projected unit credit method	Projected unit credit method
Financial assumptions		
Expected return on plan asset	N/A	N/A
Discount rate	11%	11%
Salary increment Rate	8%	8%
Staff turnover ratio	1% p.a. for all service groups	1% p.a. for all service groups
Demographic assumptions		
Mortality rate during employment	A 1967/70 Mortality Table	A 1967/70 Mortality Table
Retirement age	55 years	55 years

NOTES TO THE FINANCIAL STATEMENTS

14.3 Sensitivity of assumptions employed in actuarial valuation

The following table demonstrates the sensitivity to a reasonable possible change in the key assumptions employed with all other variables held constant in the retirement benefit liability measurement.

	2019		2018	
Group	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(825,628)	921,041	(773,535)	861,689
Salary increment rate	1,039,169	(946,181)	960,662	(874,862)
Company				
Discount rate	(808,989)	901,224	(507,832)	546,831
Salary increment rate	1,019,264	(929,394)	627,273	(590,240)

Sensitivity analysis is an analysis which will give the movement in liability if the assumptions were not proved to be true on different count. This only signifies the change in the liability if the difference between assumed and the actual is not following the parameters of the sensitivity analysis.

15 DEFERRED TAX

	Group/ Company			
	Deferred tax asset		Deferred tax liability	
	2019	2018	**2019**	2018
	Rs.	Rs.	Rs.	Rs.
15.1 Movement				
Balance at beginning of the year	991,135	1,992,860	(10,683,764)	(9,122,402)
(Charge)/release arising during the year recognised in the statement of profit or loss	5,431,285	(999,115)	(5,109,625)	(1,677,670)
Deferred tax effect on acturial (gain)/loss recognised in the OCI	29	(2,610)	(32,481)	116,308
Balance at end of the year	6,422,449	991,135	(15,825,870)	(10,683,764)

15.2 The closing deferred tax assets and (liability) balances relate to the following

	Statement of financial position		Statement of profit or loss		Other comprehensive income	
	2019	2018	**2019**	2018	**2019**	2018
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Accelerated depreciation for tax purposes	(36,540,917)	(27,595,340)	(6,807,703)	(7,787,107)	-	-
Retirement benefits obligations	2,399,292	390,562	(96,691)	11,525	(32,452)	113,698
Unutilised tax losses	24,738,203	17,512,149	7,226,055	6,516,451	-	-
Deferred tax impact from change in income tax rates	-	-	-	(1,417,654)	-	-
Deferred tax (charge)/release	-	-	321,661	(2,676,785)	(32,452)	113,698
Net deferred tax assets/(liabilities)	(9,403,421)	(9,692,629)	-	-	-	-

15.3 The Company has not recognised deferred tax asset on its carried forward unused tax losses of Rs. 267,462,666/- as at 31st March 2019 (2018 - Rs. 220,137,151/-) as it is not probable that temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised. Further to that, there is an ongoing tax dispute with the Department of Inland Revenue elaborated in Note no 28.3.

Unrecognised deferred tax assets are reassessed by the Company at each reporting date with the view of recognising to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

16 TRADE AND OTHER PAYABLES

	Group		Company	
	2019	2018	**2019**	2018
	Rs.	Rs.	Rs.	Rs.
Trade and other payables	14,222,633	9,267,909	-	1,973,397
Group balance payable (Note 16.1)	-	-	97,852,642	93,424,074
Dividends payable*	146,709,053	85,697,666	146,709,053	81,238,037
Sundry creditors including accrued expenses	39,678,198	32,823,123	39,349,601	16,091,029
	200,609,884	127,788,698	283,911,296	192,726,537

*Dividend payable balance consist of dividend cheques issued but yet unpresented by the shareholders.

16.1 Group balance payable

		Company	
Company name	Relationship	**2019**	2018
		Rs.	Rs.
Upper Agra Oya Hydro Power (Pvt) Ltd	Subsidiary/Amalgamated	-	23,752,840
Giddawa Hydro Power (Pvt) Ltd	Subsidiary/Amalgamated	-	30,342,593
Okanda Power Grid (Pvt) Ltd	Subsidiary/Amalgamated	-	18,714,858
J.B Power (Pvt) Ltd	Subsidiary	-	5,600,000
Sierra Power (Pvt) Ltd	Subsidiary	51,578,443	-
Moragaha Oya (Pvt) Ltd	Subsidiary	46,274,199	14,985,744
Gomale Oya Hydro Power (Pvt) Ltd	Subsidiary	-	28,039
		97,852,642	93,424,074

16.1.1 Summary of related party balances movement elaborated in Note no 29.2.

17 REVENUE

	Group		Company	
	2019	2018	**2019**	2018
	Rs.	Rs.	Rs.	Rs.
Supply of electricity	521,062,459	408,644,139	4,643,903	-
Dividend income	-	-	-	2,917,203
Interest income from investments	-	-	-	9,650,788
Gain on share repurchase	-	-	-	9,079,218
	521,062,459	408,644,139	4,643,903	21,647,209

NOTES TO THE FINANCIAL STATEMENTS

18 OTHER OPERATING INCOME/(EXPENSE)

	Group		Company	
	2019	2018	**2019**	2018
	Rs.	Rs.	Rs.	Rs.
Profit/(loss) on sale of fixed assets	(415,590)	48,301	12,000	48,301
Loss on sale of investment - Available-for-sale	-	(203,899)	-	(203,899)
	(415,590)	(155,598)	12,000	(155,598)

19 Summarised material financial information of subsidiaries

	For the year ended 31 March 2019	
	Revenue	**Operating Profit**
Gomale Oya Hydro Power (Pvt) Ltd	47,261,992	28,122,216
Moragaha Oya (Pvt) Ltd	92,775,658	69,568,705
J.B Power (Pvt) Ltd	6,022,284	3,087,682
Upper Hulu Ganga (Pvt) Ltd	Project is under construction	
Sierra Power (Pvt) Ltd	Project is under construction	

20 IMPAIRMENT CHARGE

Based on the assessment of potential impairment carried out internally by the board of directors as at 31 March 2019, no provision was required to be made in the financial statement.

21 NET FINANCE COST

		Group		Company	
		2019	2018	**2019**	2018
		Rs.	Rs.	Rs.	Rs.
21.1	**Finance cost**				
	Interest expense on overdrafts	26,881,053	8,385,034	17,494,276	3,282,241
	Term loan interest	116,115,915	103,976,113	4,205,401	9,650,788
	Preference share dividends	5,069,356	6,550,000	-	-
	Bank guarantee charges	965,298	248,618	646,121	248,618
	(Gain)/loss on redemption of preference shares	1,489,005	-	-	-
		150,520,627	119,159,765	22,345,798	13,181,647
21.2	**Finance income**				
	Interest income on staff loans	47,867	212,523	45,511	81,787
	Interest income-others	559,881	326,200	495,074	244,340
		607,748	538,723	540,585	326,127
	Net finance cost	149,912,879	118,621,042	21,805,213	12,855,520

22 PROFIT/(LOSS) BEFORE TAX

	Group		Company	
	2019	2018	**2019**	2018
	Rs.	Rs.	Rs.	Rs.
Stated after charging all expenses including the following				
Depreciation (Note 4)	54,025,848	52,100,344	10,170,121	8,901,373
Directors' fees and emoluments - Short-term employment benefits (Note 30.3)	19,238,772	17,645,604	19,238,772	17,645,604
- Post-employment benefits	3,872,918	3,452,697	3,872,918	3,452,697
Donations	1,522,294	1,618,904	343,025	224,945
Auditors' remuneration	-	-	-	-
Auditors' fees	1,538,269	1,863,877	584,423	563,706
Non-audit services	718,122	370,531	718,122	370,531
Staff costs;	-	-	-	-
- Defined contribution plan costs - MSPS, EPF and ETF	7,599,101	7,943,987	4,525,181	4,998,182
- Defined benefit plan costs - Gratuity (Note 14.1)	3,280,735	2,658,836	3,210,991	2,004,875
- Other staff costs	59,941,812	56,825,063	28,776,618	25,792,129

23 TAX EXPENSE

	Group		Company	
	2019	2018	**2019**	2018
	Rs.	Rs.	Rs.	Rs.
Current tax expense (Note 23.1)	26,746,824	10,625,049	-	-
Under/(Over) provision of current taxes in respect of prior year	3,468,168	7,995	-	-
Deferred tax charge/(release) (Note 15.2)	(321,660)	2,676,785	5,109,625	-
Total tax expense included in statement of profit or loss	29,893,332	13,309,829	5,109,625	-

NOTES TO THE FINANCIAL STATEMENTS

23.1 Reconciliation of accounting profit to current tax expense

	Group		Company	
	2019	2018	**2019**	2018
	Rs.	Rs.	Rs.	Rs.
Profit/(Loss) before taxation	192,450,880	129,475,503	(40,086,732)	(4,410,335)
Profit/Income not subject to tax	-	(39,584,154)	-	(2,917,203)
Other sources of income	64,806	(218,653)	-	-
Consolidated adjustments	-	11,996,421	-	-
Aggregate allowable expenses	(229,373,551)	(109,942,135)	(13,690,695)	(5,254,601)
Aggregate disallowed items	65,368,053	55,390,341	15,279,384	12,443,690
Taxable profit/(loss) from business	28,510,188	47,117,323	(38,510,043)	(138,449)
Other sources of income	218,653	218,653	-	-
Assessable Income	28,728,848	47,335,976	(38,510,043)	(138,449)
Net of tax losses generated and utilized during the year (Note 23.2)	161,909,952	46,508,428	-	-
Total Assessable Income	190,638,793	93,844,404	(38,510,043)	(138,449)
Income tax @ 12%	-	7,207,506	-	-
Income tax @ 14%	26,728,678	3,356,320	-	-
Income tax @ 28%	18,146	61,223	-	-
Current income tax expense	26,746,824	10,625,049	-	-

23.2 Tax losses

	Group		Company	
	2019	2018	**2019**	2018
	Rs.	Rs.	Rs.	Rs.
Tax losses brought forward	345,350,112	315,315,471	220,137,151	236,472,488
Prior year adjustment	-	(7,470,594)	8,815,472	(7,470,594)
Tax losses generated during the year	161,909,952	47,982,154	38,510,043	138,449
Tax losses utilised during the year	-	(1,473,726)	-	-
Tax losses write-off	-	(9,003,192)		(9,003,192)
Tax losses carried forward	507,260,064	345,350,112	267,462,666	220,137,151

23.3 The Company has not recognised deferred tax asset on its carried forward unused tax losses due to the ongoing tax dispute with the Department of Inland Revenue (Note 28.3)

The details of which are disclosed in Note 15.3 to the Financial Statements.

24. EARNINGS / (LOSS) PER SHARE

24.1 Basic earnings/(loss) per share

Basic Earnings/(Loss) Per Share is calculated by dividing the net profit/(loss) for the year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

	Group		Company	
	2019	2018	**2019**	2018
Profit/(Loss) attributable to equity holders of the parent (Rs.)	162,845,889	116,165,674	(45,196,357)	(4,410,335)
Weighted average number of ordinary shares in issue	75,508,262	75,508,262	75,508,262	75,508,262
Earnings/(Loss) per share	2.16	1.54	(0.60)	(0.06)

24.2 There were no potentially dilutive ordinary shares outstanding at any time during the year ended 31 March 2019. Therefore Diluted earnings per share is same as Basic earnings per share.

25. DIVIDENDS PAID

	2019			2018		
	Gross dividend	Dividend tax	Net dividend	Gross dividend	Dividend tax	Net dividend
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Interim dividend paid						
Rs. 2.00 cash dividend per share declared and paid in March, 2018	-	-	-	116,780,526	-	116,780,526
Rs. 1.50 cash dividend per share declared and paid in December, 2018	87,585,395	-	87,585,395	-	-	-
Rs. 2.50 cash dividend per share declared and paid in March, 2019	145,975,658	-	145,975,658	-	-	-
Total cash dividends	233,561,052	-	233,561,052	116,780,526	-	116,780,526

NOTES TO THE FINANCIAL STATEMENTS

26 ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS

Group as at 31st March 2019	Financial instruments at fair value through profit or loss	Financial instruments at amortized Cost	Financial instruments at fair value through OCI	Total carrying amount	Fair value
	Rs.	Rs.	Rs.	Rs.	Rs.
Financial assets not measured at fair value					
Cash and cash equivalents	-	120,332,487	-	120,332,487	120,332,487
Trade and other receivables	-	169,774,485	-	169,774,485	169,774,485
Total financial assets	-	290,106,972	-	290,106,972	290,106,972
Finacial liabilities not measured at fair value					
Interest bearing loans and borrowings	-	1,657,075,471	-	1,657,075,471	1,657,075,471
Trade and other payables	-	200,609,884	-	200,609,884	200,609,884
Bank overdrafts	-	280,686,724	-	280,686,724	280,686,724
Total financial liabilities	-	2,138,372,079	-	2,138,372,079	2,138,372,079

Group as at 31st March 2018	Financial instruments at fair value through profit or loss	Financial instruments at amortized Cost	Financial instruments at fair value through OCI	Total carrying amount	Fair value
	Rs.	Rs.	Rs.	Rs.	Rs.
Financial assets measured at fair value					
Financial investments - Fair value through OCI	-	-	82,693,527	82,693,527	82,693,527
Financial assets not measured at fair value					
Cash and cash equivalents	-	157,016,566	-	157,016,566	157,016,566
Trade and other receivables	-	96,378,902	-	96,378,902	96,378,902
Total financial assets	-	253,395,468	82,693,527	336,088,995	336,088,995
Finacial liabilities not measured at fair value					
Interest bearing loans and borrowings	-	1,305,804,835	-	1,305,804,835	1,305,804,835
Trade and other payables	-	127,788,698	-	127,788,698	127,788,698
Non-current financial liabilities	-	83,978,010	-	83,978,010	83,978,010
Bank overdrafts	-	89,988,341	-	89,988,341	89,988,341
Total financial liabilities	-	1,607,559,884	-	1,607,559,884	1,607,559,884

Company as at 31st March 2019	Financial instruments at fair value through profit or loss	Financial instruments at amortized Cost	Financial instruments at fair value through OCI	Total carrying amount	Fair value
	Rs.	Rs.	Rs.	Rs.	Rs.
Financial assets not measured at fair value					
Cash and cash equivalents	-	119,153,141	-	119,153,141	119,153,141
Trade and other receivables	-	221,742,503	-	221,742,503	221,742,503
Total financial assets	-	340,895,644	-	340,895,644	340,895,644
Finacial liabilities not measured at fair value					
Interest bearing loans and borrowings	-	741,703,466	-	741,703,466	741,703,466
Trade and other payables	-	283,911,296	-	283,911,296	283,911,296
Bank overdrafts	-	259,066,008	-	259,066,008	259,066,008
Total financial liabilities	-	1,284,680,770	-	1,284,680,770	1,284,680,770

Company as at 31st March 2018	Financial instruments at fair value through profit or loss	Financial instruments at amortized Cost	Financial instruments at fair value through OCI	Total carrying amount	Fair value
	Rs.	Rs.	Rs.	Rs.	Rs.
Financial assets measured at fair value					
Financial investments - Fair value through OCI	-	-	82,693,527	82,693,527	82,693,527
Financial assets not measured at fair value					
Cash and cash equivalents	-	86,142,571	-	86,142,571	86,142,571
Trade and other receivables	-	190,365,725	-	190,365,725	190,365,725
Total financial assets	-	276,508,296	82,693,527	359,201,823	359,201,823
Financial liabilities not measured at fair value					
Interest bearing loans and borrowings	-	85,000,000	-	85,000,000	85,000,000
Trade and other payables	-	192,726,537	-	192,726,537	192,726,537
Bank overdrafts	-	26,125,755	-	26,125,755	26,125,755
Total financial liabilities	-	303,852,292	-	303,852,292	303,852,292

NOTES TO THE FINANCIAL STATEMENTS

There is no difference between carrying amounts and fair values of the Group's and Company's financial assets and liabilities.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

Cash and short-term deposits, trade receivables and trade payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 31st March 2019, the carrying amounts of such receivables, net of allowances, are not materially different from their calculated fair values.

The fair value of loans from banks and other financial liabilities were estimated by discounting future cash flows using rates currently available for debts on similar terms, credit risk and remaining maturities.

26.1 Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques.

Level 1 : quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2 : other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3 : techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at 31st March 2019, the Group held the following financial and non-financial assets carried at fair value on the statement of financial position:

Group

Assets measured at fair value	**31st March 2019**	Level 1	Level 2	Level 3
Freehold lands - non-financial asset	19,900,000	-	-	19,900,000
	19,900,000	-	-	19,900,000

Company

Assets measured at fair value	**31st March 2019**	Level 1	Level 2	Level 3
Freehold lands - non-financial asset	16,000,000	-	-	16,000,000
	16,000,000	-	-	16,000,000

During the reporting period ending 31st March 2019, there were no transfers between Level 1 and Level 2 fair value measurements.

Financial liabilities are not measured at fair value.

27 EVENTS AFTER THE REPORTING PERIOD

There have been no material events occurring after the reporting period that require adjustments to or disclosure in the financial statements.

28 COMMITMENTS AND CONTINGENCIES

28.1 Capital expenditure commitments

Group

The Group's commitments for acquisition/construction of property, plant and equipment incidental to the ordinary course of business as at 31st March 2019 are as follows:

			Capital expenditure commitment as at	
	Capital expenditure budget	Incurred as at reporting date	**31st March 2019**	31st March 2018
	Rs millions	Rs millions	Rs millions	Rs millions
Construction of Upper Huluganga mini hydropower plant	365	342	23	120
Construction of Karapalagama mini hydropower plant	621	33	588	-

The Group intends to incur the above stated capital commitments in the ensuing financial year ending 31st March 2019.

Company

The Company has no commitment to acquire property, plant and equipment as at 31st March 2020.

28.2 Lease commitments

The Company has leased out office its office premises at No. 250/1, Torrington Avenue, Colombo 7 under an operating lease agreement. The lease agreement includes clauses to enable upward revision of the rental payments on a periodic basis to reflect market conditions. There are no restrictions placed upon the Group by entering into this lease.

Future minimum rentals payable under operating leases are as follows:

	Company/Group	
	2019	2018
	Rs.	Rs.
Within One Year	3,472,875	3,472,875
Between One and Five Years	-	3,472,875
After Five Years	-	-
Total	3,472,875	6,780,375

NOTES TO THE FINANCIAL STATEMENTS

Following operating lease charges have been recognised in the Statement of Profit or Loss on straight-line basis over the lease term.

	Company/Group	
	2019	2018
	Rs.	Rs.
Operating lease expense under Administrative expenses	3,335,063	3,126,075

There are no contingent rent provisions in the lease agreement nor any material provisions that have impact on dividends and borrowings of the Company.

28.3 Contingencies

The Department of Inland Revenue have raised income tax assessments by disputing the venture capital status of Resus Energy PLC and the treatment of interest income in tax returns for the years of assessment 2008/2009 to 2014/2015. For the years of assessment 2008/2009 and 2009/2010, the Tax Appeal Commission resolved that assessments are without legal effect as the assessor has failed to give valid notice of assessment to the Appellant (Resus Energy PLC) as required by Section 164 of the Inland Revenue Act.

The aggregate value of the assessed income tax for the years of assessment 2010/2011 to 2014/15 amounts to Rs. 35.2Mn for which no provision has been made in these financial statements. The Company has filed appeals against the assessments.

The bank guarantees given by Resus Energy PLC as at 31st March 2019 in respect of above assessments are amounted to Rs.11,577,819/- (2018 - Rs. 9,469,193/-).

In addition to that the Company has given bank guarantees, bid bonds and performance bonds amounting to Rs.78,000,000/-.

28.4 Litigations

There were no material litigations against the Group as at reporting date which require adjustments to or disclosure in the financial statements.

29 RELATED PARTY DISCLOSURES

29.1 Transaction with key management personnel

According to Sri Lanka Accounting Standard - LKAS 24 on 'Related Party Disclosures', Key Management Personnel (KMP) are those having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly. Accordingly, the Board of Directors of the Company (Executive and Non-Executive Directors) have been classified as KMPs. As the Company is the ultimate parent of the subsidiaries, the Board of Directors of the Company has the authority and responsibility for planning or controlling the activities of the Group directly or indirectly. Accordingly, the Board of Directors of the Company (Executive and Non-Executive) are KMPs of the Group.

a. Key management personnel (KMP) compensation

Group/Company	**2019**	2018
	Rs.	Rs.
Short-term employment benefits	19,238,772	17,645,604
Post-employment benefits	3,872,918	3,452,697
	23,111,690	21,098,301

The Company also has an obligation towards a post-employment benefit plan for the Executive Directors. The liability arising from the post-employment obligation has been provided for, based on an actuarial valuation and is disclosed under Employee Benefits Obligations in Note 14 to the Financial Statements.

The Executive Directors are entitled to a structured incentive scheme which is linked to performance. The Company contributes towards a post-employment contribution plan for the Executive Directors. In addition to their salaries, the Company provides non-cash benefits to KMPs.

There are no share-based payments made to the Directors during the year. No loans were granted to KMPs of the Company.

b. Transactions with close family members of KMPs

Close family members of a key management personnel are those family members who may be expected to influence, or be influnced by, that individual in their dealings with the entity.

There were no transactions with the close family members of KMPs during the year.

c. Transactions with Companies on which Key Management Personnel (KMP) have Control

There were no transactions with companies on which KMPs have control over. The transactions with companies on which KMPs have significant influence are disclosed in 'Directors' Interest in Contract' on page 127.

Trydan Partners (Pvt) Ltd in which Mr. G. A. K Nanayakkara, the Managing Director of Resus Energy PLC holds more than 50% of voting rights and functions as a Director of Trydan Partners (Pvt) Ltd has purchased 136,430 shares time to time during the year from the market in the ordinary course of its business. Timely announcements of these transactions have been notified to the Exchange. Trydan Partners (Pvt) Ltd held 32.5% stake in Resus Energy PLC as at 31st March 2019. (2018-32.3%)

d. Terms and Conditions of Transactions with the Companies on which KMPs have Control

Outstanding balances at the year-end relating to the companies on which KMPs have control or significant influence over are set out in Note 9.3 and 16.1 to the financial statements. These balances are unsecured and settlements are on demand. There have been no guarantees provided or received for any related party receivables or payables for the year ended 31st March 2019.

e. Transactions with group entities

The Company has carried out transactions with Group entities in the ordinary course of business. The details are set out in Note 29.2 to the financial statements.

No other significant transactions had been taken place during the year with the parties/entities in which key management personnel or their close family members were involved.

NOTES TO THE FINANCIAL STATEMENTS

29.2 Transactions with subsidiary companies

The Company carried out transactions in the ordinary course of its business with parties who are defined as related parties as per Sri Lanka Accounting Standard - LKAS 24 on 'Related Party Disclosures', the details of which are reported below:

			Company	
Nature of transaction	Terms and conditions	Recurrent/Non-recurrent	**2019**	2018
			Rs.	Rs.
Net Fund transferred/(Received)	Settlement of related party current accounts	Recurrent	28,298,106	(107,611,931)
Dividend income prefference/ordinary	As per Agreement	Recurrent		2,917,203
Investment in subsidiaries	As per Agreement	Non-recurrent	(280,000,000)	(130,000,000)
Share repurchases	Group capital restructuring	Non-recurrent	-	254,659,700
Share transfer	Group capital restructuring	Non-recurrent	-	313,000,050
Net aggregate value of related party transactions			(251,701,894)	332,965,022

29.3 Disclosures in relation to related party transactions in accordance with the continuing listing requirements of the Colombo Stock Exchange

29.3.1 Recurrent related party transactions

Name of the related company	Relationship	Nature of the transaction	Aggregate value of related party transactions entered into during the year (Rs.)	Aggregate value of related party transactions as % of Net revenue	Terms and conditions of the related party transaction
J.B Power (Pvt) Ltd	Subsidiary	Reimbursement of expenses,fund received and transferred	69,866,501	13.4%	Settlement on demand

30 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The Group is exposed to market risk, credit risk and liquidity risk.

The Group's senior management oversees the management of these risks. The Group's senior management is supported by the Board of Directors (BOD) that advises on financial risks and the appropriate financial risk governance framework for the Group. BOD provides assurance to the Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Group policies and Group risk appetite. It is the Group's policy that all derivative activities for risk management purposes are required to be approved by Board of Directors of the parent company, Resus Energy PLC.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

1. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk of the Group primarily comprise of three types of risks: interest rate risk, currency risk, and other price risk, such as equity price risk. The Group's exposure to commodity price risk is insignificant. Financial instruments affected by market risk include loans and borrowings, deposits, and available-for-sale investments.

The overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the entity's financial performance, while optimising the returns to shareholders.

Financial risk management is carried out by finance division of the Group under risk management policies approved by the Board which set out the principles and procedures with respect to risk tolerance, delegated authority levels, internal controls, and management of foreign currency, interest rate and counterparty credit exposures and the reporting of exposures.

1.1 Interest rate risk

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

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

	Group			
As at 31st March	**2019**		2018	
	Rs.	%	Rs.	%
Long-term Loans at fixed interest rates	777,481,066	47%	764,799,835	59%
Long-term Loans at variable interest rates	879,594,405	53%	541,005,000	41%
Total	1,657,075,471	100%	1,305,804,835	100%

	Company			
As at 31st March	**2019**		2018	
	Rs.	%	Rs.	%
Long-term Loans at fixed interest rates	581,703,467	78%	85,000,000	100%
Long-term Loans at variable interest rates	160,000,000	22%	-	0%
Total	741,703,467	100%	85,000,000	100%

NOTES TO THE FINANCIAL STATEMENTS

Changes in market interest rate (Average Weighted Prime Lending Rate - AWPLR) will have following sensitivity on Group's finance cost.

Increase/(decrease) in AWPLR, ceteris paribus - effect on profit before tax

	Effect on profit before tax 2019		Effect on profit before tax 2018	
	Group	Company	Group	Company
change in basis points:	Rs.	Rs.	Rs.	Rs.
+100	(8,795,944)	(1,600,000)	(5,410,050)	-
-100	8,795,944	1,600,000	5,410,050	-

Changes in deposit interest rate will have following sensitivity on interest income from investing excess cash.

Increase/(decrease) in deposit interest rate, ceteris paribus - Effect on profit before tax

	Effect on profit before tax 2019		Effect on profit before tax 2018	
	Group	Company	Group	Company
change in basis points:	Rs.	Rs.	Rs.	Rs.
+100	466,630	399,480	164,024	295,097
-100	(466,630)	(399,480)	(164,024)	(295,097)

1.2 Equity price risk

The Company's listed equity securities are susceptible to market price risk arising from uncertainties about future market values of the securities. The Company's Board of Directors reviews and approves all equity investment decisions.

1.3 Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to foreign exchange rate changes is minimised by positive negotiations with banks and application of financial risk management techniques. The Group's exposure to foreign exchange risk derives from electromechanical equipment imports to its hydropower projects and solar projects. The sensitivity of financial statement implications on assumed fluctuations in exchange rates are not reasonably estimatable due to unknown prices of future equipment orders as at the reporting date. Therefore, a sensitivity analysis is not shown as the Group is not aware of future equipment prices as at the reporting date.

2. Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks, and Receivable from subsidiaries. The credit risk arising on trade receivables primarily relates to the financial health of Ceylon Electricity Board being the sole customer of the Group.

	Group		Company	
As at 31st March	**2019**	2018	**2019**	2018
	Rs.	Rs.	Rs.	Rs.
Trade and other receivables	169,774,485	96,378,902	95,846,698	31,743,246
Amounts due from related parties	-	-	125,895,805	158,622,479
Income tax recoverable	13,530,218	12,953,534	12,302,539	8,584,042
Cash and cash equivalents	120,332,487	157,016,566	119,153,141	86,142,571
Total credit risk exposure	303,637,190	266,349,002	353,198,183	285,092,338

2.1 Cash deposit instruments

Investment of surplus funds is made only with approved counterparties by the Board of Directors of Resus Energy PLC. Counterparty exposures are reviewed by the Board of Directors on an annual basis, and updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial losses from potential counterparty's failure.

	Group		Company	
As at 31st March	**2019**	2018	**2019**	2018
	Rs.	Rs.	Rs.	Rs.
Banks - savings deposits	50,440	6,548,142	-	6,548,142
	50,440	6,548,142	-	6,548,142

Bank deposits above represent cash held in savings account at Sampath Bank PLC.

2.2 Trade receivables

Customer credit risk is managed by the Group within Group's established policy, procedures and control relating to customer credit risk management. Outstanding receivables from Ceylon Electricity Board are regularly monitored.

Large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 26 to the financial statements. The Group does not hold collateral as security.

3. Liquidity risk

This is the risk that the Group will encounter in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, and financial liabilities. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be either settled or rolled over with existing lenders.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

NOTES TO THE FINANCIAL STATEMENTS

As at 31st March 2019 - Group	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Interest-bearing loans and borrowings	-	60,000,000	374,414,937	1,159,993,867	62,666,667	1,657,075,471
Non-current financial liabilities	-	-	-	-	-	-
Trade and other payables	-	-	200,609,884	-	-	200,609,884
Income tax liabilities	-	-	21,782,041	-	-	21,782,041
Bank overdrafts	280,686,724	-	-	-	-	280,686,724
	280,686,724	60,000,000	596,806,862	1,159,993,867	62,666,667	2,160,154,120

As at 31st March 2018 - Group	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Interest-bearing loans and borrowings	-	-	250,628,852	886,995,983	168,180,000	1,305,804,835
Non-current financial liabilities	-	-	-	83,978,010	-	83,978,010
Trade and other payables	-	-	127,788,698	-	-	127,788,698
Income tax liabilities	-	-	1,979,322	-	-	1,979,322
Bank overdrafts	89,988,341	-	-	-	-	89,988,341
	89,988,341	-	380,396,872	970,973,993	168,180,000	1,609,539,206

As at 31st March 2019 - Company	On demand	Less than 3 months	3 to 12 months	1 to years	> 5 years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Interest-bearing loans and borrowings	-	-	301,510,000	-	-	301,510,000
Trade and other payables	-	-	283,911,296	-	-	283,911,296
Bank Overdrafts	259,066,008	-	-	-	-	259,066,008
	259,066,008	-	585,421,296	-	-	844,487,304

As at 31st March 2018 - Company	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Interest-bearing loans and borrowings	-	-	85,000,000	-	-	85,000,000
Trade and other payable	-	-	192,726,537	-	-	192,726,537
Bank overdrafts	26,125,755	-	-	-	-	26,125,755
	26,125,755	-	277,726,537	-	-	303,852,292

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes managing capital during the years ended 31st March 2019 and 31st March 2018. The Group monitors capital using a gearing ratio, which is debt divided by total capital employed. The Group's policy is to maintain an optimal capital structure at appropriate gearing level to attribute the maximum benefits on debt tax shields to the equity holders of the Group whilst cautiously managing the level of distress on debt.

A summary of Group's capital structure is depicted below.

As at 31st March	**2019**	2018
	Rs.	Rs.
Interest bearing borrowings and financial liabilities	1,937,762,195	1,479,771,186
Equity	786,603,610	852,418,727
Total equity and borrowings	2,724,365,805	2,332,189,913
Gearing ratio	71.1%	63.4%

FIVE YEAR SUMMARY

For the Year ended 31st March	**2019**	2018	2017	2016	Restated 2015
	Rs.	Rs.	Rs.	Rs.	Rs.
A) Summary of operations					
Revenue	521,062,459	408,644,139	240,042,608	393,049,638	575,575,817
Gross profit	417,739,852	318,730,206	167,217,392	319,603,820	485,151,672
Share of results of equity accounted investees-Associates	-	-	6,140,499	40,150,218	-
Profit from operating activities	342,652,100	248,096,545	79,673,819	275,269,496	391,432,344
Profit/(Loss) before taxation	192,739,221	129,475,503	(85,295,701)	231,092,451	340,393,565
Tax expenses	(29,893,332)	(13,309,829)	(3,249,924)	(30,775,707)	(35,841,210)
Profit/(Loss) after tax from continuing operations	162,845,889	116,165,674	(88,545,625)	200,316,744	304,552,355
Profit/(Loss) after tax from discontinued operation	-	-	-	-	(280,501,536)
Profit/(Loss) after tax	162,845,889	116,165,674	(88,545,625)	200,316,744	24,050,819
Profit attributable to equity holders of the parent	162,845,889	116,165,674	(79,112,656)	200,455,751	(60,253,848)
Profit attributable to non-controlling interest	-	-	(9,432,969)	(139,007)	84,304,667
	162,845,889	116,165,674	(88,545,625)	200,316,744	24,050,819
B) Summary of financial position					
Capital and Reserves					
Stated capital	679,506,038	300,000,000	300,000,000	300,000,000	1,539,882,957
Other components of equity	6,949,461	(5,301,432)	3,299,461	18,169,390	12,256,245
Retained Earnings	100,114,069	557,720,159	564,839,248	632,646,405	834,845,150
Equity attributable to equity holders of the parent	786,569,568	852,418,727	868,138,709	950,815,795	2,386,984,352
Non-controlling interest	-	-	(3,587,767)	5,845,202	2,500,000
Total equity	786,569,568	852,418,727	864,550,942	956,660,997	2,389,484,352
Liabilities					
Non-current liabilities	1,255,624,203	1,164,394,070	963,423,264	961,282,719	96,451,388
Current liabilities	937,493,586	470,385,213	263,378,470	179,504,714	181,909,322
Total liabilities	2,193,117,789	1,634,779,283	1,226,801,734	1,140,787,433	278,360,710
Total Equity and Liabilities	2,979,687,357	2,487,198,010	2,091,352,676	2,097,448,430	2,667,845,062

For the Year ended 31st March		**2019**	2018	2017	2016	Restated 2015
		Rs.	Rs.	Rs.	Rs.	Rs.
Assets						
Property, plant and equipment		2,464,844,370	1,990,297,401	1,743,124,558	1,471,196,681	1,229,091,757
Investments in associate		-	-	-	365,144,265	504,198,507
Investments in joint venture		-	-	-	-	-
Other non-current assets		203,907,393	142,743,701	128,745,426	127,741,357	127,354,287
Financial investments		-	82,693,527	109,500,000	-	-
Current assets		310,935,594	271,463,381	109,982,692	133,366,127	807,200,511
Total Assets		2,979,687,357	2,487,198,010	2,091,352,676	2,097,448,430	2,667,845,062
C) Key Indicators						
Earnings/(Loss) per share						
From profit/(loss) for the Year	(Rs)	2.16	1.54	(1.17)	2.65	(0.48)
From continuing operations	(Rs)	2.16	1.54	(1.17)	2.65	1.76
From discontinued operations	(Rs)	-	-	-	-	(2.24)
Net profit/(loss) margin	(%)	31.3%	28.4%	(36.9%)	51.0%	4.2%
Net assets per share	(Rs)	10.42	14.60	14.87	16.28	19.07
Dividend per share	(Rs)	10.50	2.00	-	-	-
Dividend payout	(%)	376.5%	100.5%	-	-	-
Dividend cover	(Times)	0.26	0.99	-	-	-
Interest cover	(Times)	2.29	2.09	0.80	4.60	8.10
Current ratio	(Times)	0.33	0.58	0.42	0.74	4.44
Gearing	(%)	71.1%	63.4%	57.5%	53.1%	6.1%
Return on equity	(%)	19.9%	13.5%	(8.7%)	12.0%	(2.5%)

INVESTOR INFORMATION

Twenty Major Shareholders

	As at 31st March	**2019**		2018
	Name	No. of Shares	%	No. of Shares
1	Trydan Partners (Pvt) Ltd	24,567,703	32.54	18,861,338
2	ACL Cables PLC	24,559,779	32.53	18,991,640
3	Ayenka Holdings (Pvt) Ltd	13,577,208	17.98	7,125,347
4	Employees Trust Fund	2,051,515	2.72	1,586,400
5	Bank of Ceylon Account No 1	1,445,397	1.91	1,117,700
6	Tangerine Tours	359,765	0.48	278,200
7	Miss. Durga Sithampalam	353,687	0.47	232,000
8	Harnam Holdings SDN BHD	258,637	0.34	150,000
9	MBSL Insurance Company Limited	223,381	0.30	172,737
10	Mr. Vignarajah K. Chelvadurai	222,945	0.30	174,752
11	Peter Valley Estates Co. Ltd	203,200	0.27	157,131
12	Mr. Dulshan Thivanka Beruwalage	165,255	0.22	227,600
13	Mr. G.A.K.Nanayakkara	144,837	0.19	112,000
14	Union Investments (Pvt) Limited	142,250	0.19	110,000
15	Mr. Mahabaduge Prasad Fernando Jayasuriya	131,256	0.17	101,498
16	Mr. Dinesh Prakash Navaratnam	129,480	0.17	27,835
17	Aruna Enterprises (Pvt) Ltd	129,318	0.17	100,000
18	Mr. G.A.H.Nanayakkara	116,755	0.15	13,785
19	Mrs. P.D.A.S.Beruwalage	111,472	0.15	86,200
20	Cocoshell Activated Carbon Company Limited	103,455	0.14	99,995
		68,997,295	91.38	
	Shares held by the balance shareholders	6,510,967	8.62	
	Total Issued Shares	**75,508,262**	**100.00**	

Analysis of shareholders according to the number of shares as at 31st March 2019

Shareholdings	Resident			Non Resident			Total		
	No. of Shareholders	No. of Shares	Percentage (%)	No. of Shareholders	No. of Shares	Percentage (%)	No. of Shareholders	No. of Shares	Percentage (%)
1 to 1,000 shares	1,553	592,112	0.79	4	1,872	0.00	1,557	593,984	0.79
1001 to 10,000 shares	842	2,222,818	2.95	7	10,343	0.01	849	2,233,161	2.96
10,001 to 100,000 shares	129	3,496,229	4.63	5	187,593	0.25	134	3,683,822	4.88
100,001 to 1,000,000 shares	14	2,537,056	3.37	1	258,637	0.34	15	2,795,693	3.71
over 1,000,000 shares	6	66,201,602	87.67	-	-	-	6	66,201,602	87.67
	2,544	**75,049,817**	**99.39**	**17**	**458,445**	**0.60**	**2,561**	**75,508,262**	**100.00**

Categories of Shareholders	No of Shareholders	No of Shares
Individual	2,468	6,983,288
Institutional	93	68,524,974
	2,561	**75,508,262**

Computation of % of Public Shareholding

As at 31st March	**2019**	2018
	No. of Shares	No. of Shares
Over 10% Holding		
Trydan Partners (Pvt) Ltd	24,567,703	18,861,338
ACL Cables PLC	24,559,779	18,991,640
Ayenka Holdings (Pvt) Ltd	13,577,208	7,125,347
	62,724,087	**44,993,325**
Directors' Direct Shareholding		
H A S Madanayake (Non-Executive Chairman)	-	-
G A K Nanayakkara (Managing Director)	144,837	112,000
U G Madanayake (Non-Executive Director)	-	-
I S Somaratne (Non-Executive Director)	1,293	1,000
Prof. K A M K Ranasinghe (Independent Non-Executive Director)	129	-
U P Egalahewa (Independent Non-Executive Director)	-	-
C D Coomasaru (Alternate Director to U G Madanayake)	-	-
	146,259	**113,000**
Directors' Indirect Shareholding		
H A S Madanayake (Non-Executive Chairman)	-	-
G A K Nanayakkara (Managing Director)	7,625	5,897
U G Madanayake (Non-Executive Director)		
I S Somaratne (Non-Executive Director)	1,163	900
Prof. K A M K Ranasinghe (Independent Non-Executive Director)	-	-
U P Egalahewa (Independent Non-Executive Director)	-	-
C D Coomasaru (Alternate Director to U G Madanayake)	-	-
	8,788	**6,797**

INVESTOR INFORMATION

As at 31st March	**2019**	2018
	No. of Shares	No. of Shares
Issued Ordinary Shares as at 31st March	75,508,262	58,390,263
Less		
Over 10% Shareholding	62,724,087	44,993,325
Directors' direct and indirect Shareholding	155,047	119,797
Public Holding	**26,206,336**	**13,277,141**
Public Holding as a % of Issued Share Capital	**34.71%**	**22.74%**

Share Trading Information

	2019	2018
Market Price		
Highest (Rs.)	33.00	24.40
Lowest (Rs.)	18.10	17.10
As at Year ended (Rs.)	18.50	19.90
No. of Trades	1,893	1,021
No. of Shares Traded	4,818,473	19,536,000
Value of Shares Traded (Rs.)	112,466,911	485,198,804
Market Capitalisation (Rs.)	1,396,902,847	1,161,966,239
Price Earnings Ratio (Times)	8.56	10.01

Percentage of Public Holding as at 31st March 2019	34.71%	22.77%
Total Number of shareholders representing the public holding	2,552	2,681
Float-adjusted market capitalisation	484,864,978	264,215,106

The Company complies with option 5 of the Listing Rules 7.13.1 (a) - Less than Rs. 2.5 Bn Float Adjusted Market Capitalisation which requires 20% minimum Public Holding.

GLOBAL REPORTING INITIATIVE (GRI) INDEX 'IN ACCORDANCE' – CORE

Disclosure		Page Number
GRI 102: General Disclosures		
Organisational Profile		
102-1	Name of the organization	Inner Back Cover
102-2	Activities, brands, products, and services	30 - 37
102-3	Location of headquarters	Inner Back Cover
102-4	Location of operations	30 -37
102-5	Ownership and legal form	10, Inner Back cover
102-6	Markets served	30 - 37, 58
102-7	Scale of the organization	10, 12, 30 - 37, 63
102-8	Information on employees and other workers	63 - 66
102-9	Supply chain	59 - 60
102-10	Significant changes to the organization and its supply chain	8 - 10
102-11	Precautionary Principle or approach	70
102-12	External initiatives	4
102-13	Membership of associations	Inner Back Cover
Strategy		
102-14	Statement from senior decision-maker	16 - 21
102-15	Key impacts, risks, and opportunities	16 - 21, 113 -119
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behavior	7, 61
Governance		
102-18	Governance structure	77
102-22	Composition of the highest governance body and its committees	77 - 79, 22 - 25
102-23	Chair of the highest governance body	83
102-25	Conflicts of interest	83 - 84
102-32	Highest governance body's role in sustainability reporting	4
102-36	Process for determining remuneration	79
Stakeholder Engagement		
102-40	List of stakeholder groups	40
102-41	Collective bargaining agreements	66
102-42	Identifying and selecting stakeholders	40
102-43	Approach to stakeholder engagement	40
102-44	Key topics and concerns raised	41 - 42
Reporting Practice		
102-45	Entities included in the consolidated financial statements	10, 122, 138 - 139
102-46	Defining report content and topic Boundaries	4, 43
102-47	List of material topics	44
102-48	Restatements of information	4
102-49	Changes in reporting	4, 43

GLOBAL REPORTING INITIATIVE (GRI) INDEX 'IN ACCORDANCE' – CORE

Disclosure		Page Number
102-50	Reporting period	4
102-51	Date of most recent report	4
102-52	Reporting cycle	4
102-53	Contact point for questions regarding the report	4
102-54	Claims of reporting in accordance with the GRI Standards	4, 193 - 196
102-55	GRI content index	193 - 196
TOPIC SPECIFIC DISCLOSURES		
GRI 201: Economic Performance		
103	Management Approach	51
201-1	Direct economic value generated and distributed	51 - 53
201-2	Financial implications and other risks and opportunities due to climate change	16 - 21
201-3	Defined benefit plan obligations and other retirement plans	169 - 170
201-4	Financial assistance received from government	49, 59
GRI 203: Indirect Economic Impacts		
103	Management Approach	60 - 61
203-1	Infrastructure investments and services supported	52, 58, 61
203-2	Significant indirect economic impacts	52, 60
GRI 204: Procurement Practices		
103	Management Approach	59
204-1	Proportion of spending on local suppliers	60
GRI 205: Anti-corruption		
103	Management Approach	61
205-3	Confirmed incidents of corruption and actions taken	61
GRI 301: Materials		
103	Management Approach	72
301-1	Materials used by weight or volume	72
GRI 302: Energy		
103	Management Approach	72
302-1	Energy consumption within the organization	72
GRI 303: Water		
103	Management Approach	71
303-1	Water withdrawal by source	71
303-2	Water sources significantly affected by withdrawal of water	71
303-3	Water recycled and reused	71
GRI 304: Biodiversity		
103	Management Approach	74
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	74
304-2	Significant impacts of activities, products, and services on biodiversity	74

Disclosure		Page Number
304-3	Habitats protected or restored	74
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	74
GRI 305: Emissions		
103	Management Approach	73
305-1	Direct (Scope 1) GHG emissions	73
305-2	Energy indirect (Scope 2) GHG emissions	73
305-3	Other indirect (Scope 3) GHG emissions	73
305-5	Reduction of GHG emissions	73
305-6	Emissions of ozone-depleting substances	73
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	73
GRI 306: Effluents and Waste		
103	Management Approach	71 - 73
306-1	Water discharge by quality and destination	71 - 73
306-2	Waste by type and disposal method	71 - 73
GRI 307: Environmental Compliance		
103	Management Approach	74
307-1	Non-compliance with environmental laws and regulations	74
GRI 308: Supplier Environmental Assessment		
103	Management Approach	59
308-1	New suppliers that were screened using environmental criteria	59
308-2	Negative environmental impacts in the supply chain and actions taken	61
GRI 401: Employment		
103	Management Approach	62
401-1	New employee hires and employee turnover	63 - 64
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	65
401-3	Parental leave	65
GRI 403: Occupational Health and Safety		
103	Management Approach	65
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	65
GRI 404: Training and Education		
103	Management Approach	64
404-1	Average hours of training per year per employee	64
404-2	Programs for upgrading employee skills and transition assistance programs	64
404-3	Percentage of employees receiving regular performance and career development reviews	64
GRI 405: Diversity and Equal Opportunity		
405-1	Diversity of governance bodies and employees	63
GRI 406: Non-discrimination		

GLOBAL REPORTING INITIATIVE (GRI) INDEX 'IN ACCORDANCE' – CORE

Disclosure		Page Number
103	Management Approach	65
406-1	Incidents of discrimination and corrective actions taken	65
GRI 407: Freedom of Association and Collective Bargaining		
103	Management Approach	66
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	66
GRI 408: Child Labour		
103	Management Approach	61
408-1	Operations and suppliers at significant risk for incidents of child labor	61
GRI 409: Forced or Compulsory Labor		
103	Management Approach	61
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	61
GRI 413: Local Communities		
103	Management Approach	61
413-1	Operations with local community engagement, impact assessments, and development programs	61
413-2	Operations with significant actual and potential negative impacts on local communities	61
GRI 414: Supplier Social Assessment		
414-1	New suppliers that were screened using social criteria	59
414-2	Negative social impacts in the supply chain and actions taken	59
GRI 416: Customer Health and Safety		
103	Management Approach	61
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	61
GRI 418: Customer Privacy		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	61
GRI 419: Socioeconomic Compliance		
419-1	Non-compliance with laws and regulations in the social and economic area	61

NOTES

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Sixteenth Annual General Meeting of RESUS Energy PLC will be held at the Auditorium of the Development Holdings Private Limited, 3rd Floor, No. 42, Navam Mawatha, Colombo 02 on Wednesday, the 10th day of July 2019 at 9.30 a.m. for the following purpose: -

AGENDA

1. To receive and consider Reports of the Directors, the Statements of Accounts of the Company and the Group for the year ended 31st March 2019, together with the report of the Auditors thereon.

2. To re-elect Mr. G A K Nanayakkara, Director, retiring by rotation in terms of Article 24(6) of the Articles of Association of the Company.

3. To re-elect Professor K A M K Ranasinghe, Director, retiring by rotation in terms of Article 24(6) of the Articles of Association of the Company.

4. To re-elect Mr. U P Egalahewa PC, Director, retiring by rotation in terms of Article 24(6) of the Articles of Association of the Company.

5. To pass the ordinary resolution set out below to re-appoint Mr. U.G. Madanayake, who is 83 years of age, as a Director of the Company:

   "IT IS HEREBY RESOLVED THAT the age limit stipulated in Section 210 of the Companies Act No.7 of 2007 shall not apply to Mr. U.G. Madanayake, who is 83 years of age and that he be and is hereby re-appointed a Director of the Company in terms of Section 211 of the Companies Act No.7 of 2007."

6. To re-appoint Messrs Ernst & Young, Chartered Accountants as Auditors of the Company for the ensuing year and to authorize the Directors to determine their remuneration.

7. To authorize the Directors to determine and make donations to Charity.

By order of the Board of
RESUS Energy PLC

Nexia Corporate Consultants (Pvt) Ltd
Secretaries

Colombo, Sri Lanka
23rd May 2019

Note:

A member entitled to attend and vote is entitled to appoint a Proxy to attend and vote in his/her place.

A Proxy need not be a Member of the Company.

A Form of Proxy accompanies this Notice

The instrument appointing a proxy must be deposited at the Registered Office, No. 250/1, Torrington Avenue, Colombo 7, not less than forty-eight hours before the time fixed for the meeting.

FORM OF PROXY

I/We .....

of .....

being a Member/s of RESUS ENERGY PLC do hereby appoint .....

.....of .....

.....or failing him/her

Mr. H A S Madanayake	or failing him
Mr. G A K Nanayakkara	or failing him
Mr. U G Madanayake	or failing him
Professor K A M K Ranasinghe	or failing him
Mr. U P Egalahewa PC	or failing him
Mr. I S Somaratne	or failing him

as my/our Proxy to vote and speak for *me/us on *my/our behalf at the Sixteenth Annual General Meeting of RESUS Energy PLC to be held at 9.30 a.m. on Wednesday, 10th July 2019 at the Auditorium of the Development Holdings Private Limited, 3rd Floor, No. 42, Navam Mawatha, Colombo 02 and at any adjournment thereof.

		For	Against
1.	To receive and consider Reports of the Directors, the Statements of Accounts of the Company and the Group for the year ended 31st March 2019, together with the Reports of the Auditors thereon.	☐	☐
2.	To re-elect Mr. G A K Nanayakkara, Director, retiring by rotation in terms of Article 24(6) of the Articles of Association of the Company.	☐	☐
3.	To re-elect Professor K A M K Ranasinghe, Director, retiring by rotation in terms of Article 24(6) of the Articles of Association of the Company.	☐	☐
4.	To re-elect Mr. U P Egalahewa PC, Director, retiring by rotation in terms of Article 24(6) of the Articles of Association of the Company.	☐	☐
5.	To re-appoint as a Director Mr. U G Madanayake in terms of Section 211 of the Companies Act No. 7 of 2007.	☐	☐
6.	To re-appoint Messrs Ernst & Young, Chartered Accountants, as Auditors of the Company and to authorize the Directors to determine their remuneration.	☐	☐
7.	To authorize the Directors to determine and make donations to Charity.	☐	☐

.....

Signature of the shareholder/s

.....

NIC/Passport No.

Dated this ..... day of 2019

Note:
1. Please delete the inappropriate words.
2. Instructions as to completion are noted on the reverse hereof.

INSTRUCTIONS FOR COMPLETION

1. Kindly perfect the Form of Proxy after filling in legibly your name in full, address and by signing in the space provided. Please fill in the date of signature.

2. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of him/her.

3. Please indicate with a 'X' in the spaces provided how your proxy is to vote on each resolution. If no indication is given the proxy in his/her discretion will vote as he/she thinks fit.

4. In the case of Corporate Members, the Form of Proxy must be completed under the Common Seal, which should be affixed and attested in the manner prescribed by its Articles of Association.

5. If the Form of Proxy is signed by an Attorney, the relevant Power of Attorney should also accompany the completed Form of Proxy.

6. The completed Form of Proxy should be addressed to the Secretaries and deposited at the Registered Office of the Company at No. 250/1, Torrington Avenue, Colombo 7 not less than Forty Eight (48) hours before the time appointed for the meeting

CORPORATE INFORMATION

102-1, 3, 5

Name of the Company
Resus Energy PLC

Legal Form
Quoted Public Company with limited liability, the ordinary shares of the Company were listed on the Colombo Stock Exchange on 8th October 2009

Date of Incorporation
11 June 2003

Date of Re-Registration under the Companies Act No 7 of 2007
11 September 2007

Company Registration Number
PV 415 PB PQ

Accounting Year End
31 March

Registered Office
No. 250/1,
Torrington Avenue, Colombo 7,
Sri Lanka.
Telephone: +94-11-7731731
Facsimile: +94-11-7731555

Tax payer Identification Number (TIN)
114340405

Directors
Mr. H A S Madanayake
Non-Executive Chairman

Mr. G A K Nanayakkara
Managing Director

Mr. U G Madanayake
Non-Executive Director

Mr. I S Somaratne
Non-Executive Director

Professor K A M K Ranasinghe
Independent Non-Executive Director

Mr. U P Egalahewa PC
Independent Non-Executive Director

Mr. C D Coomasaru
Alternate Director
(appointed w.e.f. 1st November 2016)

Mr. C V Kulatilaka
Non-Executive Director
(resigned w.e.f. 7th December 2018)

Audit Committee
Professor K A M K Ranasinghe - Chairman
Mr. U P Egalahewa PC
Mr. I S Somaratne

Remuneration Committee
Mr. U P Egalahewa PC - Chairman
Professor K A M K Ranasinghe
Mr. H A S Madanayake

Related Party Transactions Review Committee
Mr. U P Egalahewa PC - Chairman
Professor K A M K Ranasinghe
Mr. G A K Nanayakkara
Mr. I S Somaratne

Company Secretaries
Nexia Corporate Consultants (Pvt) Limited
No. 181, Nawala Road, Narahenpita,
Colombo 5, Sri Lanka.
Tel : +94-11-2368154
Fax : +94-11-2368621

Company Registrars
S S P Corporate Services (Pvt) Limited
No. 101, Inner Flower Road, Colombo 3,
Sri Lanka.
Tel : +94-11-2573894

Auditors
Ernst & Young
Chartered Accountants
No. 201, De Saram Place, Colombo 10,
Sri Lanka.

Bankers
Sampath Bank PLC
National Development Bank PLC
Commercial Bank of Ceylon PLC
Hatton National Bank PLC
Seylan Bank PLC
Nations Trust Bank PLC

Memberships of Associates
Small Hydro Power Developers' Association

Investor Relations
RESUS Energy PLC
No. 250/1,
Torrington Avenue,
Colombo 7,
Sri Lanka.
Telephone: +94-11-7731731
Facsimile: +94-11-7731555

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www.resusenergy.lk