
ASIA
CAPITAL
PLC



Annual Report 2012/13

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Deputy Chairman's Statement

Dear Shareholder

It gives me great pleasure to present to you the annual report and financial statements of your company for the year ended 31st March 2013. Throughout the year we have worked with a clear strategic purpose to prioritise our corporate goals. We continued with our chosen path to progress, vis-à-vis the strategy consolidation and restructuring, embarked on, in the preceding year. While aiming to create a dynamic blueprint that would ensure the consistent development of your company, we worked in cognizance with the country's long term growth objectives. Assisted by the imminent stability of the rupee and Sri Lanka's steady 6.7% economic growth for 2012, we rolled out our plans for the year under review.

Strategic Priorities for 2012/13

The considerable boost in tourism observed during the year, served to underscore our decision to focus predominantly on developing the leisure sector. Having ventured into this space in the previous year, we proceeded to further reshape our value proposition, in tandem with global and local trends. By emulating the changing profile of the modern traveller, our emphasis is to create a purpose-built brand that would cater to the mid to high-end international traveller of the future. In the past, focusing primarily on developing properties along the southern coast, we made several significant investments towards capacity enhancement in the leisure sector. In the year under review, we continued with this agenda and directed out attention to areas where further investments were deemed necessary. Accordingly, a total of approximately Rs. 200 Million was invested during the year, with much of it spent to Taprobane Resorts (Pvt) Ltd.

Given the passive stock market conditions that have persisted for the past two years, for the second consecutive year, group earnings continued to be stymied by the losses from stock broking. Given this challenging environment, we worked with renewed purpose, in an attempt to mitigate the impact to the group. Pursuing an aggressive debt reduction strategy, we investigated the possibility of negotiating long term low-cost dollar funding to ease the dependency on high-cost short term funds. Low-cost long term funding, would certainly reduce the cost of funds and favour a healthier financial position for the entire group in the longer term. Moreover, minimizing the debt mismatch would undoubtedly help streamline capital expenditure commitment and realign strategic investments to correlate with medium and long term funding.

Looking Ahead

I am indeed heartened to note that, early realization and swift strategic action on our part, is already demonstrating encouraging results and will assuredly continue to deliver success in the future. Undoubtedly our timely investments will play a pivotal role in our bottom line, in the years ahead, as the country's leisure sector continues to intensify. By divesting non-performing segments, while simultaneously leveraging on our strong brand identity, we hope to further fine tune our core competencies, in the years ahead. Formulating a long term agenda that would manifest in strong commercial growth for the company remains the crux of all our strategic efforts. In doing so, we are committed to pursue diverse investment opportunities that have the potential to enhance our performance.



J. H. P. Ratnayake
Deputy Chairman

20 December 2013

CEO's Review

Macro-economic overview

Amidst severe global economic pressures in 2012, the Government of Sri Lanka took a proactive stance to lessen the impact of the global economic downturn, by strengthening the country's macro-economic framework. Sweeping changes were introduced to reign in the country's burgeoning trade deficit and decelerate uncontrolled credit growth within the country. Consequently, tightening of monetary policy led to a volatile interest rate regime in 2012. Despite creating some uncertainty amidst declining market liquidity, this proved to be the right formula to initiate the transition towards a more managed growth model for the future. This stable environment, together with the massive island-wide government led infrastructure development programme, resulted in Sri Lanka posting a robust growth of 6.7% for 2012, outpacing the global average of just over 1%.

Holding Company Overview

With consolidation emphasizing much of the business focus for 2012/13, the holding company continued to progressively strengthen existing core investments. Accordingly, all greenfield ventures under the Company's belt were further appraised for potential value creation opportunities. Meanwhile, strategic refocusing continued to underpin the successful resurgence of distressed investments undertaken in the past. Complementing these efforts, the Company also took a series of steps to restructure the debt folder, in the face of the high cost of short term funds. While undoubtedly enhancing the capacity for prospective future investment opportunities these measures not only enriched the Company's capabilities, but are also an added boon for existing investments. Efforts during the year also saw the company adopting the principles of lean management to ensure a more efficient and resourceful cost structure.

Group Performance Review

From a group perspective, ACAP performed satisfactorily well during the year under review, given the persistent lull in the country's capital market. Focusing primarily on creating value within existing business parameters, no new ventures were added to the group portfolio.

Operational Review

Leisure, finance and stock broking remained the core sectorial focus for the ACAP group for the year under review. Continuing to engage only in these identified sectors, conscious efforts were made to reduce the short term debt burden across the group, in line with the holding company's debt restructuring policy. Notwithstanding the tenuous money markets in the country, efforts during the year led to a mammoth restructuring of the group debt levels. Furthermore, prudent management and cost control measures ensured that

operational cost levels were contained as much as possible, throughout the year. In a bid to generate a more efficient and sustainable resource pool, group human resource capabilities were also streamlined to refocus on enhancing efficiency levels across all business channels. The performance of all business units for the year, continued to be aligned to the overall strategic focus of the group.

Leisure Sector

Continuing with the second phase of the consolidation and restructuring initiatives of the previous year, the leisure arm proceeded with investments to create ACAP's own iconic brand presence. A series of initiatives were launched in 2012/13, to increase ACAP's exposure in terms of room capacity. Key among them was the development of a new property on the southern coast, expected to be completed in 2013/14. Moreover, significant investments were also made to enhance the quality and efficiency of service at all existing ACAP group properties in Sri Lanka. Efforts during the year included the recruitment of 70 well trained and competent staff. Accredited by international culinary training schools, some individuals also possess extensive skills and expertise in the international leisure arena.

Finance Sector

As in the past, Asia Asset PLC continued to perform consistently well during the year under review. Being a highly focused entity, the company capitalized on shifts in market interest rates during 2012. Working in tandem with the group goal to reduce short term debt, the company stimulated the investor propensity for longer term investments. Growing vigorously comparative to the previous year, the company posted loan growth of 25% and deposit growth of 35% for the year under review.

Following moves to further strengthen Asia Asset PLC's core competencies, a lean management approach was adopted during the year and a new Oracle based interface was introduced as the key driver of this change. By revamping the entire operational framework the new Oracle system would institute change at multiple levels by streamlining and reinforcing all financial and functional mechanisms of the company.

Stock Broking Sector

The lackluster stock markets that have persisted for the past two consecutive years, yet again influenced the performance of Asia Securities Pvt Ltd. Given the lack of confidence in the retail driven sphere of the stock market, investors continued to shy away. This invariably affected the brokerage income of this sector.

CEO's Review (contd.)

Looking Ahead

Supported by its solid track record of success, in the years ahead, the ACAP holding company will pursue charismatic projects that portend future commercial success. While continuing to unlock the potential of these ventures, the company would also explore collaborative partnerships that would reinforce the commercial viability of each undertaking.

In setting out plans for the immediate future, the group will continue to enrich the versatility of the ACAP brand in each of the three core business sectors, with predominant focus on the capacity extensions in the leisure sector. Adding to the existing portfolio of rooms, plans are currently underway to grow the room inventory, in the forthcoming year, to triple that of the 2012/13 capacity. Bringing these plans into fruition in 2013/14 would be the proposed launch of a 27 bedroom property in Wadduwa. Further, channelling the potency of Sri Lanka's growing leisure sector, it is anticipated that ACAP would accelerate its presence in the years ahead by pursuing a target of 150 rooms by 2016. Culminating to achieve this goal, a beachfront property in Galle has already been earmarked for development into a 60 – 80 bedroom hotel. Still in the planning phase, this venture would be the largest property to date with construction expected to commence in 2014. Having established sufficient capacity in the industry, efforts to differentiate the service platform remains the key to promoting the ACAP brand identity and penetrating niche markets in the future.

Building on existing competencies, it is expected that Asia Asset PLC too is ideally poised to realize significant growth in the future. As a means of further enhancing the company's credentials, negotiations are underway to obtain a series of international accreditations and licenses, which would support wider product offerings and entice a broader customer base. Parallel to these steps, enriching customer confidence and loyalty would undoubtedly be a critical driver of growth for the company in the future.

Being a dynamic entity, the group would also consider emerging possibilities that have the potential to fulfil ACAP's commercial aspirations in the future. In doing so, opportunities in other sectors would be investigated, while the possibility of foreign collaborations would also be pursued. By embracing an evolutionary business model of this nature, the ACAP group reiterates its commitment deliver sustainable economic value to all stakeholders in the long term.

Appreciation

I wish to thank the Board of Directors for their support during this challenging year and all the employees of the ACAP group for their commitment in helping each entity in the group in achieving their respective goals. I also thank our shareholders for their continues support throughout the year.



S. A. Abeyesinhe
Director/Group CEO

20 December 2013

Board of Directors

H L L M Nanayakkara

Chairman/Managing Director

D. O. R. 31/08/2013

Mr. Manohan Nanayakkara is the Chairman/Managing Director of Asia Capital PLC and the Managing Director of Asia Securities Private Limited. He sits on the Boards of all associate and subsidiary companies of Asia Capital PLC.

He was the former Chief Operating Officer/Director of Asian Hotels and Properties Limited, previously known as Crescat and the former General Manager of the Bureau for Infrastructure Investment (BII). He also acted as the Chief Executive Officer/Managing Director of CF Venture Fund. He is a Director of Pradana Limited, an Investment Management Company.

He holds the following academic qualifications and experience: Fellow Member of the Institute of Chartered Management Accountants (FCMA); Master of Science in Accounting (MSA) from James Maddison University of Virginia, USA; Masters in Applied Finance (MAF) and Masters in Business Administration (MBA) from Queensland University of Technology, Queensland, Australia.

He was the Project Specialist who designed and managed the Capital Market Project of USAID which provides assistance for the privatisation and establishment of the Securities and Exchange Commission of Sri Lanka (SEC), and the development of the Colombo Stock Exchange (CSE).

J H P Ratnayeke

Deputy Chairman

Mr. Paul Ratnayeke is a senior Corporate Lawyer who is also the precedent partner of Paul Ratnayeke Associates a leading law firm in Sri Lanka which he founded in 1987 which handles all areas of law and international legal consultancy work. Mr. Ratnayeke is a Solicitor of England and Wales and an Attorney-at-Law of the Supreme Court of Sri Lanka. He holds a Bachelor of Laws degree with honors and has been awarded a Masters Degree in Law by the University of London. Currently Mr. Ratnayeke holds Directorships in several companies including public quoted companies, in some of which he has been appointed Chairman/Deputy Chairman. At Paul Ratnayeke Associates, he specialises in corporate and commercial areas of law including mergers and acquisitions, aviation, insurance and maritime law.

D Muthukumarana

Mr. Daya Muthukumarana is a professional Banker holding a Fellowship from the Institute of Bankers Sri Lanka, an MBA from the Post Graduate Institute of Management, Certificates in Project Management from Arthur D' Little Boston, USA and a Management Development Program from Cranfield University, UK.

He held senior top management positions in reputed commercial banks in the country as the most senior Deputy General Manager at Hatton National Bank PLC and as the Managing Director of Pan Asia Bank PLC. He was also Chairman of the Ceylon Fisheries Corporation and served as a consultant to the government of Bangladesh in the Skills Development of the Bankers in that country, on a project managed by the Asian Development Bank in Dhaka.

To Mr. Muthukumarana's credit as a very senior banking professional, he possesses extensive experience in Corporate Finance, Corporate Banking, Micro Finance, Rural Finance, Commercial and Development Banking, Leasing and all other areas of wholesale and Retail Banking. Mr. Muthukumarana was a founder member of the 'Banking With the Poor' project organised by the Foundation for Development Co-operation Australia and was also an active member of the Asia Pacific Region's 'Credit Association Bangkok'. He was trained in Advanced Credit Management and International Banking at the Vereins Bank AG Hamburg, Germany and The Midland Bank PLC in London, UK.

During his tenure of office, he has been instrumental in introducing many long lasting Banking and Micro Finance products and services in Sri Lanka. Mr. Daya Muthukumarana is also the Chairman of SEEDS (Guarantee) Limited and the Chairman of Asia Asset Finance Limited; he is also a Director of Asia Capital PLC and Asia Leisure Group.

A D Ross

Mr. Ross holds a Bachelor of Arts in Accountancy and Law from Strathclyde University in Scotland and is a member of the Institute of Chartered Accountants of Scotland and a member of the Hong Kong Institute of Certified Public Accountants.

Mr. Ross has over 30 years of experience in Accountancy and Finance. He is the Managing Director of Baker Tilly Hong Kong Limited (Certified Public Accountants), a member of the Asia Pacific Regional Board of Baker Tilly International, the Finance Director of Windy City International Limited (the operator of the Dan Ryan's Restaurant Group) and an Independent Executive Director on the board of Global Tech (Holdings) Limited, which is listed on the Hong Kong Stock Exchange.

R J Wickramasinghe

Mr. Wickramasinghe is a fellow of the Chartered Institute of Management Accountants and Chartered Association of Certified Accountants. He was the former Chairman of Sri Lanka Ports Authority between 1996 and 1998 and Chairman of Ceylon Shipping Corporation from 1994 to 1996. He worked for the National Shipping Line between 1970 and 1977 as Deputy Finance Manager.

Among his private sector stints, he was Finance Director of George Steuart and Company from 2000 to 2002. Currently Mr. Wickramasinghe functions as a Consultant.

Board of Directors (contd.)

F X R Pereira

Mr. F X R Pereira was appointed to the board of Asia Capital PLC as a Non-Executive Independent Director. He is a post-graduate Diploma holder in 'International Trade Law & Practice' from the University of Colombo and is a fellow of the Chartered Institute of Management Accountants - UK and the Institute of Chartered Management Accountants - Sri Lanka.

He served continuously on the Divisional Committee of CIMA (Sri Lanka Division) from 1973 to 1993 and again from 2002 to 2004. Mr. Pereira served as President of the CIMA branch from 1982-83. He was Regional Representative for the South Asia region in 1989 -1992 and 2002-2004 on the Council of Chartered Institute of Management Accountants, London; where he also served on the Executive Committee of CIMA - London from 2003-2004.

Mr. Pereira has held Directorates in several high ranking Sri Lankan organisations throughout his career. Among them being Lankem Ceylon Limited., where he served as Director Finance & Company Secretary from 1977 to December 1989, Finance Manager & Company Secretary of Lankem Developments Limited, from 1981 to December 1989, Director Finance and Company Secretary of Sigiriya Village Limited, Multistretch Limited and Lankem Exports Limited up to 1989, Finance Director of Richard Pieris & Co. Limited from January - August 1990 and Director Finance and Administration of the Janasaviya Trust Fund from December 1990 to July 1995.

He practices as an independent Consultant to private sector organisations and for the IDA –World Bank; ADB and numerous other multilateral institutions. He has been appointed as Chairman of the Audit Committee for Asia Capital PLC.

V Siva Jr

Mr. Valentine is the Managing Partner of a boutique corporate finance firm based out of Kuala Lumpur which he founded in 2005. The firm specialises in structuring large project financing deals and cross border financing. The firm also collaborates closely with regional private equity firms in securing bridge financing. He also has vast experience in Strategic Consulting with past engagements with many large conglomerates in Kuala Lumpur and Indonesia. He was also the former Group Corporate Planner of a public listed company on the Kuala Lumpur Stock Exchange.

He also served as Group Finance Director of a large oil palm plantation group in Malaysia.

Mr. Valentine, formerly from Arthur Andersen & Co., Malaysia, has vast experience in corporate finance, strategy and performance management (balance scorecards) and capital markets. He holds a Bachelor of Accounting (Hons) degree from University Utara Malaysia and The Certified Public Accountant (CPA) qualification from the Malaysian Institute of Certified Public Accountants (MICPA).

S A Abeyesinhe

Mr. S A Abeyesinhe is the Group Chief Executive Officer for Asia Capital PLC and also serves on the Boards of Asia Securities (Private) Limited, Asia Asset Finance PLC, Asia Capital Technologies (Private) Limited, Asia Leisure Holdings (Private) Limited, Asia Leisure (Private) Limited, Asia Tea Packaging (Private) Limited. and Asia Wealth Management Company (Private) Limited.

He pursued his higher studies in both the United States and the United Kingdom after which he worked in financial markets in London. On his return to Sri Lanka he joined PriceWaterhouseCoopers and Pradana Limited, a boutique investment firm prior to joining Asia Capital PLC in June 2009. Mr. S A Abeyesinhe is a graduate of Harvard Business School.

Zaheer Merchant

D. O. A. 03/04/2013

Zaheer Merchant is Director of Corporate Affairs on the Main Board of the QI Group of Companies in Hong Kong, overseeing legal, compliance, corporate and regulatory affairs for the Group. He is also the Director-in-Charge of RYTHM Foundation, through which the Group carries out its Corporate Social Responsibility work.

Zaheer was called to the Singapore Bar in 1992. His areas of practice are insolvency, commercial and corporate, securities and banking, contract and tort (including environmental issues), insurance and land-related matters. He has tutored at the Post-Graduate Practice Law Course in Singapore. In 2011 he served as a Member of the High Level International Advisory Committee of the United Nations Environment Programme in the lead up to The Rio+20 World Congress. Additionally, he contributes to the Singapore Law Gazette and The Business Times in Singapore.

Zaheer is also a Permanent Member of the Executive Committee of a University in Malaysia; the appointed Treasurer and Executive Committee/Board Member of the Direct Selling Association of Singapore (DSAS), and sits on the Ethics & Regulatory Affairs, Membership, and Strategic Review Committees of the Association. He also sits on the Board of Swiss luxury watch brand CIMIER®.

Toshiaki Tanaka

D. O. A. 03/04/2013

Toshiaki Tanaka is the Chief Executive Officer and Managing Director of VEC Investment Japan. He has previously worked at the Credit Bank of Japan, Patnum Investment Tokyo and Fidelity International Tokyo as well as Gartmore Asset Management in London.

Tanaka is a Chartered Member of the Securities Analysts Association of Japan (CMA) and has read for a B.A. in Economics at the Keio University

Corporate Structure

Stock Broking

Asia Securities (Private) Limited

Directors

J H P Ratnayeke (Chairman)
H L L M Nanayakkara (MD) - *D.O.R. 31/08/2013*
P N B Wijekoon
S A Abeyesinhe
M S I Marikkar (CEO)
S Subaulla
M A M Niyaz - *D.O.R. 28/06/2013*
A Hadigallage - *D.O.R. 06/08/2012*

Alternate Directors

S A Abeyesinhe - *D.O.R. 31/08/2013*
(Alternate Director to H L L M Nanayakkara)
S A Abeyesinhe
(Alternate Director to J H P Ratnayeke)

Shareholding of Asia Capital PLC

99.99%

Auditors

KPMG

Information Technology

Asia Capital Technologies (Private) Limited

(Formerly known as Investor Access Asia (Private) Limited)

Directors

H L L M Nanayakkara (Chairman) - *D.O.R. 31/08/2013*
S A Abeyesinhe
R A B Basnayake - *D.O.R. 30/04/2013*
P N Jansen - *D.O.A. 01/04/2013*
C A Kulatilake - *D.O.A. 09/05/2013*

Shareholding of Asia Capital PLC

100%

Auditors

Amarasekara & Co

Financial Services

Asia Wealth Management Company (Private) Limited

Directors

H L L M Nanayakkara (Chairman) - *D.O.R. 31/08/2013*
S A Abeyesinhe
P N Jansen
W A S Weerasinghe

Shareholding of Asia Capital PLC

99.99%

Auditors

Amarasekara & Co

Asia Asset Finance PLC

Directors

H L L M Nanayakkara (Chairman/MD)
R J A Gunawardena (CEO)
S A Abeyesinhe (Non Executive)
W J A Fernando (Non Executive Independent) *D.O.R. 10/12/2013*
C Ramachandra (Non Executive Independent)
N De Silva (Non Executive Independent) *D.O.R. 10/12/2013*
D P Pieris (Non Executive)
V Siva Jr - *D.O.A. 27/08/2013*

Alternate Director

D P Pieris (Alternate Director to H L L M Nanayakkara)
- *D.O.R. 08/04/2013*
T Perera (Alternate for Mr. S A Abeyesinhe) *D.O.A. 04/11/2013*
S T Hettige (Alternate for Mr. V Siva Jr) *D.O.A. 27/11/2013*

Shareholding of Asia Capital PLC

89.88%

Auditors

Ernst & Young

Corporate Structure (contd.)

Manufacturing

Asia Tea Packaging (Private) Limited

Directors

H L L M Nanayakkara (Chairman) - *D.O.R. 15/10/2013*
S A Abeyesinhe
P N Jansen

Shareholding of Asia Capital PLC

100%

Auditors

Ernst & Young

Venture Capital

Asia Fort Sri Lanka Direct Investment Fund Limited

Directors

J H P Ratnayeke (Chairman)
H L L M Nanayakkara (MD) - *D.O.R. 31/08/2013*
S A Abeyesinhe - *D.O.A. 09/09/2013*

Alternate Director

R J A Gunawardena (Alternate for Mr. H L L M Nanayakkara)
- *D.O.R. 31/08/2013*

Shareholding of Asia Capital PLC

100%

Auditors

KPMG

Asia Growth Fund 1 (Private) Limited

Directors

J H P Ratnayeke (Chairman)
H L L M Nanayakkara (MD) - *D.O.R. 31/08/2013*
S A Abeyesinhe

Shareholding of Asia Capital PLC

100%

Auditors

KPMG

Asia Capital Private Equity (Private) Limited

(Formally known as Asia Investment 3 (Private) Limited)

Directors

H L L M Nanayakkara - *D.O.R. 31/08/2013*
S A Abeyesinhe
P N Jansen
T Tanaka - *D.O.A. 04/12/2012*

Shareholding of Asia Capital PLC

100%

Auditors

Gamage & Company

Asia Investment 2 (Private) Limited

Directors

H L L M Nanayakkara - *D.O.R. 31/08/2013*
S A Abeyesinhe
V Siva Jr - *D.O.A. 10/09/2013*
T P Perera - *D.O.A. 10/09/2013*

Shareholding of Asia Capital PLC

100%

Auditors

Gamage & Company

Leisure

Asia Leisure Holdings (Private) Limited

Directors

H L L M Nanayakkara (Chairman) - *D.O.R. 31/08/2013*
S A Abeyesinhe
P N Jansen
M S D Galagedara
D Muthukumarana - *D.O.R. 29/09/2012*
M S A Ratwatte - Abeyesekera - *D.O.A. 31/07/2013*

Shareholding of Asia Capital PLC

100% through Asia Growth Fund 1 (Private) Limited

Auditors

A C M Ifhaam & Company

Asia Leisure (Private) Limited

Directors

H L L M Nanayakkara (Chairman) – D.O.R. 31/08/2013
S A Abeyesinhe
P N Jansen
M S D Galagedara
D Muthukumarana – D.O.R. 29/09/2012

Shareholding of Asia Capital PLC

100% through Asia Leisure Holdings (Pvt) Ltd

Auditors

A C M Ifhaam & Company

Taprobane Resorts (Private) Limited

Directors

H L L M Nanayakkara – D.O.R. 31/08/2013
S A Abeyesinhe
P N Jansen
S Weerasinghe
C I Hapugoda
S Shinagawa
S Ohki
T Tanaka

Shareholding of Asia Capital PLC

66%

Auditors

Gamage & Company

Wadduwa Resorts (Private) Limited

Directors

H L L M Nanayakkara – D.O.R. 31/08/2013
S A Abeyesinhe
P N Jansen
S Weerasinghe
S Hamaguchi
O Miyoshi
T Tanaka
Y Watanabe

Alternate Directors

P N Jansen (Alternate for S Hamaguchi and O Miyoshi)
S Weerasinghe (Alternate for Y Watanabe)

Shareholding of Asia Capital PLC

76.97%

Auditors

Gamage & Company

River House (Private) Limited

Directors

H L L M Nanayakkara – D.O.R. 31/08/2013
S A Abeyesinhe
P N Jansen

Shareholding of Asia Capital PLC

100%

Auditors

Gamage & Company

Galle Beach (Private) Limited

(Formally known as Asia Investment 4 (Private) Limited)

Directors

H L L M Nanayakkara – D.O.R. 31/08/2013
S A Abeyesinhe
V Siva Jr - D.O.A. 10/09/2013
T P Perera - D.O.A. 10/09/2013

Shareholding of Asia Capital PLC

100%

Auditors

Gamage & Company

Galle Beach Hotel (Private) Limited

Directors

H L L M Nanayakkara – D.O.R. 31/08/2013
S A Abeyesinhe
P N Jansen

Shareholding of Asia Capital PLC

100% through Asia Capital Private Equity (Pvt) Ltd

Auditors

Gamage & Company

Entertainment

Asia Digital Entertainment (Private) Limited

Directors

H L L M Nanayakkara (Chairman) - D.O.R. 31/08/2013
S A Abeyesinhe
P N Jansen
V Siva Jr - D.O.A. 10/09/2013
T P Perera - D.O.A. 23/09/2013

Alternate Director

R J A Gunawardena (Alternate Director to Mr. H L L M Nanayakkara) – D.O.R. 31/08/2013

Shareholding of Asia Capital PLC

100%

Auditors

Ernst & Young

Risk Management

A number of internal and external elements if not addressed could culminate to cause a severe threat to the stability and survival of any organisation. As a proactive organisation in the forefront of the financial and services sectors in Sri Lanka, Asia Capital PLC (ACAP) is impacted with a portfolio of multi-dimensional risk challenges. Pre-emptive measures are constantly initiated within the group in order to anticipate all potential risk aspects that prove to be a distraction from the core business focus. In addition, preventive mechanisms are in place to focus on mitigating risk elements and safeguarding the group.

Risk Management System

The ACAP risk management system has been structured on sound principles and best practices. The risks faced by the company are managed by assessing the company's vulnerability to each risk element. The ideal risk/return formula is then derived in cognisance with the goal of fulfilling short term objectives and ensuring sustainable long term corporate growth. The clear, comprehensive risk control systems in place have enabled the group to successfully safeguard its stakeholder wealth from a multitude of internal and external risk elements in the face of an ever changing business paradigm. The ACAP risk management system comprises of the following key components.

Risk Policy Manual

The ACAP Risk Policy Manual seeks to comprehensively document the critical effects of all risk elements that define the performance of the group. In addition the manual provides strict guidelines to combat all material risk elements. The Risk Policy Manual is revised annually to incorporate any new Risk Assessment Criteria and to remove invalid data, thus ensuring relevance and accuracy of risk policies to meet the challenges of the evolving business climate.

Internal Control System

A key aspect of the ACAP risk management methodology is the group's internal control system. The primary focus of the system is to mitigate internal management risks by acting as a deterrent against fraud and malpractices.

Risk Management Committee

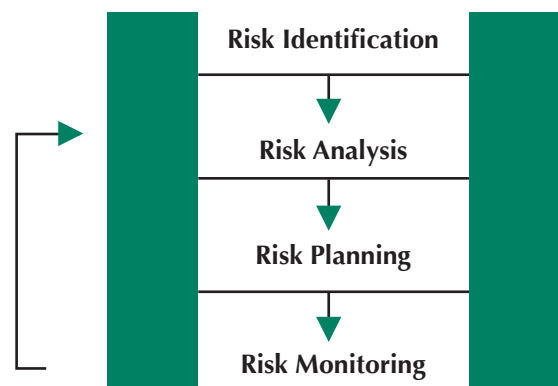
The ACAP risk management committee consists of a high profile team including members of the Board, Head of Departments and senior staff representing that encapsulates the diversity of the group. The scope of activities carried out by the committee include:

- Determining the risks faced by the ACAP group based on various criteria set out in the Risk Policy Manual
- Reviewing the risk profile of the company
- Assessing the risk appetite towards specific risks or risk management practices
- Formulating and implementation of control measures to achieve the group's short term and long term objectives.

ACAP Risk Management Process

PHASE 1 - Risk Identification

Risk identification at ACAP is a detailed procedure which includes brainstorming sessions, surveys, questionnaires, team meetings and other reliable techniques used to identify internal risks to the group. In-depth market study, competitor analysis, technology evaluation and customer studies are some of the techniques carried out to identify pertinent external risk factors. The entire risk identification process is conducted under the supervision of the ACAP Risk Management Committee. The process is diligently repeated every quarter to ensure relevance and timeliness and to provide the committee with a starting point to address any renewed risks that the group may encounter.

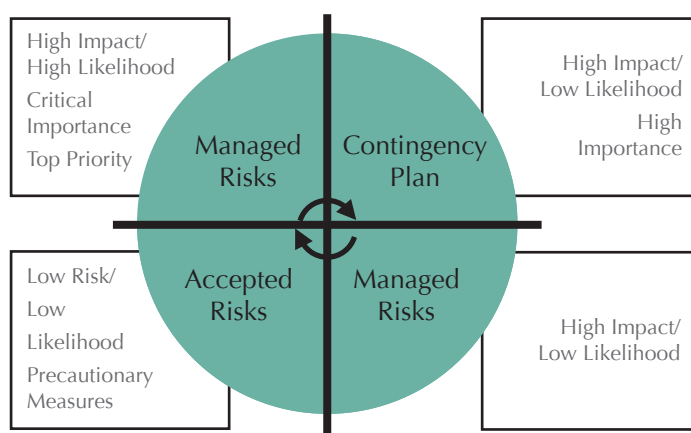


PHASE 2 - Risk Analysis

The risks identified by the Risk Management Committee are analysed and prioritised based on the Risk Assessment Matrix. The matrix assists in quantifying risk elements in tandem with its impact on the activities of the group. This enables the committee to formulate necessary strategies to manage the risks faced by the company.

PHASE 3 - Risk Planning

The process of risk planning provides guidance and strategic direction to the risk management and control process as tabled below.



Risk Category	Elements Of Risk	Risk Control Strategy
Strategic Planning Risk	<ul style="list-style-type: none"> • Inability to implement selected strategies or plans • Not achieving business objectives • Inappropriate or adverse decision making • Lack of responsiveness to industry changes • Ill -timed investments in capital ventures • Failure to optimise risk / return formula through business strategies 	<ul style="list-style-type: none"> • The Risk Management committee has recommended a 5 year strategic plan, revised annually. • Comprehensive budgeting and variance analysis done at company and SBU level
Competition Risk	<p>Internal Risks</p> <ul style="list-style-type: none"> • Over reliance on existing products • Failure to adopt new technology • Inability to introduce new products and deviate from the market 	<ul style="list-style-type: none"> • Oracle BI, a comprehensive new Management Information system has been implemented in order to analyse data and information that would provide ACAP with a competitive edge • Direct competitor analysis is carried out on a quarterly basis and Key Performance Indicators are analysed and compared industry wide
	<p>External Risks</p> <ul style="list-style-type: none"> • Introduction of new products by competitors • Adverse promotional campaigns 	
CSR RISK	<ul style="list-style-type: none"> • Failure to identify responsibility to society • Business operations that endanger the environment and society • Neglecting accountability to stakeholders 	
LIQUIDITY RISK	<ul style="list-style-type: none"> • Non-availability of adequate working capital requirements • Lack of liquid resources to secure a viable business opportunity • Inability to meet regulatory cash reserves 	<ul style="list-style-type: none"> • Continuous review of group working capital requirements • Strict management and control of funding • Continuous monitoring and control of debtors and creditors mismatch

Risk Management (contd.)

Risk Category	Elements Of Risk	Risk Control Strategy
MARKET RISK	<ul style="list-style-type: none"> • Adverse financial impact on the company resulting from the fluctuation of interest rates • Currency Fluctuations • Variations in equity and commodity prices • Volatile property values 	<ul style="list-style-type: none"> • In accordance with the risk management committee recommendations, the research division monitors economic indicators • Findings are presented to the strategic planning committee along with recommendations on strategies that negate any adverse effects
CREDIT RISK	<ul style="list-style-type: none"> • Partial or full default of obligations by Asia Capital counterparties 	<ul style="list-style-type: none"> • Regular review of counterparty exposure limits and eliminating excessive exposure to one party • Formulation of solid legally binding agreements for all contracts with third parties • Ensure proper Security/Collateral /back ground checks prior to granting loans to third parties • Maintaining strong relationships with creditors
IT RISK	<ul style="list-style-type: none"> • System failures • System errors and breakdowns • Unauthorised system access • Improper use of information • Non-availability of required IT platforms or inadequate IT support 	<ul style="list-style-type: none"> • The comprehensive group IT policy is outlined in the IT security policy manual • Asia Capital has appointed an IT security, risk and infrastructure manager to overlook the IT risk management function • At present the group had invested in a data center at SLT IDC and a disaster recovery solution was also implemented using Oracle Golden Gate Replication software
SOCIAL AND POLITICAL RISK	<ul style="list-style-type: none"> • Impact of political instability and social unrest that affects the day-to-day operations 	
HR RISK	<ul style="list-style-type: none"> • Improper recruitment procedures due to failure to provide adequate compensation and benefits to the right employee • Occupational health and safety issues • Unethical employee conduct and high employee turnover 	<ul style="list-style-type: none"> • Each employee is allocated with clearly defined job descriptions where each employee is aware of their duties and responsibilities. This has enabled ACAP to carry out a smooth HR function with less employee disputes • A comprehensive orientation programme for new recruits • Ongoing training programs conducted regularly for existing employees • Provision of a safe work environment for all employees by carrying out regular safety checks • Increasing employee awareness of group HR policies and procedures • Motivational programmes are organised for all staff, existing and new • Comprehensive performance reviews are conducted periodically • Availability of detailed HR manuals

Risk Category	Elements Of Risk	Risk Control Strategy
FRAUD RISK	<ul style="list-style-type: none"> • Malpractices • Money Laundering • Fraudulent actions and mismanagement of assets 	<ul style="list-style-type: none"> • The controls are reviewed periodically and internal auditors conduct regular reviews of areas which are susceptible to fraud. • The company has implemented strong control environment with appropriate internal controls and employee code of conduct to be adopted by all employees at the relevant level. • Effective internal control system (Fraud management system) to prevent fraud
REPUTATION RISK	<ul style="list-style-type: none"> • Actions which affect the credibility and goodwill of the group 	<ul style="list-style-type: none"> • PR campaigns are organised in order to enhance brand image

PHASE 4 - Risk Monitoring

The risk management committee is tasked with ensuring that the risk management system continues to be reviewed periodically. Further, proper controls need to be placed with regard to all the strategic initiatives undertaken in order to manage risk. Consistent monitoring will ensure efficiency of the risk management system that would lead to the achievement of pre-determined risk management objectives.

Corporate Governance

The Company is committed to enhancing shareholder value through a sustainable business by maintaining and conscientiously applying high standards of corporate governance throughout the Group. The Company has endeavoured to abide by the best practices in corporate governance; and conduct operations in a legal and ethical manner displaying professionalism, accountability and transparency. The Company's corporate governance model has been built and enhanced based on the following requirements and guidelines:

1. The Companies Act No.7 of 2007
2. The Listing rules of the Colombo Stock Exchange
3. 'Code of Best Practice on Corporate Governance' issued by the Institute of Chartered Accountants of Sri Lanka (ICASL)
4. Sri Lanka Accounting and Auditing Standard Act No 15 of 1995

5. Securities and Exchange commission of Sri Lanka Rules – 2001
6. Financial Transaction Reporting Act, No.6 of 2006
7. Prevention of Money Laundering Act, No.5 of 2006
8. Convention on the Suppression of Terrorist Financing Act, No.25 of 2005

Asia Capital's Corporate Governance practices ensure that;

- The business is managed in the right strategic direction.
- The company has appropriate controls in place and risks are managed.
- The key management lead the team members and manage the operation effectively and are responsible and accountable.
- Integrity and honesty is maintained at all time.

Our best practices on Corporate Governance are as follows:

Corporate Governance Principle	Compliant Status	Level of Compliance
The Board of Directors (The Board)	Compliant	<p>The Board of Directors currently consist of eight members including the Chairman and Deputy Chairman</p> <p>The day to day monitoring of operations of the organisation has been delegated to the CEO and the Executive committee governed by policies, procedures and authority by the Board of Directors</p> <p>The Board is accountable to the stakeholders of the Company to ensure that the business is conducted in an appropriate manner based on an approved business plan and the financial and non-financial targets of the Company are achieved. The Board's Terms of Reference stipulate the specific duties of the Board and the following are some key matters which come under the Board's review and approval:</p> <ul style="list-style-type: none"> I Company strategy and business plan II Financial reporting and internal controls III Financial performance IV Dividend policy V Changes to capital structure VI Constitution and performance of the Board Committees VII Regulatory compliance

Our best practices on Corporate Governance are as follows:

Corporate Governance Principle	Compliant Status	Level of Compliance
Board meetings	Compliant	Four (4) board meetings were held to review financial performance and to consider other matters such as strategic and operational plans
Board appointments	Compliant	The Company ensures that professional qualifications, business experience and personal qualities are taken into consideration in new appointments to the Board
Board responsibilities	Compliant	The Board is collectively responsible for formulation, implementation and monitoring of business strategies. In order to do so, the Board appoints sub committees of the main board to assist the main board in fulfilling its stewardship function by reviewing systems of internal control, internal and external audit, risk management, IT system and financial reporting to shareholders
Chairman	Compliant	The Chairman is responsible for the leadership of the Board, managing Board Meetings and the business undertaken thereat. The Chairman, is responsible to ensure all relevant issues are on the Board Agenda and Directors receive all appropriate information and documentation in a timely manner, thus facilitating the Directors to contribute at the deliberations
Chief Executive Officer (CEO)	Compliant	The CEO is responsible for the management of the Company in accordance with the mandate defined by the Board and he is accountable for the achievement of the financial and non-financial objectives as stipulated in the Company plan
Independent Non-Executive Directors	Compliant	Each non-executive director submits a signed and dated declaration annually of his independence or non-independence against a specified criteria as set out in Appendix 7A of Colombo Stock Exchange listing rule section 7.10.2(b)
Provision of relevant, quality and timely information	Compliant	Board papers, agenda and previous board minutes to be tabled one week prior to board meeting
Dedication of adequate time and effort to matters of the Board and the company	Compliant	The board members dedicate adequate time for the affairs of the company by attending Board meetings, Board sub-committee meetings and by making decisions via circular resolutions
Independent Professional Advice	Compliant	The Board members are permitted to obtain independent professional advice from third parties as deemed necessary which includes the Company's external lawyers and auditors at the expense of the Company
Balance of the board – executive and non-executive directors	Compliant	Six of the eight directors on the Board hold office in a non-executive capacity
Disclosure of new directors details	Compliant	New directors' details are disclosed to the relevant authorities at the time of appointment. The existing as well as new directors to the Board are disclosed in the Directors' Report on page 22 to 25 of this Annual Report

Corporate Governance (contd.)

Our best practices on Corporate Governance are as follows:		
Corporate Governance Principle	Compliant Status	Level of Compliance
Re-election of directors at regular intervals	Compliant	To comply with the Articles of Association, the directors who have been appointed to the Board during the year, hold office until the next AGM, and are required to retire and a new director to be re-elected by the shareholders
Company Secretary	Compliant	The Company Secretary possesses the required qualifications and expertise, and advises the Board on matters concerning the Companies Act and other relevant rules, regulations and regulatory guidelines.
Transactions with directors	Compliant	As per the disclosure requirement of the Company's Act, No.7 of 2007 (Section 192), the Board has to disclose all transactions that they have with the company
Relation with shareholders	Compliant	The Board keeps informed of the developments of the company to its shareholders via stock exchange, press release and dialogue with shareholders via AGM
Annual General Meeting (AGM)	Compliant	The Board uses the AGM to communicate with shareholders and encourage their participation
Notice for calling AGM	Compliant	As per section 167 of the Companies Act, No.7 of 2007, the annual report together with notice of meeting, proxy form and other related documents are circulated to shareholders at least 15 working days prior to the date of the AGM
Statutory and Regulatory Reporting	Compliant	<p>The interim Financial Statement and Annual Report are prepared in accordance with the requirements of the Sri Lanka Accounting Standards and the Companies Act. The interim and annual financial statements are published and circulated to shareholders within the period stipulated by the Colombo Stock Exchange.</p> <p>All price sensitive information is disseminated to the Colombo Stock Exchange on time in accordance with Section 8 of the Colombo Stock Exchange listing rules.</p> <p>All statutory reporting to Registrar of Companies is compiled as per the provisions of the Companies Act, No.7 of 2007</p>
Directors' Report	Compliant	The Directors' Report is set out on page 22 of this Annual Report
Directors' responsibilities to financial reporting	Compliant	The statement of Directors' responsibility to financial reporting is set out on page 29 of this Annual report
Auditors' Report	Compliant	The Board maintains formal, transparent and appropriate relationship with auditors of the company. The Statement of Auditors' Report is set out on page 32 and 33 of this Annual Report
CEO & CFO's responsibilities to financial reporting	Compliant	The statement of CEO & CFO's responsibilities to financial reporting are set out on page 28 of this Annual Report
Disclosure requirements	Compliant	The Company complies with disclosure requirements relating to Sri Lanka Accounting Standards, listing rules of Colombo Stock Exchange, the Companies Act and Financial Transaction Reporting Act

Our best practices on Corporate Governance are as follows:

Corporate Governance Principle	Compliant Status	Level of Compliance
Serious loss of Capital	Compliant	As per section 220 of the Companies Act, No 7 of 2007, if the net assets of the Company are less than half of its stated capital, the Board shall call for an EGM (Such a situation has not arisen)
Declaration of going concern by Directors	Compliant	The information is set out in the Directors' Report on page 23 of this Annual Report
Remuneration Committee	Compliant	The Remuneration Committee comprises of three (3) independent non-executive directors and one (01) non-executive director. Mr R.J Wickramasinghe is the Chairman of the Committee. The details of the Remuneration Committee's composition, policies and responsibilities are set out on page 31 of this Annual Report
Disclosure of remuneration	Compliant	The total remuneration of Directors including their fees is disclosed in Note 9 on page 53 of this Annual Report
Audit committee	Compliant	The Audit Committee comprises of four (4) independent non-executive directors. Mr F X R Pereira is the Chairman of the Committee. The details of the Audit Committee's composition and functions are set out on page 30 of this Annual Report
Audit Committee report	Compliant	The Report of Audit Committee is set out on page 30 of this Annual Report
Board review of effectiveness of the internal control	Compliant	The Audit Committee regularly monitors the effectiveness of internal controls and the Board is collectively responsible for sound establishment of internal controls. Assurance of this is achieved via meetings between the internal audit and management representatives with the Audit Committee.
Risk Management	Compliant	The Company has designed a risk management system to identify, assess and manage its existing and potential risks (The Risk Management of the Company is set out on page 10 to 13 of this Annual Report)
Internal control and risk assessment	Compliant	<p>PricewaterhouseCoopers has been appointed as internal auditors of the Company.</p> <p>The Audit Committee contributes to the effectiveness of the internal audit function by:</p> <ul style="list-style-type: none"> I Reviewing the internal audit budget, staffing and audit plan II Reviewing the material findings of internal audit reviews and management's response III Reviewing the effectiveness of internal controls, including IT controls and security, overall control environment and accounting and financial controls IV Obtaining internal auditors recommendations regarding internal controls and accounting procedure V Reviewing internal auditors appointment, performance and replacement VI Reviewing major financial exposures and the processes to monitor, control and reporting such exposures

Corporate Governance (contd.)

Our best practices on Corporate Governance are as follows:		
Corporate Governance Principle	Compliant Status	Level of Compliance
External audit and Audit Committee	Compliant	<p>The Audit Committee contributes to the assessment of the independence and performance of external auditors by:</p> <ul style="list-style-type: none"> I Reviewing the scope, plan, and audit procedures II Assessing the annual and interim financial audits III Reviewing any material differences or disputes with management encountered during the course of the audit IV Reviewing the management letters content and appropriateness of management responses V Recommending to the Board the terms of engagement and remuneration of external auditors VI Ensuring the objectivity and independence of external auditors carrying out an independent evaluation of external auditors' performance
Executive Committee	Compliant	The Executive Committee is accountable to the Board and is responsible to assess the operational and strategic performance and be the main decision making body for the operations of the company, and make appropriate recommendations to the Board
IT governance	Compliant	Effectiveness of internal controls and IT security policy of the Company are regularly monitored by the Audit Committee. IT risk is considered as a critical risk in the risk profile of the company and more resources are allocated to mitigate the IT risk via a business continuity plan
Performance governance	Compliant	The Company's performance governance has a framework to monitor the performance on a monthly basis by the Board on key areas such as financial and non-financial areas including capital adequacy, solvency and liquidity
Compliance governance - regulatory	Compliant	The Company demonstrates its full commitment and support to high standards of compliance with the Anti-Money Laundering/Counter Financing of Terrorism (AML/CFT) requirements as per the relevant statutory enactments and requirements of the Financial Intelligence Unit of the Central Bank of Sri Lanka. The enterprise-wide AML/CFT programme establishes robust and comprehensive policy, procedures, processes and systems for the prevention and detection of money laundering and terrorist financing activities

Compliance status of Section 7 of the listing rules of Colombo Stock Exchange

Rule No.	Subject	Requirement	Compliance Status	Details
7.10.1(a)	Non-executive directors	Two or one third of total number of directors, whichever is higher, shall be non-executive directors	Compliant	The Board comprises of six non-executive directors
7.10.2(a)	Independent non-executive directors	Two or one third of non-executive directors, whichever is higher, shall be independent	Compliant	The Board comprises of three independent non-executive directors
7.10.2(b)	Submission of declaration by non-executive directors	Each non-executive director shall submit a declaration of independence/non-independence in the prescribed format	Compliant	Each non-executive director has submitted his/her declaration to CSE
7.10.3(a)	Disclosure relating to directors	The names of all independent directors shall be disclosed in the Annual Report	Compliant	Please refer to pages 5 and 6 of the Annual Report
7.10.3(b)	Disclosure relating to directors	In the event a director does not qualify as 'independent' as per the rules of corporate governance but if the Board is of the opinion that the director is nevertheless independent, it shall specify the basis of the determination in the Annual Report	Compliant	No such determination has been carried out by the Board
7.10.3(c)	Disclosure relating to directors	A brief resume of each director which includes information on the nature of his/her expertise in relevant functional areas is to be published in the Annual Report	Compliant	Please refer to pages 5 and 6 of the Annual Report
7.10.3(d)	Disclosure relating to directors	Upon appointment of a new director to its Board, the Company shall forthwith provide to the CSE a brief resume of such director	Compliant	The Company has two new appointments to the Board during the financial year under review. A brief resume of each such appointed director has been provided to the CSE as specified
7.10.5	Remuneration Committee	A listed company shall have a Remuneration Committee	Compliant	Please refer to page 31 of the Annual Report
7.10.5(a)	Remuneration Committee – members	The Remuneration Committee shall comprise of a minimum of two independent non-executive directors or a majority of independent non-executive directors, whichever is higher	Compliant	The Remuneration Committee comprises of three independent non-executive directors
7.10.5(b)	Remuneration Committee – Functions	The Remuneration Committee shall recommend to the Board the remuneration payable to Executive Directors and CEO	Compliant	Please refer to page 31 of the Annual Report

Corporate Governance (contd.)

Rule No.	Subject	Requirement	Compliance Status	Details
7.10.5(c)	Disclosure in the Annual Report	The Annual Report should set out: Names of the directors of the Remuneration Committee The statement of remuneration policy Aggregate remuneration paid to executive and non-executive directors	Compliant	Please refer to page 31 of this Annual Report Please refer to page 31 of this Annual Report Please refer to page 53 of this Annual Report
7.10.6	Audit Committee	A listed company shall have an Audit Committee	Compliant	Please refer the Audit Committee Report on page 30 of this Annual Report
7.10.6(a)	Composition of Audit Committee	The Audit Committee shall comprise of a minimum of two independent non-executive directors or a majority of independent non-executive directors, whichever is higher One of the non-executive directors shall be appointed as the Chairman of the committee by the Board of Directors	Compliant	The Audit Committee comprises of three independent non-executive directors Mr. F X R Pereira (independent non-executive director) acts as the Chairman of the Committee
7.10.6(a) Contd.	Composition of Audit Committee Contd.	The CEO and CFO shall attend the Audit Committee meetings The Chairman or one member of the Audit Committee should be a member of a recognised professional accounting body	Compliant	The CEO and CFO attend meetings by invitation The Chairman is a fellow member of the Chartered Institute of Management Accountants

Rule No.	Subject	Requirement	Compliance Status	Details
7.10.6(b)	Functions of Audit Committee	<p>The Audit Committee shall oversee:</p> <p>Preparation, presentation and disclosure of the financial statements and ensuring they are in line with the Sri Lanka Accounting Standards</p> <p>Compliance with financial reporting, Companies Act and other financial reporting regulations and requirements</p> <p>Processes to ensure that internal controls and risk management are adequate to meet the requirements of Sri Lanka Accounting Standards</p> <p>Assessment of the independence and performance of external auditors</p> <p>Appointment, re-appointment and removal of external auditors and approve the terms of remuneration and terms of engagement</p>	Compliant	Please refer to the Audit Committee Report on page 30 of this Annual Report
7.10.6(c)	Disclosure in the Annual Report	<p>The Annual Report shall disclose:</p> <p>Names of the directors of the Audit Committee</p> <p>The determination of the independence of the auditors and the basis for such determination in the annual report</p> <p>A report by the Audit Committee setting out the manner of compliance with the listing rule 7.10 on Corporate Governance</p>	Compliant	Please refer to the Audit Committee Report on page 30 of this Annual Report

Annual Report of the Board of Directors on the Affairs of the Company

The Directors of Asia Capital PLC have pleasure in submitting their Report together with the audited Financial Statements of the Company and the audited Consolidated Financial Statements of the Group for the year ended 31st March 2013.

Principal Activities

During the year the principal activities of the Group were stock brokering, corporate finance, asset management, margin trading, treasury management, dealing and investing in securities, financial services and insurance, hotel, tea packaging and production of motion pictures.

The Company acts as an investment holding company and in investment banking activities.

Review of Operations

The Deputy Chairman's Review on page 2 which forms an integral part of this report provides an overall assessment of the financial performance and financial position of the Company and describes in detail its affairs and important events for the year.

Financial Statements

The Directors are of the view that the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Cash Flow Statement, Significant Accounting Policies, and Notes thereto appearing on pages 34 to 111 have been prepared in conformity with the Sri Lanka Accounting Standards and the requirements of the Companies Act No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange.

Auditors Report

The Auditor's Report on the Financial Statements is given in pages 32 and 33.

Accounting Policies

The accounting policies adopted in the preparation of Financial Statements are given in pages 41 to 51.

Property, Plant and Equipment

An analysis of the Property, Plant and Equipment of the Company is disclosed in Note 12 of the Financial Statements on pages 56 to 60.

Stated Capital

The stated Capital of the Company as at 31st March 2013 was Rs. 1,114,558,000/- (110,000,000 shares).

Donations

There were no donations made by the company during the year.

Capital Commitments

There were no material capital expenditure commitments other than those disclosed in Note 38 on pages 90 and 91 of the Financial Statements.

Financial Results

For the year ended 31st March	Group		Company	
	2013	2012	2013	2012
	Rs. 000	Rs. 000	Rs. 000	Rs. 000
Profit/ (Loss) for the Year Before Taxation	(747,918)	843,459	(95,203)	1,273,595
Income Taxation	20,262	(146,226)	157	(84,597)
Profit/ (Loss) for the Year After Taxation	(727,656)	697,232	(95,046)	1,188,998
Non - Controlling Interest	(4,684)	(158,517)	-	-
Profit/(Loss) Attributable to Equity Holders of the Parent Company	(722,972)	855,749	(95,046)	1,188,998
Profit/(Loss) Brought Forward from Previous Year	(92,315)	20,474	39,221	(384,645)
Appropriations				
Dividend Paid	-	(764,500)	-	(764,500)

Provisions

The basis adopted for provisioning is disclosed in accounting policy No. 3.3.

Provision for the Taxation

The provision for the taxation is computed at the rates disclosed in Note 10 on page 54 of the financial statements.

Statutory Payments

The Directors, to the best of their knowledge and belief, are satisfied that all statutory dues have been paid up to date, or have been provided for in the Financial Statements.

Contingent Liabilities

Details of contingent liabilities and capital commitments as at 31st March 2012 are set out in Note 38.2 and on page 91 of the Financial Statements.

Events After the Reporting Date

In the opinion of the directors, no transaction or any other material events of an unusual nature has arisen during the period between the end of the financial year and the date of this report, other than those disclosed in note 39 on page 92 of the Financial Statements.

Risk Management and Internal Control

The Board confirms that there is an ongoing process for identifying, evaluating and managing any significant risk faced by the Company. The Directors review this process through the Audit Committee.

Going Concern

The Board of Directors is satisfied that the Company has adequate resources to continue its operation in the foreseeable future. Accordingly, the Financial Statements are prepared based on the going concern concept.

Directors who held office during the year

Mr. H.L.L.M. Nanayakkara (resigned from effect on 31st August 2013)-Chairman/Managing Director
Mr. J.H.P. Ratnayake- Deputy Chairman
Mr. F.X.R. Pereira
Mr. A.D.Ross
Mr. Valentine Siva Jr.
Mr. D. Muthukumarana
Mr. R.J. Wickramasinghe
Mr. S.A. Abeyesinhe
Ms. D. P. Pieris (*resigned with effect on 8th April 2013*)
Mr. S.A. Abeyesinhe (*Alternate Director to Mr. Valentine Siva Jr.*)
Mr. S.A. Abeyesinhe (*Alternate Director to Mr. J.H.P. Ratnayake*)

Appointments during the year

Nil

Resignations during the year

Nil

Resignations after the conclusion of the year

Ms. D. P. Pieris ceased to hold office as alternate Director to Mr. Nanayakkara on 8th April 2013.

Mr. H.L.L.M. Nanayakkara resigned as a Director of the Board with effect from 31st August 2013 and accordingly ceased to be the Chairman and the Managing Director as well.

Appointments after the conclusion of the year

Mr. Toshiaki Tanaka was appointed with effect from 3rd April 2013

Mr. Zaheer Merchant was appointed with effect from 3rd April 2013

Directors who held office as at the end of the Accounting period-31st March 2013

Mr. H.L.L.M. Nanayakkara – Chairman/Managing Director
Mr. J.H.P. Ratnayake- Deputy Chairman
Mr. F.X.R. Pereira
Mr. A.D. Ross
Mr. Valentine Siva Jr.
Mr. D. Muthukumarana
Mr. R.J. Wickramasinghe
Mr. S.A. Abeyesinhe
Ms. D. P. Pieris
Mr. S.A. Abeyesinhe [*Alternate Director to Mr. Valentine Siva Jr.*]
Mr. S.A. Abeyesinhe [*Alternate Director to Mr. J.H.P. Ratnayake*]

Of the Nine (09) Directors, Mr. F.X.R. Pereira, Mr. A.D. Ross and Mr. R.J. Wickramasinghe are non-executive, independent Directors.

Annual Report of the Board of Directors on the Affairs of the Company (contd.)

Directors retiring (at the Annual General Meeting)

- (1) Mr. Valentine Siva Jr. retires by rotation in accordance with Article 98 of the Articles of Association of the Company and being eligible, offers himself for re-election under Article 99 of the Articles of Association.
- (2) Mr. Toshiaki Tanaka who was appointed to office on 3rd April 2013 will cease to be a Director and will be eligible for re-election at the AGM according to Article 103 of the Articles of Association of the Company.
- (3) Mr. Zaheer Merchant who was appointed to office on 3rd April 2013 will cease to be a Director and will be eligible for re-election at the AGM according to Article 103 of Articles of Association of the Company.
- (4) Mr. D. Muthukumarana who is presently Seventy Three (73) years of age will cease to hold office at the conclusion of the Annual General Meeting and it is proposed to move a resolution for his re-appointment for a further period of one (01) year or up to the date of the next Annual General Meeting and for the non-application of the age limit referred to in section 210 of the Companies Act No.7 of 2007.
- (5) Mr. F.X.R. Pereira who is presently Seventy One (71) years of age will cease to hold office at the conclusion of the Annual General Meeting and it is proposed to move a resolution for his re-appointment for a further period of one (01) year or up to the date of the next Annual General Meeting and for the non-application of the age limit referred to in section 210 of the Companies Act No.7 of 2007.

Corporate Governance

The Board of Directors confirm that the Company is compliant with section 7.10 of the Listing Rules of the Colombo Stock Exchange.

The Audit Committee and the Remuneration Committee function as Board sub committees with Directors who possess the requisite qualifications and experience.

The composition of the said committees is as follows;

Audit Committee

Mr. F X R Pereira
(Independent Non-Executive Director)
Mr. A D Ross
(Independent Non-Executive Director)
Mr. D Muthukumarana
(Non-Executive Director)
Mr. R J Wickramasinghe
(Independent Non-Executive Director)

Remuneration Committee

Mr. R J Wickramasinghe
(Independent Non-Executive Director)
Mr. F X R Pereira
(Independent Non-Executive Director)
Mr. D Muthukumarana
(Non-Executive Director)
Mr. V Siva Jr.
(Non-Executive Director)

Directors' Interest In Shares

Name	No. of Shares as at 31st March 2013	No. of Shares as at 31st March 2012
Mr. H.L.L.M. Nanayakkara/ Seylan Bank PLC	2,139,200	2,139,200
J.H.P. Ratnayeke/ Seylan Bank PLC	30	30
A.D.Ross	-	-
Valentine Siva Jr.	-	-
D. Muthukumarana	-	50,000
F X R Pereira	200	200
R.J. Wickramasinghe	-	-
S. A. Abeyesinhe	-	-
D P Pieris (Alternate Director to Mr. H L L M Nanayakkara)	40,000	40,000

Shareholders Information

The distribution and analysis of shareholdings were as follows;

	As at 31st March 2013			As at 31st March 2012		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1 - 1,000	5,624	830,917	0.76	5,746	884,971	0.80
1,001 - 10,000	568	1,382,753	1.26	594	1,494,231	1.36
10,001 - 100,000	43	998,309	0.90	46	1,297,320	1.18
100,001 - 1,000,000	3	1,059,668	0.96	1	543,268	0.49
1,000,001 & over	4	105,728,353	96.12	4	105,780,210	96.16
Total	6,242	110,000,000	100	6391	110,000,000	100

	As at 31st March 2013			As at 31st March 2012		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
Resident	6,172	7,765,152	7.06	6,319	8,056,845	7.32
Non-Resident	70	102,234,848	92.94	72	101,943,155	92.68
Total	6,242	110,000,000	100	6,391	110,000,000	100

	As at 31st March 2013			As at 31st March 2012		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
Individual	6,115	99,396,507	90.36	6,260	101,731,384	92.48
Institutional	127	10,603,493	9.64	131	8,268,616	7.52
Total	6,242	110,000,000	100	6,391	110,000,000	100

Arrangement for Acquisition of Shares by Directors

The Company has provided an interest free loan of Rs. 17.5 Million to the Employee Share Ownership Plan (ESOP). No shares were allotted from the ESOP during the year.

Directors' Interest Register

In terms of the Companies Act No.07 of 2007 an Interest Register was maintained during the accounting period under review. This Annual Report also contains particulars of entries made in the Interest Register.

Directors Remuneration and Other Benefits of Directors

Directors remuneration and other benefits of directors are stated in the Note 09 on page 53 of the Financial Statements.

Directors' Interest In Contracts

None of the Directors had a direct or indirect interest in any contracts or proposed contracts with the Company other than as disclosed in Note 37 (d) on page 90 of the Financial Statements.

Annual Report of the Board of Directors on the Affairs of the Company (contd.)

20 Largest Holders of Equity

	Name	As at 31st March 2013		As at 31st March 2012	
		No. of Shares	%	No. of Shares	%
1	Mr. Vijayeswaran S. Vijayaratnam	96,039,747	87.31%	96,439,973	87.67%
2	Fast Gain International Limited	5,523,966	5.02%	5,175,597	4.71%
3	Seylan Bank PLC/Hiniduma Liyanage Lakpriya Manohan Nanayakkara	2,139,200	1.94%	2,139,200	1.94%
4	P W Corporate Secretarial (Private) Limited - Trustee to the ESOP	2,025,440	1.84%	2,025,440	1.84%
5	Asian Alliance Insurance PLC-A/C 02 (Life Fund)	543,268	0.49%	543,268	0.49%
6	Mr. Toshiaki Tanaka	400,000	0.36%	-	-
7	Asia Asset Finance PLC	116,400	0.11%	80,000	0.07%
8	Mr. Hamish Winston Mcdonald Woodward	98,300	0.09%	98,300	0.09%
9	Anglo Amalgamated (Pty) Limited	67,000	0.06%	67,000	0.06%
10	Mrs. Manjula Morarji Udeshi	55,880	0.05%	55,880	0.05%
11	Mr. Anushman Rajaratnam	50,000	0.05%	50,000	0.05%
12	Mr. Wannakuwattewaduge Ananda Fernando	44,000	0.04%	44,000	0.04%
13	Mr. Calisius Nimalanathan Pakianathan	42,500	0.04%	-	-
14	Ms. Sabiha Abdul Husen Rajkotwala	42,000	0.04%	42,000	0.04%
15	Mrs. Dayangani Priyanthi Pieris	40,000	0.04%	40,000	0.04%
16	Mr. Shahul Hameed Noor Mohamed	37,500	0.03%	37,500	0.03%
17	Mr. Kanagasingam Kularatnam	34,300	0.03%	41,000	0.04%
18	Mr. Ranil Hugh Fernando	30,000	0.03%	30,000	0.03%
19	Mr. Mahinda Sarath Dayananda Galagedera	27,390	0.2%	45,000	0.04%
20	Upali Ganganath Bulumulle	26,800	0.02%	26,800	0.02%

Public Shareholding

The percentage of public shareholding as at the 31st of March 2013 was 10.58 %.

Annual General Meeting

The notice of the Annual General Meeting will be sent as a separate annexure.

Auditors

The Financial Statements for the year ended 31st March 2013 have been audited by Messrs. KPMG (Chartered Accountants) who offer themselves for reappointment.

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

The Auditors also do not have any interest in the Company.

The Auditors Messrs. KPMG Chartered Accountants were paid Rs. 1,050,000/- as Audit fees by the Company.

A resolution relating to their reappointment and authorising the Directors to determine their remuneration will be proposed at the Annual General Meeting.

By Order of the Board



J H P Ratnayake
Deputy Chairman/Director



S A Abeyesinhe
Director



P R Secretarial Service (Private) Limited
Secretaries

20 December 2013

Chief Executive Officer's and Chief Financial Officer's Responsibility Statement

The Financial Statements of Asia Capital PLC and the Group are prepared in compliance with the Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka, the requirements of the Companies Act No. 7 of 2007, the Sri Lanka Accounting & Auditing Standards Act No. 15 of 1995 and the listing rules of the Colombo Stock Exchange, to the extent applicable to the Company. We confirm that to the best of our knowledge, the financial statements and other financial information included in this Annual Report fairly present in all material respects, the financial position, results of operations and cash flows of the Company and the Group as of and for the periods presented in this Annual Report. There are no departures from the prescribed accounting standards in their adoption. The accounting policies used in the preparation of the Financial Statements are appropriate and are consistently applied, except where otherwise stated in the Notes accompanying the Financial Statements.

The Board of Directors and the management of your Company accept responsibility for the integrity and objectivity of these Financial Statements. The estimates and judgements relating to the Financial Statements were made on a prudent and reasonable basis, in order that 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.

To ensure this, we have taken proper and sufficient care in evaluating the effectiveness of the system of internal controls and procedures of the Group and are satisfied that they have been effective as of the end of the period covered by this Annual Report. We are also satisfied that the proper accounting records are maintained for safeguarding assets and for preventing and detecting fraud as well as other irregularities. Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed. However, there are inherent limitations that should be recognised in weighing the assurances provided by any system of internal controls and accounting.

The Financial Statements were audited by Messrs KPMG Chartered Accountants, the Independent Auditors.

The Audit Committee of your Company meets periodically with the Internal Auditors and 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 and the internal auditors have full and free access to the members of the audit committee to discuss any matter of substance.

It is also declared and confirmed that the Company has complied with and ensured compliance with the guidelines for the Listed Companies where mandatory compliance is required. It is further confirmed that all the other guidelines have been complied with and that there are no known material litigations and claims against the Company other than those arising out of the normal course of business.



S A Abeyesinhe
Director/Group Chief Executive Officer



Thusitha Perera
Group Chief Financial Officer

20 December 2013

Statement of Directors' Responsibilities

The Board of Directors of Asia Capital PLC is responsible for ensuring that the Company maintains proper books of accounts of all transactions and prepares financial statements for each financial year which give a true and fair view of the state of affairs of the Company and its subsidiaries, associates for that period. The Companies Act No. 07 of 2007 requires that the Directors prepare Financial Statements for each year, giving a true and fair view and the state of affairs of the Company and the Group as at the end of the financial year and the profit and loss of the Company and the Group for that financial year.

In the circumstances, the Directors of the Company state below their responsibilities in relation to the Financial Statements of the Company and its subsidiaries and associates for the year ended 31st March, 2013. These differ from the Auditors responsibilities, which are set out in their report given on pages 32 and 33. The Board of Directors have a responsibility to ensure that the Company and its subsidiary and associates are maintaining sufficient accounting policies to ensure the accuracy and reliability of financial statements. The Directors have a general responsibility to take steps to safeguard the assets of the Company.

The Directors confirm that suitable accounting policies have been used and applied consistently and that all applicable accounting standards have been followed in the preparation of the Financial Statements. Furthermore, reasonable and prudent judgments and estimates have been made in the preparation of these Financial Statements.

The Directors confirm that the Financial Statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards and that they provide the information required by the Companies Act No. 07 of 2007.

The overall responsibility for the Company's internal control systems lies with the Directors. Whilst recognising the fact that there is no single system of internal control that could provide absolute assurance against material misstatements and fraud, the Directors confirm that the prevalent internal control systems instituted by them and which comprise internal checks, internal audit and financial and other controls are so designated that there is reasonable assurance that all assets are safeguarded and transactions properly authorised and recorded, so that material misstatements and irregularities are either prevented or detected within a reasonable period of time.

The Directors are responsible for providing the auditors with every opportunity to carry out the necessary audit work in enabling them to present their report.

The Directors have adopted the 'going concern basis' in preparing the Financial Statements. Having reviewed the Group's business plans, the Directors are satisfied that the Company has adequate resources to continue in operation.

The Directors confirm that to the best of their knowledge all taxes and levies payable by the Group, all contributions, levies and taxes payable on behalf of and in respect of the employees and all other statutory obligations including retirement gratuities as were due as at the Reporting date have been either duly paid or appropriately provided for in the financial statements.



S A Abeyesinhe
Director/Group Chief Executive Officer



F X R Pereira
Director

20 December 2013

Audit Committee Report

The Terms of Reference of the Audit Committee comply with the listing rules of the Colombo Stock Exchange. The Audit Committee comprised of the following.

1. Mr. F. X. R. Pereira
(Chairman) – Independent Non-Executive Director
2. Mr. A. D. Ross
Independent Non-Executive Director
3. Mr. D. Muthukumarana
Independent Non-Executive Director
4. Mr. R. J. Wickremasinghe
Independent Non-Executive Director

Mr. F. X. R. Pereira, FCMA, CGMA, is a fellow member of the Chartered Institute of Management Accountants, United Kingdom, and a fellow of the CMA, Sri Lanka.

Mr. A. D. Ross is a Chartered Accountant of the Institute of Chartered Accountants, England and Wales; He is a partner of Baker Tilley, Hongkong.

Mr. D. Muthukumarana, has a Masters Degree in Business Administration from PIM (University of Sri Jayawardanapura), Fellowship in Banking from IBSL, Advanced Credit and International Banking at Veereins and West Bank, Hamburg and Midland, London. He holds a certificate in Project Management from Cranfield University, U. K. He is a Senior Banker with long years of experience.

Mr. R. J. Wickremasinghe, FCMA, CGMA, FCCA, has over thirty years of experience in the fields of Finance, Operations and general management both Internationally and locally.

The Company's Management is responsible for the financial statements and for maintaining effective internal controls over financial reporting. The main purpose is to provide assistance to the Board of Directors of Asia Capital PLC in fulfilling their responsibility to the shareholders and other stakeholders.

The Group Chief Executive Officer and Group Chief Financial Officer attend the meetings at the invitation of the Committee. Mr. A. D. Ross takes part in the meetings by tele-conference. Discussions have been held with the external auditors.

The Committee meets as and when required including to review the quarterly and Annual Financial Statements. The Committee reviewed and recommended the letter of engagement of the external auditors and recommended their appointment to the Board of Directors. The Chairman of the Audit Committee is also the Chairman of Asia Securities (Private) Limited., a Subsidiary of Asia Capital PLC.

The audit programmes are agreed with PricewaterhouseCoopers, our internal auditors.

Financial Reporting

The Committee as a part of its responsibility to oversee the Asia Capital Group's financial reporting process on behalf of the Board of Directors has reviewed the reporting process including compliance with Accounting Standards. In the last annual report, the committee identified the need for Asia Capital PLC and Asia Securities (Private) Limited., to be compliant with Sri Lanka Financial Reporting Standards (SLFRS) which new standards have come into operation from 1st January 2012. The company is compliant with the SLFRS and revised Accounting Standards (LKAS).

Conclusion

The Audit Committee is satisfied that control environment prevailing in the organization provides reasonable assurance regarding the reliability of the financial reporting of the Group, the assets are safeguarded and that the listing rules of the Colombo Stock Exchange have been met.



F X R Pereira
Chairman - Audit Committee

20 December 2013

Remuneration Committee Report

Remuneration Committee consists of four Non- Executive Directors as follows:

1. Mr. R J Wickramasinghe
(Chairman) - Independent Non-Executive Director
2. Mr. F X R Pereira
Independent Non-Executive Director
3. Mr. V Siva Jr.
Non-Executive Director
4. Mr. D Muthukumarana
Non-Executive Director

The Chairman and CEO attend the meetings of the Remuneration Committee by invitation.

The purview of the Committee is to assist the Board of Directors in setting Policies with regard to aligning commendation of staff with the skills, expertise and quality demanded of them. This is to ensure that the Company is able to attract, motivate and retain high quality management in a competitive environment and this is well placed to meet the challenges the Company faces. The Committee is responsible for ensuring that the total compensation package is competitive and can attract the best talent in the marketplace.

The Committee meets as often as necessary and makes recommendations on compensation structures and bonuses.



R J Wickramasinghe
Chairman - Remuneration Committee

20 December 2013

Independent Auditors' Report



KPMG
(Chartered Accountants)
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Sri Lanka.

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TO THE SHAREHOLDERS OF ASIA CAPITAL PLC

Report on the Financial Statements

We have audited the accompanying financial statements of Asia Capital PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statements of financial position as at 31st March 2013, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 34 to 111 of the Annual Report.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Scope of Audit and Basis of Opinion

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

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

Except for the matter discussed in the second paragraph of the Group Opinion, we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion – Company

In our opinion, the Company maintained proper accounting records for the year ended 31st March 2013 and the financial statements give a true and fair view of the financial position of the Company as at 31st March 2013 and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Opinion - Group

1. Inventories of Asia Digital (Private) Limited, a subsidiary of the Group, comprise of films completed and films under production as reflected in the Statement of Financial Position as at 31st March 2013 amounting to Rs. 321,939,995/-. Further, in relation to these films, as of the reporting date, Note 38.1, indicates the estimated capital expenditure commitments approved but not contracted for. Note 19.1 indicates the gross receipts estimated on the distribution of the highest value film namely 'A Common Man'.

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

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

However, due to the lack of certainty of future receipts expected from the film namely 'A Common Man' and the inability to determine the gross receipts from other films, the recoverability of the balances can not be established.

2. Asia Asset Finance PLC, a subsidiary of Group has incorporated several adjustments subsequent to the year end in order to reconcile the balance as per the general ledger with the balance as per sub ledger since there were differences between the said two systems due to errors in the implementation of the new operating and accounting system during the year. As at 31st March 2013, Loans, Lease and Hire Purchase Receivables and Fixed Deposits general ledger balances did not agree and exceeded the sub ledger balances by Rs. 57,416,050/- and Rs. 19,663,251/- respectively.
3. The Group has adopted the revaluation model in accordance with LKAS 16 "Property, Plant and Equipment" for the subsequent measurement of Office Equipment, Fixtures and Fittings, Computer Equipment, Hotel Equipment, Plant and Equipment and Computer Equipment under Finance Leases as at 31st March 2013 as disclosed in Note 3.2.1 to the consolidated financial statements. However Asia Capital Technologies (Private) Limited, Asia Digital Entertainment (Private) Limited and Asia Asset Finance PLC, subsidiaries of the Group, have not subsequently measured fair value of Office Equipment, Fixtures and Fittings, Computer Equipment, Hotel Equipment, Plant and Equipment and Computer Equipment under Finance Leases as at 31st March 2013. The effect on the consolidated financial statements due to this non-compliance with the Group accounting policy can not be quantified in the absence of sufficient and appropriate audit evidence.

In our opinion, except for the effects of matters discussed above, the Group maintained proper accounting records for the year ended 31st March 2013 and the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries dealt with thereby as at 31st March 2013 and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Without further qualifying our opinion, we draw attention to Note 40 to the consolidated financial statements which more fully describes the existence of doubt on the going concern of the subsidiaries of the Group and the steps taken by the Group.

Report on Other Legal and Regulatory Requirements

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



Chartered Accountants
20th December 2013

Colombo

Statement of Comprehensive Income

For the year ended 31st March

	Note	GROUP		COMPANY	
		2013 Rs.'000	2012 Rs.'000	2013 Rs.'000	2012 Rs.'000
Revenue	5	854,889	1,996,276	581,901	897,737
Cost of Sales		(465,333)	(1,242,754)	(176,448)	(94,449)
Gross Profit		389,556	753,522	405,453	803,288
Other Operating Income	6	54,535	1,802,296	393	776,310
Selling and Distribution Expenses		(136,952)	(135,251)	(120,523)	(33,215)
Administrative Expenses		(742,960)	(1,083,009)	(167,783)	(145,398)
Other Operating Expenses		(198,814)	(628,614)	(153,689)	(102,878)
(Provision)/Reversal for Bad & Doubtful Debts	7	(25,973)	(86,208)	-	(22,056)
Net Finance Income/(Costs)	8	(87,310)	211,622	(59,054)	(2,456)
Share of Profit of Associate Companies	15.2.1	-	9,100	-	-
Profit/ (Loss) Before Taxation	9	(747,918)	843,458	(95,203)	1,273,595
Income Taxation	10	20,262	(146,226)	157	(84,597)
Profit/ (Loss) for the Year		(727,656)	697,232	(95,046)	1,188,998
Attributable to					
Equity Holders of the Parent Company		(722,972)	855,749	(95,046)	1,188,998
Non-controlling Interests		(4,684)	(158,517)	-	-
		(727,656)	697,232	(95,046)	1,188,998
Basic Earnings/ (Loss) Per Share (Rs.)	11.1	(6.57)	7.78	(0.86)	10.81
Dividend Per Share (Rs.)	11.2	-	-	-	6.95

Statement of other Comprehensive Income

Profit/ (Loss) for the Year		(727,656)	697,232	(95,046)	1,188,998
Other Comprehensive Income					
Actuarial Gain/ (Loss) on Defined Benefit Obligations		736	3,586	(638)	(632)
Revaluation Surplus on Property, Plant and Equipment		46,809	-	5,905	-
Deferred Taxation on Revaluation Surplus		(942)	-	-	-
Other Comprehensive Income for the Year, Net of Tax		46,603	5,775	5,267	827
Total Comprehensive Income/ (Expense) for the Year		(681,053)	703,007	(89,779)	1,189,825
Attributable to					
Equity Holders of the Parent Company		(676,369)	861,524	(89,779)	1,189,825
Non-controlling Interests		(4,684)	(158,517)	-	-
Total Comprehensive Income/ (Expense) for the Year		(681,053)	703,007	(89,779)	1,189,825

Figures in bracket indicate deductions.

The Financial Statements are to be read in conjunction with the accounting policies and related notes, which are set out on pages 41 to 111.

Statement of Financial Position

As at 31st March

	Note	GROUP			COMPANY		
		31/03/2013 Rs.'000	31/03/2012 Rs.'000	01/04/2011 Rs.'000	31/03/2013 Rs.'000	31/03/2012 Rs.'000	01/04/2011 Rs.'000
ASSETS							
Non-Current Assets							
Property, Plant and Equipment	12	839,044	680,994	401,132	27,072	41,854	42,700
Intangible Assets	13	149,539	108,672	165,359	21,914	1,284	1,818
Investment Properties	14	32,935	42,935	69,685	-	-	-
Investments in Subsidiaries	15.1	-	-	-	1,509,274	1,393,171	629,475
Investments in Associates	15.2	-	-	132,440	-	-	583,187
Other Long Term Investments	15.3	-	-	1,265,095	-	-	-
Long Term Deposits and Advances	18	19,246	62,901	17,402	9,746	53,401	7,902
Trade and Other Receivables	24	1,060,710	1,003,863	754,343	-	-	-
Deferred Taxation	29	84,860	54,939	16,443	-	-	-
		2,193,334	1,954,304	2,821,899	1,568,006	1,489,710	1,265,082
Current Assets							
Inventories	19	292,263	279,650	34,935	-	-	-
Loans & Receivable	20	992,835	273,212	2,319,142	740,666	184,049	1,128,084
Financial Assets Available For Sale	21	579	33,618	31,607	-	17,231	15,772
Financial Assets Fair Value Through Profit or Loss	22	47,381	98,848	1,239,516	40,607	75,525	23,605
Loans given to ESOP	16	3,414	17,491	17,491	3,414	17,491	17,491
Short Term Lendings	23	-	-	-	-	-	-
Income Tax Receivable		23,056	22,574	13,506	15,638	12,396	1,832
Trade and Other Receivables	24	1,740,707	1,927,926	1,854,739	33,494	214,577	307,627
Loans due from Related Parties	17	-	-	-	-	-	383,639
Amounts due from Related Parties	25	58	-	72,845	686,275	704,582	483,720
Cash and Cash Equivalents	26	281,300	331,734	211,523	9,222	1,618	12,914
		3,381,593	2,985,053	5,795,304	1,529,317	1,227,470	2,374,684
Total Assets		5,574,927	4,939,357	8,617,203	3,097,323	2,717,180	3,639,765
EQUITY AND LIABILITIES							
Capital and Reserves							
Stated Capital	27	1,114,558	1,114,558	1,114,558	1,114,558	1,114,558	1,114,558
Revaluation Reserve		45,867	-	27,560	5,905	-	-
Available for Sale Reserve		-	(4,154)	(6,343)	-	(2,769)	(4,228)
Capital Reserves		11,148	6,229	5,774	-	-	-
General Reserve		16,347	8,425	3,000	-	-	-
Retained Earnings/ (Accumulated Losses)		(410,842)	(92,315)	20,474	(56,463)	39,221	(384,645)
Shareholders' Fund		777,078	1,032,744	1,165,023	1,064,000	1,151,010	725,685
Non-controlling Interests		138,609	44,096	598,549	-	-	-
Total Equity		915,687	1,076,840	1,763,572	1,064,000	1,151,010	725,685
Non-Current Liabilities							
Retirement Benefit Obligations	30	34,438	25,522	44,375	9,278	5,607	2,736
Non - Interest Bearing Borrowings- Non Current	31	-	-	-	-	-	-
Interest Bearing Borrowings - Non Current	32	851,402	59,002	28,037	769,507	14,131	9,364
Provision for Life Solvency		-	-	100,000	-	-	-
Trade and Other Payables	34	759,964	358,671	105,686	-	-	-
		1,645,804	443,195	278,098	778,785	19,738	12,100

Statement of Financial Position (contd.)

As at 31st March

	Note	GROUP			COMPANY		
		31/03/2013 Rs.'000	31/03/2012 Rs.'000	01/04/2011 Rs.'000	31/03/2013 Rs.'000	31/03/2012 Rs.'000	01/04/2011 Rs.'000
Current Liabilities							
Non - Interest Bearing Borrowings- Current	31	132,856	144,670	144,670	132,856	144,670	144,670
Interest Bearing Borrowings - Current	32	520,329	511,799	1,254,558	652,727	654,707	1,539,055
Debentures	28	10	10	10	-	-	-
Insurance Provision	33	-	-	2,190,558	-	-	-
Trade and Other Payables	34	2,156,846	2,199,411	2,107,353	70,002	15,039	87,213
Amounts due to Related Parties	35	-	-	-	293,279	305,956	444,600
Income Tax Payable		46,223	46,798	130,775	-	-	-
Bank Overdrafts	26	157,172	516,634	747,609	105,674	426,060	686,443
		3,013,436	3,419,322	6,575,533	1,254,538	1,546,432	2,901,981
Total Liabilities		4,659,240	3,862,517	6,853,631	2,033,323	1,566,170	2,914,081
Total Equity and Liabilities		5,574,927	4,939,357	8,617,203	3,097,323	2,717,180	3,639,766

Net Assets Per Share (Rs.) 7.06 9.39 10.59 9.67 10.46 6.60

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the accounting policies and related notes, which are set out on pages 41 to 111.

I certify that the above financial statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007



Thusitha Perera
Group Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.
Approved and signed for and on behalf of the Board of Directors,



F X R Pereira
Director



S A Abeyesinhe
Director

20th December 2013
Colombo.

Statement of Cash Flow

For the year ended 31st March

	Note	GROUP		COMPANY	
		2013 Rs.'000	2012 Rs.'000	2013 Rs.'000	2012 Rs.'000
CASH FLOW FROM OPERATING ACTIVITIES					
Profit/ (Loss) Before Income Tax Expense		(747,918)	843,459	(95,203)	1,273,595
Adjustments for;					
Provision for Retiring Benefit Obligation	30	9,091	4,633	3,671	2,871
Depreciation of Property, Plant and Equipment	12	77,418	64,719	10,674	9,156
Amortisation of Intangible Assets		10,126	1,474	5,930	609
Revaluation Loss on Property, Plant and Equipment		9,774	-	9,774	-
Gain/loss on Translation of Foreign Currency		13,918	-	13,918	-
(Profit)/ Loss on Disposal Property, Plant and Equipment		9,647	(7,025)	-	-
Profit on Disposal of Subsidiary		(373,727)	(1,468,358)	(373,727)	-
Profit on Disposal of Associates		-	(33,460)	-	(770,634)
Unrealised Capital Gain/Loss		2,538	523,091	2,538	30,883
Provision/(Reversal) for Impairment		25,973	86,208	5,000	22,056
Share of Profit of Associate Company's Before Taxation		-	(9,100)	-	-
Interest Income	8	(50,675)	(299,729)	(87,719)	(101,122)
Interest Expenses	8	137,985	88,107	146,773	103,577
Operating Profit/ (Loss) Before Working Capital Changes		(875,850)	(205,981)	(358,371)	570,991
(Increase)/decrease in Inventories		(12,613)	(244,715)	-	-
(Increase)/decrease in Loans & Receivable		(719,623)	726,367	(514,128)	944,035
(Increase)/decrease in Financial Assets Available For Sale		37,193	10,382	-	(1,459)
(Increase)/decrease in Fair Value Through Profit & Loss		51,467	-	32,380	(51,920)
(Increase)/decrease in Trade and Other Receivables		123,372	(93,072)	135,761	(62,700)
(Increase)/decrease in Amount due from Related Parties		(58)	(115,862)	207,012	(500,436)
Increase /(decrease) in Trade and Other Payables		358,728	497,502	69,039	(72,169)
Increase /(decrease) in Amount due to Related Parties		-	-	(12,677)	(96,118)
Cash Generated from/ (Used in) Operations		(1,037,385)	574,621	(440,984)	730,224
Gratuity Paid	30	(175)	(748)	-	-
Income Tax Paid		(9,984)	(189,360)	(561)	(8,011)
Net Cash Generated from (Used in) Operating Activities		(1,047,544)	384,513	(441,545)	722,210

Statement of Cash Flow (contd.)

For the year ended 31st March

	Note	GROUP		COMPANY	
		2013 Rs.'000	2012 Rs.'000	2013 Rs.'000	2012 Rs.'000
CASH FLOW FROM INVESTING ACTIVITIES					
Acquisition of Property, Plant & Equipment		(198,148)	(272,883)	(86)	(1,483)
Acquisition of Intangible Assets		(50,993)	-	-	(76)
Acquisition of Investment Properties		-	(21,329)	-	-
Proceeds from Disposal of Investment Properties		10,000	-	-	-
Advance for Intangible Assets		-	-	-	(44,860)
Acquisition of Subsidiary net of cash received	36	-	(185,567)	-	-
Increase in Interest in Subsidiaries		95,610	(484,113)	(400,420)	(484,113)
Investments in Associates		-	-	-	(170,546)
Net Proceeds from Disposal of Subsidiary		515,640	2,225,828	469,338	-
Net Proceeds from Disposal of Associates		-	168,766	-	1,524,367
Loans Granted to Related Parties (Net)		-	-	-	383,638
Proceeds from Disposal of Property, Plant and Equipment		19,623	9,678	-	-
Purchase of other Long Term Investments		-	(307,952)	-	(630)
Proceeds from Disposal of Long Term Investments		43,655	-	32,095	-
Interest Received		50,675	299,729	87,719	75,070
Net Cash Flows from (Used in) Investing Activities		486,062	1,432,157	188,646	1,281,367
CASH FLOW FROM FINANCING ACTIVITIES					
Net Proceeds from /Repayment of Other Loans		783,448	35,996	715,496	-
Proceed of Minority on Renunciation of Right of Subsidiary		-	81,470	-	-
Net Proceeds from /Repayment of Amounts Payable Under Re-purchase Agreement		(90,873)	(910,206)	6,889	(912,997)
Net Proceeds from /Repayment of Commercial Papers		315,919	179,864	5,277	26,407
Dividend Paid		-	(764,500)	-	(764,500)
Interest Paid		(137,985)	(88,107)	(146,773)	(103,400)
Net cash flows from/(used in) financing activities		870,509	(1,465,483)	580,889	(1,754,490)
Net increase in cash & cash equivalents		309,028	351,186	327,990	249,087
Cash and cash equivalents at the beginning of the year	26	(184,900)	(536,086)	(424,442)	(673,529)
Cash and cash equivalents at the end of the year	26	124,128	184,900	(96,452)	(424,442)

The Financial Statements are to be read in conjunction with the accounting policies and related notes, which are set out on pages 41 to 111.

Figures in brackets indicate deductions.

Statement of Changes in Equity

For the year ended 31st March

GROUP

	Stated Capital	Revaluation Reserve	Available for Sale Reserve	Capital Reserve	General Reserve	Retained Earnings/ (Accumulated Losses)	Total Attributable to Equity Holders	Non- controlling Interest	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 31st March 2011 as Previously Stated	1,114,558	27,560	-	5,774	3,000	27,986	1,178,878	598,549	1,777,427
Adjustments due to First Time Adoption of SLFRSs as at 1st April 2011 (Note 43)	-	-	(6,343)	-	-	(7,512)	(13,855)	-	(13,855)
Re-stated Balance as at 1st April 2011	1,114,558	27,560	(6,343)	5,774	3,000	20,474	1,165,023	598,549	1,763,572
Transferred to Reserves	-	-	-	455	5,425	(5,880)	-	2,270	2,270
Adjustment on Acquisition, Disposal and Change in Holding of Subsidiaries	-	-	-	-	-	(72,203)	(72,203)	(398,196)	(470,399)
Adjustment on Disposal of Associate	-	(27,560)	-	-	-	(129,540)	(157,100)	-	(157,100)
Profit / (Loss) for the Year	-	-	-	-	-	855,749	855,749	(158,517)	697,232
Interim Dividend Paid	-	-	-	-	-	(764,500)	(764,500)	-	(764,500)
Subsidiary Dividend to Minority Shareholders	-	-	-	-	-	-	-	(10)	(10)
Actuarial Gain/(Loss) on Defined Benefit Obligations	-	-	-	-	-	3,586	3,586	-	3,586
Net Changes in Fair Value of Available for Sale Financial Assets	-	-	2,189	-	-	-	2,189	-	2,189
Balance as at 31st March 2012	1,114,558	-	(4,154)	6,229	8,425	(92,315)	1,032,744	44,096	1,076,840
Transferred to Reserves	-	-	-	4,919	7,922	(12,841)	-	-	-
Adjustment on Acquisition, Disposal and Change in Holding of Subsidiaries	-	-	-	-	-	416,550	416,550	99,197	515,747
Loss for the Year	-	-	-	-	-	(722,972)	(722,972)	(4,684)	(727,656)
Revaluation Surplus on Property, Plant and Equipment	-	45,867	-	-	-	-	45,867	-	45,867
Actuarial Gain/(Loss) on Defined Benefit Obligations	-	-	-	-	-	736	736	-	736
Net Changes in Fair Value of Available for Sale Financial Assets	-	-	4,154	-	-	-	4,154	-	4,154
Balance as at 31st March 2013	1,114,558	45,867	-	11,148	16,347	(410,842)	777,078	138,609	915,687

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the accounting policies and related notes, which are set out on pages 41 to 111.

Statement of Changes in Equity (contd.)

For the year ended 31st March

COMPANY

	Stated Capital	Revaluation Reserve	Available for Sale Reserve	Retained Earning/ Accumulated Losses	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 1st April 2011 as Previously Stated	1,114,558	-	-	(390,074)	724,484
Adjustments due to First Time Adoption of SLFRSs as at 1st April 2011 (Note 43)	-	-	(4,228)	5,429	1,201
Re-stated Balance as at 1st April 2011	1,114,558	-	(4,228)	(384,645)	725,685
Profit for the Year	-	-	-	1,188,998	1,188,998
Net Changes in Fair Value of Available for Sale Financial Assets	-	-	1,459	-	1,459
Actuarial Gain/(Loss) on Defined Benefit Obligations	-	-	-	(632)	(632)
Interim Dividend Paid	-	-	-	(764,500)	(764,500)
Balance as at 31st March 2012	1,114,558	-	(2,769)	39,221	1,151,010
Loss for the Year	-	-	-	(95,046)	(95,046)
Net Changes in Fair Value of Available for Sale Financial Assets	-	-	2,769	-	2,769
Actuarial Gain/(Loss) on Defined Benefit Obligations	-	-	-	(638)	(638)
Revaluation Surplus on Property, Plant and Equipment	-	5,905	-	-	5,905
Balance as at 31st March 2013	1,114,558	5,905	-	(56,463)	1,064,000

Figures in brackets indicate deductions.

The Financial statements are to be read in conjunction with the accounting policies and related notes, which are set out on pages 41 to 111.

Notes to the Financial Statements

1 REPORTING ENTITY

1.1 Domicile and Legal form

Asia Capital PLC is a limited liability company incorporated and domiciled in Sri Lanka, and listed in the Colombo Stock Exchange. The Registered Office of the Company and the principal place of business are both situated at Level 21, West Tower, World Trade Center, Colombo 01.

The Consolidated Financial Statements of Asia Capital PLC for the year ended 31st March 2013 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates.

All the Group entities are limited liability companies, incorporated and domiciled in Sri Lanka.

1.2 Principle Activities and Nature of Operations

During the year the principle activities of the Group was stock brokering, corporate finance, asset management, margin trading, treasury management, dealing and investing in securities, financial services, hotels, tea packaging and production of motion pictures.

During the year ended 31st March 2013, the primary activity of the Company was to act as an investment holding company.

1.3 Parent and Ultimate Parent Enterprise

In the opinion of the Board of Directors, Asia Capital PLC does not have an identifiable parent company of its own.

1.4 Financial Period

All companies in the Group other than Asian Alliance Insurance PLC, which ends on 31st December, have a common financial year, which ends on 31st March.

1.5 Date of Authorisation for Issue

The Financial Statements were authorised for issue by the Board of Directors on 20th December 2013.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

The Consolidated Financial Statements have been prepared in accordance with the Sri Lanka Accounting standards issued by the Institute of Chartered Accountants of Sri Lanka and the Companies Act No. 7 of 2007 and Sri Lanka Accounting and Auditing Standards Act, No.15 of 1995. These are the first Financial Statements prepared in accordance with Sri Lanka Financial Reporting Standards (SLFRS) and SLFRS 1, "First-time Adoption of Sri Lanka Accounting Standards" has been applied.

An explanation of how the transition to SLFRSs has affected the reported financial position and financial performance of the Group is provided in the Note 43.

2.2 Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- property, plant and equipment
- financial instruments at fair value through profit or loss are measured at fair value
- available-for-sale financial assets are measured at fair value
- investment property is measured at fair value

2.3 Responsibility for Financial Statements

The Board of Directors are responsible for the preparation and presentation of the Financial Statements.

2.4 Going Concern

The Board of Directors has made an assessment of Group's ability to continue as a going concern and they do not intend either to liquidate or cease operations.

2.5 Functional Currency and Presentation Currency

The individual Financial Statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Consolidated Financial Statements are presented in Sri Lankan Rupees, which is also the Company's functional currency. The figures are rounded to the nearest thousand rupees.

2.6 Use of Estimates and Judgments

The preparation of Financial Statements in conformity with Sri Lanka Accounting Standards (SLFRS/LKAS) require management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying value of assets and liabilities those are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the

Notes to the Financial Statements (contd.)

period of the revision and future periods if the revision affects both current and future periods.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Consolidation

3.1.1 Subsidiaries

Subsidiaries are those entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The Financial Statements of Subsidiaries are included in the Consolidated Financial Statements from the date that control commences until the date the control ceases.

The Financial Statements of the Group represents the Consolidation of the Financial Statements of the Company and its subsidiaries as mentioned below, in accordance with the Companies Act No.7 of 2007, and the Sri Lanka Accounting Standards (SLFRS/LKAS) No 27 "Consolidated and Separate Financial Statements".

Asia Securities (Private) Limited
Asian Alliance Insurance PLC
Asia Growth Fund 1 (Private) Limited
Asia Fort Sri Lanka Direct Investment Fund Limited
Asia Capital Technologies (Private) Limited
Asia Asset Finance PLC
Asia Apparel Trading (Private) Limited
Asia Leisure Holdings (Private) Limited
Asia Leisure (Private) Limited
Asia Wealth Management Company (Private) Limited
Asia Tea Packaging (Private) Limited
Asia Digital Entertainment (Private) Limited
Taprobane Resorts (Private) Limited
Wadduwa Resorts (Private) Limited
River House (Private) Limited

3.1.2 Profits and Losses

The total profits and losses of all the Subsidiaries are included in the Consolidated Statement of Comprehensive Income with the proportion of profit or loss after taxation pertaining to the minority shareholders of Subsidiaries being deducted as "Non-Controlling Interest".

3.1.3 Assets and Liabilities

All assets and liabilities of the Company and its Subsidiaries are included in the Group Statement of Financial Position. The proportionate interest of minority shareholders of Subsidiaries in the net assets of the Group, are indicated separately in the Consolidated Statement of Financial Position under the heading "Non-Controlling Interest".

3.1.4 Intra Group Transactions

Intra group balances, intra group transactions and resulting unrealised profits are eliminated in full in the Consolidated Financial Statements. Unrealised losses resulting from intra group transactions are eliminated unless the cost can be recovered.

3.1.5 Acquisition and Disposal of Subsidiaries

The Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Changes in a Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e transactions with owners in their capacity as owners).

If the Group loses control of a subsidiary, the Group derecognises the assets (including any goodwill) and liabilities of the Subsidiary at their carrying amounts at the date when control is lost and derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them) and recognises the fair value of the consideration received, if any, from the transaction, event or circumstances that resulted in the loss of control and recognises any resulting difference as a gain or loss in profit or loss attributable to the parent.

3.1.6 Associates

Investment in companies where the Company's share of the holding is more than 20% and where the Company has a significant influence in financial and operating decisions of policies have been treated as investment in Associate Companies. The results of these Companies have been accounted for on the equity method of accounting, where the investor's share of profits or losses are incorporated in the Group's Statement of Comprehensive Income, and the related investments are presented in the Statement of Financial Position at values adjusted to reflect the investor's share of retained earnings. The carrying amount of the Company's investment is reduced to the extent of the dividends received from these Associate Companies.

3.1.7 Other Investments

Investment in companies where the Group's holding is less than 20% and where the group does not exercise significant influence and / or control over the financial and operating policies / decisions are accounted for on the basis stated in 3.2.4 below.

3.1.8 Foreign Currency Transactions

All foreign exchange transactions are converted to Sri Lankan Rupees, which is the functional currency, at the rates of exchange prevailing at the time the transactions were effected.

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 was determined. The gain or loss arising on translation of non-monetary measured at fair value is treated in line with the recognition of gain or loss on change in fair value in the item (If the translation differences on items whose fair value gain or loss is recognized in other comprehensive income are also recognized in other comprehensive income and if the translation differences on items whose fair value gain or loss is recognized profit or loss are also recognized in profit or loss).

3.2 Assets and Bases of their Valuation

3.2.1 Property, Plant and Equipment

3.2.1.1 Recognition and Measurement

Items of property, plant and equipment that qualify for the recognition of an asset are initially measured at its cost.

3.2.1.1.1 Revaluation Model

Subsequent to the initial recognition of Office Equipment, Fixtures and Fittings, Furniture and Fittings, Computer Equipment, Hotel Equipment, Plant and Equipment and Computer Equipment under finance leases are measured at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulate depreciation and any subsequent accumulated impairment losses.

If the carrying amount of an item of property, plant and equipment is increased as a result of a revaluation, the increase is recognized in other comprehensive income and accumulated in equity under the heading of revaluation reserve, to the extent that it does not reverse a revaluation decrease previously recognized in profit or loss.

If the carrying amount of an item of property, plant and equipment is decreased as a result of a revaluation, the decrease is recognized in the profit or loss. However, the decrease is recognized in Other Comprehensive Income to the extent of any credit balance existing in the revaluation reserve in respect of the same item of property, plant and equipment.

3.2.1.1.2 Cost Model

Subsequent to the recognition of Land, Buildings and Improvements, Motor Vehicles and plant and Equipment under finance leases are carried at its cost less any accumulated depreciation and any subsequent accumulated impairment.

When significant parts of Property, Plant and Equipment are required to be replaced at intervals, the Group recognizes such parts and individual assets with specific useful lives and depreciates them accordingly.

All maintenance costs in respect of property, plant and equipment are recognized in the Profit or Loss as and when they are incurred

3.2.1.2 Subsequent Costs/Replacement

The cost of replacing part of an item of Property, Plant and Equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of Property, Plant and Equipment are recognized in the Statement of Comprehensive Income as incurred.

When replacement costs are recognized in the carrying of an item of Property, Plant and equipment, the remaining carrying amount of the replaced part is derecognised.

3.2.1.3 Leased Assets

a) Finance Leases

Assets used by the Group, which have been funded through finance leases, are reflected in the Statement of Financial Position at an amount equal to the lower of its fair value and present value of minimum lease payments and the resulting lease obligations are included as creditors, net of finance charges. Subsequent to the initial recognition the asset is accounted for in accordance with the accounting policy applicable to that asset. Assets held under finance leases are amortised over the estimated useful lives unless ownership is not transferred at the end of the lease period. In such cases the assets are amortised over the shorter of the lease term and their useful lives.

b) Operating Leases

Leases where the lessor effectively retains substantially all the risks and rewards of ownership over the leased term are classified as operating leases. Lease payments (excluding costs for services such as insurance and maintenance) paid under operating leases are recognized as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term.

Notes to the Financial Statements (contd.)

3.2.1.4 Depreciation

Provision for depreciation is calculated on the cost/fair value of Property, Plant and Equipment in order to write off such amounts over the estimated useful lives of such assets. Lease assets are depreciated over the shorter of the lease term and other useful lives unless it is reasonably certain that the group will obtain ownership by the end of the lease period.

The rates of depreciation used on a straight line method are as follows:

Buildings and Improvements	5%-10%
Computer Equipment	10%-20%
Office Equipment	10%-20%
Furniture and Fittings	10%-20%
Fixtures and Fittings	10%
Motor Vehicles	20%-25%
Plant and Machinery	15%-20%
Hotel Equipment	15% -25%
Camera Equipment	25%
Video Editing System	25%

3.2.1.5 De-recognition

An item of Property, Plant and Equipment is de-recognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset is included in the Statement of Comprehensive Income in the year the asset is de-recognised. 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.

3.2.1.6 Capital Work in Progress

Capital expenses incurred during the year which are not completed as at the reporting date are shown as Capital Work in Progress, whilst the capital assets which have been completed during the year and put to use have been transferred to Property, Plant and Equipment.

Property, Plant and Equipment are depreciated from the month the assets are available for use over their estimated useful lives.

3.2.2 Intangible Assets

3.2.2.1 Goodwill

The goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. The goodwill on acquisitions of subsidiaries is included in intangible assets. The separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. The impairment losses on the disposal of an entity include the carrying amount of

goodwill relating to the subsidiary sold are recognized in the Statement of Comprehensive Income. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination.

3.2.2.2 Computer Software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (maximum five years). Costs associated with maintaining computer software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met,

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. The computer software costs recognised as intangible assets are amortised over their estimated useful lives (not exceeding five years).

3.2.3 Investment Properties

Investment property, comprising freehold land and buildings, is a property held to earn rental income or for capital appreciation or both, is not occupied substantially for the production or supply of goods or services or for administrative purposes, and is not intended for sale in the ordinary course of business. Investment property is initially measured at its cost including related transaction costs and is therefore

carried at its cost less any accumulated depreciation and any accumulated impairment losses. The group entities accounts for Investment Property using Cost Model as referred to in accordance with LKAS 40-“Investment Property”.

3.2.4 Financial instruments

3.2.4.1 Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets:

- loans and receivables
- available-for sale financial assets.

3.2.4.1.1 Financial Assets at Fair Value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Bank that are not designated as hedging instruments in hedge relationships as defined by LKAS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognized in finance income or finance costs in the Statement of Comprehensive Income.

Financial Assets at Fair Value through profit or loss comprise investment in quoted equity securities.

3.2.4.1.2 Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables and refundable deposits.

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3.2.4.1.3 Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. The Group's investments in unquoted equity securities are classified as available-for-sale financial assets.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is transferred to Other Comprehensive Income.

Impairment of Financial Assets

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

Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganisation, default in interest or principal payments, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Notes to the Financial Statements (contd.)

3.2.4.2 Non-derivative Financial Liabilities

The Group initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The non-derivative financial liabilities of the Company comprise trade and other payables and bank overdraft.

3.2.5 Inventories

Vehicle Stock

Unsold vehicles at reporting date are valued at the lower of cost and net realisable value, after making due allowances for obsolete and slow moving items. Net realisable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost necessary to make the sale.

Consumer Durables

Other inventory materials at reporting date are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Food and Beverages

Stock of Food and Beverages are carried at lower of cost and net realisable value, whichever is lower.

Tea Stock

Finished goods, filter papers, other consumables are valued at lower of cost and net realizable value after making due allowance for obsolete and slow moving items.

Films Stock

Expenditure in relation to the production of a film includes any expenditure incurred in the promotion of that film will consider a Work In Progress until such production starts its exhibition.

Films that have completed its production and ready for its exhibition are shown under finished stocks.

3.2.6 Impairment of Non financial Assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date or more frequently, if events or changes in circumstances indicate that it might be impaired.

An impairment loss is recognized if the carrying amount of an asset or its cash - generating units exceeds its recoverable amount. A cash generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

Impairment losses are recognised in the income statement. Impairment losses recognised in respect of Cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of other assets in the unit (group of units) on pro rata basis.

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

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.3 Liabilities and Provisions

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

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

3.3.1 Retirement Benefit Obligations

a) Defined Benefit Plan – Gratuity

Provision has been made for retirement gratuities from the first year of service for all employees in conformity with LKAS 19- “Employee Benefits”.

The liability recognized in the Statement in Financial Position in respect of defined benefit plans is the present value of the defined benefit obligation at the balance sheet reporting date less fair value of the plan assets, together with adjustments for unrecognised past service cost. The defined benefit obligation is calculated by the Group using “Projected Unit Credit Method” based on an internally developed method in accordance with LKAS 19- “Employee Benefits”.

The present value of defined benefit obligation is determined by discounting the estimated future cash flows using the interest rates of high quality corporate bonds that are denominated in currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related retirement obligations.

However, according to the Payment of Gratuity Act No.12 of 1983, the Liability for Gratuity Payment to an employee arises only after the completion of five years continued service with the Company.

This liability is not externally funded nor actuarially valued except for which gratuity liability is actuarially valued by Asian Alliance Insurance PLC and Asia Assets Finance PLC as required by the LKAS 19- “Employee Benefits”.The item is grouped under non current liabilities in the Statement of Financial Position.

b) Defined Contribution Plans

Employees Provident Fund and Employees Trust Fund

All employees who are eligible for Employees Provident Fund contribution and Employees Trust Fund contribution are covered by relevant contribution funds in line with respective statutes and regulations.

The Group contributes 12 % and 3% of gross emoluments of employees to Employees’ Provident Fund and Employees’ Trust Fund respectively.

3.4 Statement of Comprehensive Income

3.4.1 Revenue

Group revenue represents proceeds from the sale of investments, dividends, underwriting commissions, brokerage income, interest income, lease and hire purchase income, sale of goods and theatrical distribution on exhibition of films.

The Company revenue represents proceeds from sale of investments, dividends and interest income.

3.4.1.1 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following recognition criteria must also be met before revenue is recognized.

3.4.1.1.1 Investments

a) Corporate and Government Securities

Interest income based on the effective interest rate method and capital gains on sale of securities are recognized on an accrual basis.

b) Income from Fee Based Activities

Income from consultancy fees is recognised in the period in which such transactions were effected.

3.4.1.1.2 Stock Broking

Brokerage income is recognised in the period in which such transactions were effected.

3.4.1.1.3 Deposit Mobilisation and Credit

a) Interest Income from Loans and Advances, Leases and Hire Purchase Contracts

Interest income from Leases and Hire Purchase Contracts are recognized in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the Loans and Advances, Leases and Hire Purchase Contracts (or, where appropriate, a shorter period) to the carrying amount of the Loans and Advances, Leases and Hire Purchase Contracts. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the Leases and Hire Purchase Contracts, but not future credit losses.

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

Notes to the Financial Statements (contd.)

interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of Loans and Advances, Leases and Hire Purchase Contracts.

b) Overdue Interest

Overdue interest income from leasing, hire purchase and other form of loans and advances have been accounted for on cash basis.

3.4.1.1.4 Insurance

Non-Life (General) Insurance Business

a) Gross Written Premium

Gross Written Premium is generally recognised as written upon inception of the policy. Upon inception of the contract, premiums are recorded as written and are earned primarily on a pro-rata basis over the term of the related policy coverage. However, for those contracts for which the period of risk differs significantly from the contract period, premiums are earned over the period of risk in proportion to the amount of insurance protection provided. Earned premiums are calculated on the 365 basis except for marine business, which is computed on a 60-40 basis.

b) Reinsurance premium

Reinsurance premium expense is recognised in the same accounting period as the gross written premium to which it relates or in accordance with the pattern of reinsurance services received.

c) Unearned Premium

The unearned premium reserve represents the portion of the gross written premium and reinsurance premium written in the current year but relating to the unexpired period of coverage. Unearned premiums are calculated on the 365 basis except for marine business, which is computed on a 60-40 basis in accordance with the rules made by the Insurance Board of Sri Lanka.

d) Unexpired Risks

Provision is made where appropriate for the estimated amount required over and above unearned premium to meet future claims and related expenses on the business in force the reporting date.

e) Claims

Claims expense and a liability for outstanding claims are recognised in respect of direct and inwards reinsurance business. The liability covers claims reported but not yet paid, IBNR (Incurred But Not Reported) claims, IBNER (Incurred But Not Enough Reported) and the anticipated direct and indirect costs of settling those claims. Claims outstanding are assessed by review of individual claim files and

estimating changes in the ultimate cost of settling claims. The provision in respect of IBNR & IBNER (Incurred But Not Enough Reported) is actuarially valued to ensure a more realistic estimation of the future liability based on past experience and trends. Actuarial valuations are performed on an annual basis. While the directors consider that the provision for claims is fairly stated on the basis of information currently available, the ultimate liability will vary as a result of subsequent information and events. Such amounts are reflected in the Financial Statements for that period. The methods used and the estimates made are reviewed regularly.

f) Deferred Acquisition Costs

Deferred Acquisition Costs represents commissions and reinsurance commission, which are deferred and amortised over the period in which the related written premiums are earned.

Insurance – Life (Long term) Insurance Business

Premiums from traditional long term insurance contracts, including participating contracts & annuity policies with life contingencies, are recognised as revenue when cash is received from the policyholder. Benefits and expenses are provided against such revenue to recognise profits over the estimated life of the policies.

The single premium contracts premiums are recognised as income when cash is received.

g) Reinsurance Contracts

Outward reinsurance premiums are recognised when payable. Reinsurance recoveries are credited to match the relevant gross claims.

h) Claims

Death claims are recorded on the basis of notifications received. Surrenders, maturities and annuity payments are recorded when due. Claims payable includes direct costs of settlement. The interim payments and surrenders are accounted only at the time of settlement. The actuarial valuation takes into account all liabilities and is based on assumptions recommended by the Consultant Actuary.

i) Insurance Provision Life

Long duration contract liabilities included in the Long Term Insurance Fund, result primarily from traditional participating and non-participating Long Term Insurance products. Short duration contract liabilities are primarily group term, accident and health insurance products. The actuarial reserve/ insurance provision has been established based upon the following,

- Interest rates which vary by product, as required by regulations issued by the Insurance Board of Sri Lanka.
- Mortality rates based on published mortality tables adjusted for actual experience, as required by Regulations issued by the Insurance Board of Sri Lanka.
- Surrender rates based upon actual experience.

The amount of policy holder bonus to be paid is determined annually by the Company, on the advice of the Actuary. The bonus includes life policy holders' share of distributable surplus as certified by the Actuary that are required to be allocated by the insurance contract or by insurance regulations.

3.4.1.1.5 Leisure

- Room Revenue**
Room Revenue is recognised on the rooms occupied on daily basis.
- Food and Beverage**
Food and Beverage Revenue is recognised at the time of sale.

3.4.1.1.6 Dividend Income

Dividend income is recognized gross at WHT and when the Group's right to receive such dividend is established.

3.4.1.1.7 Other Income and Gains

Other income and gains are recognised on an accrual basis. Net Gains and losses of a revenue nature on the disposal of Property, Plant and Equipment and other non current assets including investments have been accounted for in the Statement of Comprehensive Income, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses.

3.4.2 Expenditure Recognition

- All expenditure incurred in running of the business and in maintaining the Property, Plant and Equipment in a state of efficiency has been charged to Statement of Comprehensive Income in arriving at the profit for the year.
- Borrowing costs are recognized as an expense in the period in which they are incurred.
- For the purpose of presentation of Statement of Comprehensive Income, the Directors are of the opinion that the nature of expenses method / present fairly the elements of the enterprises performance, hence such presentation method is adopted.

3.5 Taxation

3.5.1 Taxes on Income

The group liability to taxation is computed in accordance with the provisions of the Inland Revenue Act. No. 10 of 2006 (as amended) taking into consideration the maximum relief available.

3.5.2 Deferred Taxation

Deferred tax is recognized using the Balance Sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences; the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits, and differences relating to investments in Subsidiaries to the extent that they probably will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right exists to such set off.

3.5.3 Economic Service Charge

As per the provisions of the Economic Service charge Act No. 13 of 2006, ESC is payable on the liable turnover at specified rates. ESC is deductible from the income tax liability. Any unclaimed liability can be carried forward and set off against the income tax payable as per the relevant provisions on the Act.

3.5.4 VAT on Financial Services

Value base for Value Added Tax is the adjusted accounting profit before income tax, in respect of economic depreciation and emoluments for employees computed on prescribed rates.

3.6 Related Party Transactions

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

Notes to the Financial Statements (contd.)

3.7 Earnings Per Share

The Group presents basic Earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of shares outstanding during the period.

3.8 Comparative Information

The comparative information is re-classified wherever necessary to conform with the current Year's presentation in order to provide a better presentation.

3.9 Events Occurring after the Reporting Period

All material post reporting period events have been considered and where appropriate adjustments or Disclosures have been made in the Financial Statements.

3.10 Commitments and Contingencies

There are no material commitments and contingencies as at the reporting date other than those which are disclosed in note 38 to the Financial Statements.

3.11 Operating Segment Reporting

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

Details of financial reporting by segment as required by the SLFRS 8-"Operating segments" are given in the Note 42 to the financial statements.

3.13 Cash Flow Statement

The Cash Flow Statement has been prepared using the "indirect method". Interest paid is classified as operating cash flows, interest and dividends received are classified as investing cash flows while dividends paid and government grants received are classified as financing cash flows for the purpose of presenting of Cash Flow Statement.

4. ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE AS AT REPORTING DATE

The Institute of Chartered Accountants of Sri Lanka has issued the following new Sri Lanka Accounting Standards which is not applicable for the current financial period.

Accordingly these Standards have not been applied in preparing these financial statements.

- Sri Lanka Accounting Standards –SLFRS 10 "Consolidated financial statements"

The objective of this SLFRS is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

An investor is expected to control an investee if and only if the investor has all the following:

- (a) Power over the investee;
- (b) Exposure, or rights, to variable returns from its involvement with the investee ; and
- (c) The ability to use its power over the investee to affect the amount of the investor's returns

This Standard will require the Company to review the group structure in the context of the new Standard and its requirements.

SLFRS 10 will become effective from 1st April 2014 for the Group with early adoption permitted. This SLFRS will supersede the requirements relating to consolidated financial statements in LKAS 27-"Consolidated and Separate Financial Statements".

- Sri Lanka Accounting Standards –SLFRS 11 "Joint Arrangements"

The objective of this SLFRS is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements).

SLFRS 11 will become effective from 1 April 2014 for the Group with early adoption permitted. This SLFRS will supersede the requirements relating to consolidated financial statements in LKAS 31" Interests in Joint Ventures

- Sri Lanka Accounting Standard-SLFRS 12 "Disclosure of Interests in Other Entities"

The objective of this SLFRS is to require an entity to disclose information that enables users of its financial statements to evaluate the nature of and risks associated with its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

SLFRS 12 will become effective from 1st January 2013 for the Group with early adoption permitted.

- Sri Lanka Accounting Standard - SLFRS 13, "Fair Value Measurement"

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

This SLFRS will become effective for the Group from 1st April 2014. Earlier application is permitted.

This SLFRS shall be applied prospectively as of the beginning of the annual period in which it is initially applied. The disclosure requirements of this SLFRS need not be applied in comparative information provided for periods before initial application of this SLFRS.

- Sri Lanka Accounting Standard – SLFRS 9 "Financial Instruments"

The objective of this SLFRS is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.

An entity shall apply this SLFRS to all items within the scope of LKAS 39 Financial Instruments: Recognition and Measurement. This SLFRS will become effective for the group from 1 April 2015. Earlier application is permitted for the financial period beginning on or after 01 January, 2013. However, if the Group elects to apply this SLFRS early, it must apply all of the requirements in this SLFRS at the same time.

Notes to the Financial Statements (contd.)

For the year ended 31st March

	GROUP		COMPANY	
	2013 Rs.'000	2012 Rs.'000	2013 Rs.'000	2012 Rs.'000
5 REVENUE				
5.1 Summary				
Gross Revenue	1,607,792	2,776,375	581,901	897,737
Less: Intra Group Transactions	(752,903)	(780,099)	-	-
	854,889	1,996,276	581,901	897,737
5.2 Segments				
Investments	54,507	132,748	581,901	897,737
Stock Brokering	82,980	316,573	-	-
Deposit Mobilisation and Credit	553,555	374,606	-	-
Insurance	-	1,030,680	-	-
Leisure	115,800	94,679	-	-
Manufacturing	43,945	35,494	-	-
Services	4,102	11,496	-	-
	854,889	1,996,276	581,901	897,737
6 OTHER OPERATING INCOME				
Dividend Income	232	18,717	-	-
Gains on Disposal of Property, Plant and Equipment	9,647	7,025	-	-
Realised Capital Gain	-	205,603	-	-
Gain on Disposal of Subsidiary	-	1,468,358	-	-
Gain on Disposal of Associate	-	33,460	-	770,634
Profit on Settled Contracts	6,127	15,191	-	-
Sundry Income	38,529	53,629	393	401
Guarantee Fees	-	313	-	313
Management Fees	-	-	-	4,962
	54,535	1,802,296	393	776,310
7 (PROVISION)/REVERSAL FOR IMPAIRMENT				
Balance at the beginning of the year	564,430	478,222	521,116	499,060
Provision made during the year	25,973	86,208	-	65,167
Provision reversal of during the year	-	-	-	(43,111)
Net Provision for the year	25,973	86,208	-	22,056
Balance at the end of the Year (Note 7.1)	590,403	564,430	521,116	521,116

	GROUP		COMPANY	
	2013 Rs.'000	2012 Rs.'000	2013 Rs.'000	2012 Rs.'000
7.1 Provision for Impairment				
Loans Receivables (Note 20)	18,860	18,860	18,860	18,860
Short Term Lendings (Note 23)	336,837	336,837	336,837	336,837
Trade and Other Receivables (Note 24)	211,140	185,167	115,297	115,297
Amounts due from Related Parties (Note 25)	23,566	23,566	50,122	50,122
Balance at the end of the Year	590,403	564,430	521,116	521,116

8 NET FINANCE INCOME/(COSTS)

Financing Income

Interest Income - Related Parties	-	-	87,719	37,951
- Others	50,675	299,729	-	63,171
	50,675	299,729	87,719	101,122

Financing Cost

Interest on Overdraft	(41,332)	(62,253)	(23,830)	(46,300)
Interest on Other Borrowings - Related Parties	-	-	(23,035)	(1,757)
- Others	(96,653)	(25,854)	(99,908)	(55,521)
	(137,985)	(88,107)	(146,773)	(103,578)
Net Finance Income/(Costs)	(87,310)	211,622	(59,054)	(2,456)

9 PROFIT/ (LOSS) BEFORE TAXATION

Profit/ (Loss) before tax is stated after charging all the expenses including the following :

Included in Administrative Expenses

Auditors Remuneration - Audit fees & Expenses	3,235	3,572	1,050	1,050
- Non Audit Services	1,498	621	1,106	388
Director's Emoluments	78,687	122,769	34,704	69,451
Director's Fees	12,901	17,986	12,901	17,986
Secretarial Fees	1,834	2,479	361	357
Depreciation on Property Plant & Equipment	70,238	64,719	10,674	9,157
Legal Fees	13,171	985	62	245

Personnel Costs Includes;

Defined Benefit Plan - Gratuity	10,468	12,721	3,671	2,871
Defined Contribution Plan Costs - EPF and ETF	27,981	37,654	9,039	4,193
Staff Incentives	2,582	13,791	253	2,584
Other Staff Costs	237,618	312,201	66,488	38,420

Included in Selling & Distribution Expenses

Bad Debts Write-off	7,643	2,042	5,000	1,596
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Notes to the Financial Statements (contd.)

For the year ended 31st March

	GROUP		COMPANY	
	2013 Rs.'000	2012 Rs.'000	2013 Rs.'000	2012 Rs.'000
10 INCOME TAX EXPENSES				
Current Tax Expenses- Company (Note 10.1)	-	-	-	-
Current Tax Expenses- Subsidiaries (Note 10.2)	8,838	14,544	-	-
Current Tax Expenses- Total	8,838	14,544	-	-
Under/(Over) Provision in Respect of Prior Years	1,764	752	(157)	(402)
Social Responsibility Levy & Economic Service Charge	-	4	-	-
Withholding Tax on Dividends Received from Group Companies	-	169,999	-	84,999
Deferred Taxation Charge/ (Reversal) (Note 29)	(30,864)	(39,073)	-	-
	(20,262)	146,226	(157)	84,597

10.1 Reconciliation of Accounting Profit/(Loss) & Taxable Income

Accounting Profit before tax	(747,918)	843,459	(95,203)	1,273,595
Aggregate disallowed items	1,248,935	438,130	97,627	126,621
Aggregate allowable items	(330,039)	(322,982)	(10,893)	(47,533)
Expenses not subject to tax	(128,341)	(2,054,955)	1,783	(1,408,564)
Tax Profit/(Loss) on Trade or Business	42,637	(1,096,348)	(6,687)	(55,881)
Other Taxable Income	5,927	12,786	-	-
Tax Losses Set off under section 32	(16,997)	(24,213)	-	-
Taxable Income/(Loss)	31,567	(1,107,775)	(6,687)	(55,881)
Income Tax @ 28%	8,838	14,390	-	-
Income Tax @ 10 %	-	154	-	-
Current Tax Expense	8,838	14,544	-	-

10.1.1 Reconciliation of Accumulated Tax Losses

Opening Balance	2,569,722	1,283,074	616,091	559,600
Under/(Over) Provision in Respect of Prior Years	(96,414)	183,315	(81,112)	610
On Acquisition of Subsidiary	-	19,771	-	-
Loss for the Year	-	1,107,775	6,687	55,881
Loss Utilised during the year	(16,997)	(24,213)	-	-
Closing Balance	2,456,311	2,569,722	541,666	616,091

10.2 Subsidiary Companies

Asia Securities (Private) Limited	201	2,607	-	-
Asia Leisure Holdings (Private) Limited	81	-	-	-
Asia Leisure (Private) Limited	67	42	-	-
Asia Capital Technologies (Private) Limited	22	154	-	-
Asia Asset Finance PLC	7,467	9,043	-	-
Asia Wealth Management Company (Private) Limited	704	369	-	-
Asia Fort Sri Lanka Direct Investment Fund Limited	296	2,329	-	-
	8,838	14,544	-	-

10.3 Summary

Asia Securities (Private) Limited

The Company is liable to taxation at the rate of 28% (2012 - 28%) on its taxable profit. The Income tax liability for the current year was Rs. 201,090/- (2012 - Rs.2,607,374/-).

Asia Fort Sri Lanka Direct Investment Fund Limited

The Company is liable to taxation at the rate of 28% (2012 - 28%) on its taxable profit. The income tax liability for the current year was Rs.1,543,172/-. The accumulated tax losses carried forward to year of assessment 2013/2014 is Rs.23,487,161/- (2012- Rs.26,454,797/-).

Asia Growth Fund 1 (Private) Limited

The Company is liable to taxation at the rate of 28% (2012 - 28%) on its taxable profit. However no provision has been made due to tax losses. The accumulated tax losses carried forward to year of assessment 2013/2014 is Rs. 1,910,184/- (2012- Rs. 1,718,991/-).

Asia Asset Finance PLC

The Company is liable to taxation at the rate of 28% (2012 - 28%) on its taxable profit. The Income tax liability for the current year was Rs. 7,467,217 and the accumulated tax losses carried forward to the year of assessment 2013/2014 is Rs.640,561,905 /- (2012 - Rs.599,758,978/-).

Asia Capital Technologies (Private) Limited

The Company is liable to taxation at the rate of 28% (2012 - 10%) on its taxable profit. The Income tax liability for the current year was Rs. 21,860/- and the accumulated tax losses carried forward to the year of assessment 2013/2014 is Rs. 23,125,926/- (2012 - Rs.17,473,332/-).

Asia Wealth Management Company (Private) Limited

The Company is liable to taxation at the rate of 28% (2012 - 28%) on its taxable profit. The Income Tax Liability for the current year was Rs. 704,108/- (2012 - Rs. 368,748/-).

Asia Leisure Holdings (Private) Limited

The Company is liable to taxation on Hotel Profit & Income at the rate of 28% (2012-28%) However no provision has been made due to tax losses and accumulated tax losses carried forward to the year of assessment in 2013/2014 is Rs.139,890,391/-

Asia Leisure (Private) Limited

The Company is liable to taxation at the rate of 28% (2012 - 28%) on its taxable profit. Tax losses carried forward to the year of assessment in 2013/2014 is Rs.226,637,827.

Asia Digital Entertainment (Private) Limited

The Company is liable to taxation at the rate of 28% (2012 - 28%) on its taxable profit. However no provision has been made due to tax losses and accumulated tax losses carried forward to the year of assessment in 2013/2014 is Rs.39,318,844/- (2012- Rs.20,520,541/-)

Asia Tea Packaging (Private) Limited

The Company is liable to taxation at the rate of 28% (2012 - 28%) on its taxable profit. However no provision has been made due to tax losses. The accumulated tax losses carried forward to the year of assessment in 2013/2014 is Rs.65,813,127/- (2012 -Rs.42,065,475/-).

Notes to the Financial Statements (contd.)

For the year ended 31st March

11 BASIC EARNINGS/ (LOSS) PER SHARE AND DIVIDEND PER SHARE

11.1 Basic Earnings/ (Loss) Per Share

Basic Earnings/ (Loss) Per Share is calculated by dividing the profit/ (loss) attributable to ordinary shareholders for the year by the weighted average number of ordinary shares outstanding during the year.

The following data has been used in the computation of the basic earnings/ (loss) per share:

	GROUP		COMPANY	
	2013	2012	2013	2012
Profit/(Loss) after tax attributable to Ordinary Shareholders (Rs.000')	(722,972)	855,749	(95,046)	1,188,998
Weighted Average number of Ordinary Shares outstanding during the Year (Rs.000')	110,000	110,000	110,000	110,000
Basic Earnings/(Loss) Per Share (Rs.)	(6.57)	7.78	(0.86)	10.81

11.2 Dividend Per Share

The dividend per share is calculated by dividing the dividends paid , by the number of ordinary shares in issue.

	COMPANY	
	2013 Rs.'000	2012 Rs.'000
Dividends paid (Rs.)	-	764,500
No of Ordinary Shares	-	110,000
Dividend Per Share (Rs.)	-	6.95

	Balance As At 01.04.2011 Rs.'000	Acquisition of Subsidiary Rs.'000	Additions Rs.'000	Disposals/ Transfers Rs.'000	Disposal of Subsidiary Rs.'000	Balance As At 31.03.2012 Rs.'000
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12 PROPERTY, PLANT AND EQUIPMENT

12.1 Group

12.1.1 Cost/ Valuation

Freehold Assets

Land	175,000	32,610	58,259	-	-	265,869
Buildings and Improvements	60,657	11,806	21,520	-	-	93,983
Motor Vehicles	27,728	-	43,081	(7,768)	(4,105)	58,936
Office Equipment	74,851	7,858	30,851	(8)	(35,302)	78,250
Fixtures and Fittings	76,373	-	1,136	-	(42,336)	35,173
Furniture and Fittings	100,841	2,418	5,946	-	(33,769)	75,436
Computer Equipment	174,022	4	15,298	-	(73,911)	115,413
Plant and Machinery	1,337	12,276	9,690	-	-	23,303
Hotel Equipment	13,468	-	800	-	-	14,268

Leasehold Assets

Motor Vehicles	20,632	-	26,628	-	-	47,260
Computer Equipment	-	-	3,185	-	-	3,185
Plant & Equipment	-	24,276	11,686	-	-	35,962
Total	724,909	91,249	228,080	(7,776)	(189,423)	847,038

12 PROPERTY, PLANT AND EQUIPMENT (Contd.)

12.1 Group

12.1.1 Cost / Valuation

	Balance As At 01.04.2012 Rs.'000	Acquisition of Subsidiary Rs.'000	Additions Rs.'000	Disposals / Transfers Rs.'000	Disposal of Subsidiary Rs.'000	Adjustment due to Revaluation Rs.'000	Balance As At 31.03.2013 Rs.'000
Freehold Assets							
Land	265,869	161,047	16,145	(175,159)	-	-	267,902
Buildings and Improvements	93,983	24,000	19,297	(15,665)	-	(2,225)	119,390
Motor Vehicles	58,936	-	7,750	(21,919)	-	(72)	44,695
Office Equipment	78,250	-	13,724	(511)	-	(25,198)	66,265
Fixtures and Fittings	35,173	-	1,421	(124)	-	(15,747)	20,723
Furniture and Fittings	75,436	-	2,576	(517)	-	(22,189)	55,306
Computer Equipment	115,413	-	28,641	(411)	-	(85,040)	58,603
Plant and Machinery	23,303	-	11,936	(7,907)	-	(10,213)	17,119
Hotel Equipment	14,268	-	23,536	-	-	984	38,788
Leasehold Assets							
Motor Vehicles	47,260	-	-	(4,010)	-	-	43,250
Computer Equipment	3,185	-	-	-	-	(1,357)	1,828
Plant & Equipment	35,962	-	-	-	-	(11,686)	24,276
Total	847,038	185,047	125,026	(226,223)	-	(172,743)	758,146

12.1.1.1 In the Course of Construction

	Balance As At 01.04.2011 Rs.'000	Acquisition of Subsidiary Rs.'000	Incurred During the Year Rs.'000	Reclassified/ Transferred Rs.'000	Disposal of Subsidiary Rs.'000	Balance As At 31.03.2012 Rs.'000
Building Work in Progress	2,412	52,697	44,802	-	-	99,911

	Balance As At 01.04.2012 Rs.'000	Acquisition of Subsidiary Rs.'000	Incurred During the Year Rs.'000	Reclassified/ Transferred Rs.'000	Disposal of Subsidiary Rs.'000	Balance As At 31.03.2013 Rs.'000
Building Work in Progress	99,911	70,916	73,122	(47,214)	-	196,735

Notes to the Financial Statements (contd.)

For the year ended 31st March

12 PROPERTY, PLANT AND EQUIPMENT (Contd.)

12.1.2 Accumulated Depreciation

	Balance As At 01.04.2011	Acquisition of Subsidiary	Charge for the year	Disposals / Transfers	Disposal of Subsidiary	Adjustment due to Revaluation	Balance As At 31.03.2012
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Freehold Assets							
Buildings and Improvements	26,561	525	3,616	-	-	-	30,702
Motor Vehicles	17,977	-	10,193	(5,115)	(2,097)	-	20,958
Office Equipment	43,282	761	7,044	(8)	(22,729)	-	28,350
Fixtures and Fittings	46,305	-	8,849	-	(26,496)	-	28,658
Furniture and Fittings	48,104	393	6,931	(1)	(15,932)	-	39,495
Computer Equipment	131,016	-	7,808	-	(59,944)	-	78,880
Plant and Machinery	1,227	2,492	3,466	-	-	-	7,184
Hotel Equipment	8,755	-	3,521	-	-	-	12,276
Leasehold Assets							
Motor Vehicles	2,961	-	7,642	-	-	-	10,603
Computer Equipment	-	-	265	-	-	-	265
Plant & Equipment	-	3,200	5,384	-	-	-	8,584
Total Depreciation	326,188	7,371	64,719	(5,124)	(127,198)	-	265,955

	Balance As At 01.04.2012	Acquisition of Subsidiary	Charge for the year	Disposals / Transfers	Disposal of Subsidiary	Adjustment due to Revaluation	Balance As At 31.03.2013
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Freehold Assets							
Buildings and Improvements	30,702	-	7,098	(5,022)	-	(14,699)	18,079
Motor Vehicles	20,958	-	9,847	(6,404)	-	(302)	24,099
Office Equipment	28,350	-	15,385	(349)	-	(25,637)	17,749
Fixtures and Fittings	28,658	-	1,543	(19)	-	(21,461)	8,721
Furniture and Fittings	39,495	-	8,976	(112)	-	(40,239)	8,120
Computer Equipment	78,880	-	11,362	(192)	-	(78,736)	11,314
Plant and Machinery	7,184	-	3,281	(3,543)	-	(6,766)	156
Hotel Equipment	12,276	-	1,161	-	-	(5,982)	7,455
Leasehold Assets							
Motor Vehicles	10,603	-	10,991	(1,450)	-	-	20,144
Computer Equipment	265	-	637	-	-	(902)	-
Plant & Equipment	8,584	-	7,137	-	-	(15,721)	-
Total Depreciation	265,955	-	77,418	(17,091)	-	(210,445)	115,837

12.1.3 Net Carrying Value as at 01.04.2011	401,132
Net Carrying Value as at 31.03.2012	680,994
Net Carrying Value as at 31.03.2013	839,044

12 PROPERTY, PLANT AND EQUIPMENT (Contd.)

12.1.4 Revaluation of Land

The fair value of land was determined by means of a revaluation during the financial year 2009-2010 by an independent valuer [(Deshabandhu Professor (Dr.) Haminda Haegoda - A.I.V (Sri Lanka), S.C.V. (USA), D.I.P.F.M. (UK)] with reference to market based evidence. The results of such revaluation has been incorporated in the Financial Statements 2009/2010 from its effective date which is 31/12/2009. The surplus arising from the revaluation has also been transferred to a revaluation reserve at that date.

Class of Assets	Net Carrying Amount		
	2013	2012	2011
	Rs. Rs.'000	Rs. Rs.'000	Rs. Rs.'000
Free hold land (Cost)	54,594	54,594	54,594

Details of the Land owned by the Group are as follows.

Location/Address	Building Sq/Ft	Land			Revalued Amount Rs.'000
		Acre	Extent	Road Perch	
The River House, No 70, Uttamanaya Mawatha, Balapitiya	14,767	6	1	36	90,000
Balapitiya Beach Property	-	1	-	10	85,000
					175,000

12.2 Company

12.2.1 Cost	Balance As At	Additions	Disposals / Transfers	Adjustment due to	Balance As At
	01.04.2011			Revaluation	31.03.2012
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Freehold Assets					
Motor Vehicles	9,897	124	-	-	10,021
Office Equipment	9,407	94	-	-	9,501
Fixtures and Fittings	14,743	-	-	-	14,743
Furniture and Fittings	26,944	64	-	-	27,008
Computer Equipment	30,918	1,203	-	-	32,121
Leasehold Assets					
Motor Vehicles	18,504	6,827	-	-	25,331
Total	110,413	8,312	-	-	118,725

Cost	Balance As At	Additions	Disposals / Transfers	Adjustment due to	Balance As At
	01.04.2012			Revaluation	31.03.2013
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Freehold Assets					
Motor Vehicles	10,021	-	-	-	10,021
Office Equipment	9,501	-	-	(8,695)	806
Fixtures and Fittings	14,743	-	-	(11,819)	2,924
Furniture and Fittings	27,008	-	(327)	(22,903)	3,778
Computer Equipment	32,121	87	-	(25,527)	6,681
Leasehold Assets					
Motor Vehicles	25,331	-	-	-	25,331
Total	118,725	87	(327)	(68,944)	49,541

Notes to the Financial Statements (contd.)

For the year ended 31st March

	Balance As At 01.04.2011 Rs.'000	Charge for the year Rs.'000	Disposals / Transfers Rs.'000	Adjustment due to Revaluation Rs.'000	Balance As At 31.03.2012 Rs.'000
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12. PROPERTY, PLANT AND EQUIPMENT Contd.

12.2 Company (Contd.)

12.2.1 Accumulated Depreciation on Cost

Freehold Assets

Motor Vehicles	9,859	78	-	-	9,937
Office Equipment	5,235	510	-	-	5,745
Fixtures and Fittings	11,577	606	-	-	12,183
Furniture and Fittings	12,281	1,973	-	-	14,254
Computer Equipment	27,219	1,364	-	-	28,583

Leasehold Assets

Motor Vehicles	1,542	4,626	-	-	6,168
Total Depreciation	67,713	9,157	-	-	76,870

	Balance As At 01.04.2012 Rs.'000	Charge for the year Rs.'000	Disposals / Transfers Rs.'000	Adjustment due to Revaluation Rs.'000	Balance As At 31.03.2013 Rs.'000
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Freehold Assets

Motor Vehicles	9,937	31	-	-	9,968
Office Equipment	5,745	820	-	(6,565)	-
Fixtures and Fittings	12,183	602	-	(12,785)	-
Furniture and Fittings	14,255	1,846	-	(16,101)	-
Computer Equipment	28,583	1,041	-	(29,624)	-

Leasehold Assets

Motor Vehicles	6,168	6,333	-	-	12,501
Total Depreciation	76,870	10,673	-	(65,075)	22,469

12.2.3 Net Carrying Value as at 01.04.2011	42,700
Net Carrying Value as at 31.03.2012	41,854
Net Carrying Value as at 31.03.2013	27,072

	GROUP			COMPANY		
	31/03/2013	31/03/2012	01/04/2011	31/03/2013	31/03/2012	01/04/2011
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000

13 INTANGIBLE ASSETS

13.1 Computer Software

Cost

Balance as at the beginning of the year	28,944	27,581	44,242	3,091	3,015	3,015
Additions during the year	45,585	1,267	-	26,560	76	-
Acquisition of Subsidiary	-	96	-	-	-	-
On Disposal of Subsidiary	-	-	(16,661)	-	-	-
Balance as at end of the year	74,529	28,944	27,581	29,651	3,091	3,015

13.1.1 In the Course of Construction

Balance as at the beginning of the year	-	17,651	-	-	-	-
Incurred during the Year	5,408	-	17,651	-	-	-
Transferred during the Year	-	-	-	-	-	-
On Disposal of Subsidiary	-	(17,651)	-	-	-	-
Balance as at end of the year	5,408	-	17,651	-	-	-

13.2.2 Amortisation

Balance as at the beginning of the year	25,715	24,238	38,072	1,807	1,197	594
Amortisation for the year	10,126	1,477	2,047	5,930	610	603
On Disposal of Subsidiary	-	-	(15,882)	-	-	-
Balance as at end of the year	35,841	25,715	24,237	7,737	1,807	1,197
Net Carrying Value	44,096	3,229	20,995	21,914	1,284	1,818

13.2 Goodwill

Balance as at the beginning of the year	105,443	144,364	71,973	-	-	-
On Acquisition of Subsidiary	-	100,347	203,733	-	-	-
On Disposal of Subsidiary	-	(139,268)	(38,758)	-	-	-
Written off during the year	-	-	(92,584)	-	-	-
Balance as at end of the year	105,443	105,443	144,364	-	-	-
Total Net Carrying Value	149,539	108,672	165,359	21,914	1,284	1,818

Notes to the Financial Statements (contd.)

For the year ended 31st March

	GROUP			COMPANY		
	31/03/2013	31/03/2012	01/04/2011	31/03/2013	31/03/2012	01/04/2011
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
14 INVESTMENT PROPERTIES						
Balance at the beginning of the year	42,935	69,685	67,039	-	-	-
Re-classification of Balance	-	-	(40,000)	-	-	-
On Disposal of Subsidiary	-	(36,750)	36,750	-	-	-
On Acquisition during the year	-	10,000	32,935	-	-	-
On Disposals during the year	(10,000)	-	(27,039)	-	-	-
Balance as at end of the year	32,935	42,935	69,685	-	-	-

14.1 Valuation Details of Investment Properties

GROUP

Asia Asset Finance PLC

Fair value of the investment property is ascertained by valuations carried out by the independent valuers.

Location of the Land	Fair Value 2013 Rs.'000	Cost Rs.'000
Dungahahena Land, Andigama Bazar Junction, Anamaduwa, Puttalam.	4,080	1,250
Kekunegawatte Land, Wattegedara Road, Maharagama.	17,733	15,453
Delgahawaththa Land, Walpitamulla, Dewalapola, Naiwala, Gampaha	1,300	500
No 25/20, Kalyani Mawatha, Mabola, Wattala.	18,305	15,731
Godapeellee Estate, Madagedaragoda Village, Ratnapura, Sabaragamuwa.	-	-
	41,418	32,935

	GROUP			COMPANY		
	31/03/2013	31/03/2012	01/04/2011	31/03/2013	31/03/2012	01/04/2011
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000

15 LONG TERM INVESTMENTS

Investments in Subsidiaries (Note 15.1)	-	-	-	1,509,274	1,393,171	629,475
Investments in Associates (Note 15.2)	-	-	132,440	-	-	583,187
Other Long Term Investments (Note 15.3)	-	-	1,265,095	-	-	-
Total Investments	-	-	1,397,535	1,509,274	1,393,171	1,212,662

15.1 Investments in Subsidiaries

	COMPANY					
	31/03/2013		31/03/2012		01/04/2011	
	Effective Holding %	Rs.'000	Effective Holding %	Rs.'000	Effective Holding %	Rs.'000
Non-Quoted						
Asia Securities (Private) Limited	100%	382,750	100%	382,750	100%	182,500
Asia Growth Fund 1 (Private) Limited	100%	10,050	100%	10,050	100%	10,050
Asia Fort Sri Lanka Direct Investment Fund Limited	100%	5,001	100%	5,001	100%	5,001
Asia Apparel Trading (Private) Limited (Note 15.1.1)	100%	4,000	100%	4,000	100%	4,000
Asia Wealth Management Co (Private) Limited	100%	25,000	100%	25,000	100.00%	25,000
Asia Capital Technologies (Private) Limited	100%	32,000	100%	32,000	100%	32,000
Asia Asset Finance PLC	89.88%	851,466	92.63%	872,910	98.64%	589,047
Asia Digital (Private) Limited	100%	4,088	100%	4,088	-	-
Asia Tea Packaging (Private) Limited	100%	86,787	100%	86,788	-	-
River House (Private) Limited	89%	80,000	-	-	-	-
Taprobane Resorts (Private) Limited	66%	101,551	-	-	-	-
Asia Capital Private Equity (Private) Limited	100%	-	100%	-	-	-
Wadduwa Resorts (Private) Limited	76.97%	144,704	100%	188,707	-	-
		1,727,397		1,611,294		847,598
Provision for fall in value of investments						
Asia Growth Fund 1 (Private) Limited		(10,050)		(10,050)		(10,050)
Asia Apparel Trading (Private) Limited		(4,000)		(4,000)		(4,000)
Asia Asset Finance PLC		(204,073)		(204,073)		(204,073)
		(218,123)		(218,123)		(218,123)
Total Investment in Subsidiaries		1,509,274		1,393,171		629,475

15.1.1 According to the Section 153 6 (a) of Companies Act No. 7 of 2007 Asia Apparel Trading (Private) Limited has been excluded from the consolidation. Asia Apparel Trading (Private) Limited, had no operations during the year under review and the directors are of the opinion that this company need not be consolidated as the results of such a consolidation to the group accounts would have no real value to the members of Asia Capital PLC.

Notes to the Financial Statements (contd.)

For the year ended 31st March

	GROUP						COMPANY					
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	

15.2 Investments in Associates

Quoted

Asian Alliance Insurance PLC	-	-	-	-	-	-	-	28%	571,187
									571,187

Non-Quoted

Asia Siyaka Commodities (Private) Limited	-	-	40%	12,000	-	-	-	40%	12,000
				12,000					12,000
				12,000					583,187

Equity Value of Investments	Investment at Cost			Share of Post Acquisition Profit			Net Assets		
	2013	2012	2011	2013	2012	2011	2013	2012	2011
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Asia Siyaka Commodities (Private) Limited	-	-	12,000	-	129,540	120,440	-	-	132,440
	-	-	12,000	-	129,540	120,440	-	-	132,440

15.2.1 Summaries of financial information for investments in Associates, adjusted for the percentage ownership held by the group:

	Holding %	Total Assets Rs.'000	Total Liabilities Rs.'000	Revenues Rs.'000	Profit/(Loss) Rs.'000
2011					
Asian Alliance Insurance PLC	41.76%	1,327,264	1,118,762	352,905	30,376
Asia Siyaka Commodities (Private) Limited	40%	443,895	284,135	150,481	17,895
		1,771,159	1,402,897	503,386	48,271
2012					
Asia Siyaka Commodities (Private) Limited	40%	-	-	136,598	9,100
		-	-	136,598	9,100

During the year ended March 31st 2012 the Company has disposed its entire holding in Asian Alliance Insurance PLC and Asia Siyaka Commodities (Private) Ltd on 12th August 2011 and 29th August 2011 respectively.

15.3 Other Long Term Investments

	GROUP			COMPANY		
	31/03/2013	31/03/2012	01/04/2011	31/03/2013	31/03/2012	01/04/2011
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Investments in Debentures (Note 15.3.2)	-	-	310,062	-	-	-
Investments in Treasury Bonds	-	-	955,033	-	-	-
Investment in Joint Venture (Note 15.3.3)	-	-	-	-	-	-
	-	-	1,265,095	-	-	-

	GROUP 2013		GROUP 2012		GROUP 2011	
	No. of Debentures	Carrying Value Rs. '000	No. of Debentures	Carrying Value Rs. '000	No. of Debentures	Carrying Value Rs. '000

15.3.2 Investments in Debentures

Quoted

Sampath Bank PLC - Floating Rate	-	-	-	-	250,000	25,000
Nations Trust Bank PLC	-	-	-	-	40,000	40,000
Singer Sri Lanka PLC	-	-	-	-	90,000	10,062
LB Finance PLC	-	-	-	-	15,000	15,000
	-	-	-	-	-	90,062

	No. of Debentures	Carrying Value Rs. '000	No. of Debentures	Carrying Value Rs. '000	No. of Debentures	Carrying Value Rs. '000
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Non-Quoted

People's Leasing Company Limited	-	-	-	-	700,000	70,000
Commercial Leasing Limited	-	-	-	-	700,000	70,000
Merchant Bank of Sri Lanka PLC	-	-	-	-	800,000	80,000
	-	-	-	-	-	220,000
	-	-	-	-	-	310,062

The above investment was made by Asian Alliance Insurance PLC which was acquired as a subsidiary during the year ended March 31,2011.

	GROUP			COMPANY		
	2013	2012	2011	2013	2012	2011
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs.'000	Rs.'000

15.3.3 Investment in Joint Venture

Balance at the beginning of the year	-	-	2,906	-	-	-
Expenses incurred during the year	-	-	1,182	-	-	-
Film rights transferred to Asia Digital Entertainment (Private) Limited	-	-	(4,088)	-	-	-
Balance at the end of the year	-	-	-	-	-	-

During the year ended March 31st 2011, The ownership and all rights of "Flying Fish" Film has been transferred to Asia Digital Entertainment (Private) Limited by the Asset Transfer Agreement entered into on 12th November 2010 between Asia Growth Fund 1 (Private) Limited and Asia Digital Entertainment (Private) Limited.

Subsequently expenses incurred on behalf of Asia Digital Entertainment (Private) Limited and Investments made in Flying Fish have been transferred against the amounts due to Asia Capital PLC during the year ended 31st March 2011.

Notes to the Financial Statements (contd.)

For the year ended 31st March

	GROUP			COMPANY		
	31/03/2013	31/03/2012	01/04/2011	31/03/2013	31/03/2012	01/04/2011
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000

16 LOANS GIVEN TO ESOP

Balance at the beginning of the year	17,491	17,491	17,491	17,491	17,491	17,491
Settlement During the year	(14,077)	-	-	(14,077)	-	-
Balance at the end of the year	3,414	17,491	17,491	3,414	17,491	17,491
Receivable within one year	3,414	17,491	17,491	3,414	17,491	17,491
Receivable after one year	-	-	-	-	-	-

No shares were allotted from the Employee Share Ownership Plan (ESOP) Trust during the year. However Company has setoff above interest free loan by dividend distributed to ESOP during the year.

	GROUP			COMPANY		
	31/03/2013	31/03/2012	01/04/2011	31/03/2013	31/03/2012	01/04/2011
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000

17 LOANS DUE FROM RELATED PARTIES

Interest bearing long term loan

Asia Fort Sri Lanka Direct Investment Fund Limited (Note 17.1)	-	-	-	-	-	40,216
Asia Securities (Private) Limited (Note 17.2)	-	-	-	-	-	298,905

Non-Interest bearing long term loan

Asia Fort Sri Lanka Direct Investment Fund Limited (Note 17.3)	-	-	-	-	-	44,518
	-	-	-	-	-	383,639
Payable within one year	-	-	-	-	-	383,639
Payable after one year	-	-	-	-	-	-
	-	-	-	-	-	383,639

Company

- 17.1** The Company has given loan to Asia Fort Sri Lanka Direct Investment Fund Limited at prevailing market interest rates without any agreed terms of repayments. However, the Company has set off the Loan Due amount against Current Account balance during the year 2011/12.

17.2 The Company has given interest bearing advances to Asia Securities (Private) Limited at an annual compound rate of 20% (2011 - 20%) calculated on a basis of a year of 365 days and payable monthly on the first calendar day of each month. The Company has set off this interest bearing advance against Current Account balance during the year 2011/12.

17.3 The Company has given an interest free loans to Asia Fort Sri Lanka Direct Investment Fund Limited without any agreed terms of repayments. However, the Company has set off the Loan Due amount against Current Account balance during the year 2011/12.

	GROUP			COMPANY		
	31/03/2013	31/03/2012	01/04/2011	31/03/2013	31/03/2012	01/04/2011
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000

18 LONG TERM DEPOSITS AND ADVANCES

Deposit with the Colombo Stock Exchange	9,500	9,500	9,500	-	-	-
Rent Deposit	8,505	8,541	7,902	8,505	8,541	7,902
Advances given for development of software	1,241	44,860	-	1,241	44,860	-
	19,246	62,901	17,402	9,746	53,401	7,902

19 INVENTORIES

Vehicle Stock	8,755	22,935	33,118	-	-	-
Food and Beverages	1,813	1,854	1,817	-	-	-
Films Stock (Note 19.1)	276,142	252,564	-	-	-	-
Tea Stock	5,553	2,297	-	-	-	-
	292,263	279,650	34,935	-	-	-

19.1 Estimated Gross Receipts from Investment in Films

Estimated gross receipts includes expected gross receipts from Motion Pictures namely "A Common Man" which was fully completed during the latter part of the year 2012/2013 and was released to lending distributor – Myriad Pictures based in Santa Monica, California, USA, for the worldwide distribution of the movie except India and Sri Lanka. In term of distribution agreement, Myriad Pictures have agreed to pay US\$ 150,000 to Asia Digital Entertainment (Private) Limited a subsidiary of the Group as a minimum guaranteed fee for the rights granted. Asia Digital Entertainment (Private) Limited has planned to generate US\$ 1.81 Mn from screening the movie and this includes US\$ 918,300 from worldwide distribution, US\$ 320,000 from DVD sales and US\$ 572,000 from screening the film in India. Further Asia Digital Entertainment (Private) Limited expect to screen the movie in Sri Lanka in 2014 and expects to generate Rs. 50 Mn approximately.

	GROUP			COMPANY		
	31/03/2013	31/03/2012	01/04/2011	31/03/2013	31/03/2012	01/04/2011
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000

20 LOANS AND RECEIVABLES

Commercial Papers						
- Asia Fort Asset Management (Private) Limited	18,860	18,860	18,860	18,860	18,860	18,860
- Others	145,721	82,894	356,122	-	-	356,122
Investments in Fixed Deposits	85,800	30,863	40,873	10	10	10
Investments in Securitised Paper	-	-	173,970	-	-	173,970
Investments in Terms Deposits	-	-	78,713	-	-	-
Investments in Call Deposits	430,000	-	-	430,000	-	-
Bank Guarantee	42,488	-	-	42,488	-	-
Investments in Reverse Repurchase Agreements	288,826	159,455	1,669,464	268,168	184,039	597,982
	1,011,695	292,072	2,338,002	759,526	202,909	1,146,944
Provision for fall in value of investment	(18,860)	(18,860)	(18,860)	(18,860)	(18,860)	(18,860)
	992,835	273,212	2,319,142	740,666	184,049	1,128,084

Notes to the Financial Statements (contd.)

For the year ended 31st March

	GROUP			COMPANY		
	31/03/2013 Rs.'000	31/03/2012 Rs.'000	01/04/2011 Rs.'000	31/03/2013 Rs.'000	31/03/2012 Rs.'000	01/04/2011 Rs.'000

21 FINANCIAL ASSETS AVAILABLE FOR SALE

Non-Quoted (Note 21.1 & 21.2)	8,079	41,118	39,107	-	17,231	15,772
Provision for Impairment	(7,500)	(7,500)	(7,500)	-	-	-
	579	33,618	31,607	-	17,231	15,772

	No. of Shares	Carrying Value	No. of Shares	GROUP Carrying Value	No. of Shares	Carrying Value
	31/03/2013	Rs. '000	31/03/2012	Rs. '000	01/04/2011	Rs. '000

21.1 Investments in Equity Securities - Non Quoted

Asia Pacific Golf Course Limited	4	1,000	4	1,000	4	1,000
Compak (Private) Limited	-	-	-	-	3,000	70
Pugoda Textile (Private) Limited	-	-	-	-	24	1
Siedles T V Industries Limited	2,000	28	2,000	28	2,000	28
Gem Exports Limited	-	-	-	-	700	7
Finance House Consortium (Private) Limited	20,000	200	20,000	200	20,000	200
Pure Beverages Co Limited	709	44	-	44	709	44
Credit Information Bureau (CRIB)	67	307	-	-	-	-

Units

National Unit Trust	-	-	-	-	10,000	100
		1,579		1,272		1,450

Platinum Reality Investments (Private) Limited	25,000	6,500	200,000	39,846	200,000	37,657
Total		8,079		41,118		39,107

	No. of Shares	Carrying Value	No. of Shares	COMPANY Carrying Value	No. of Shares	Carrying Value
	31/03/2013	Rs. '000	31/03/2012	Rs. '000	01/04/2011	Rs. '000

21.2 Investments in Cumulative Redeemable Preference Securities - Non Quoted

Platinum Reality Investments (Private) Limited	-	-	200,000	17,231	200,000	15,772
				17,231		15,772

	GROUP			COMPANY		
	31/03/2013 Rs.'000	31/03/2012 Rs.'000	01/04/2011 Rs.'000	31/03/2013 Rs.'000	31/03/2012 Rs.'000	01/04/2011 Rs.'000

22 FAIR VALUE THROUGH PROFIT OR LOSS

Quoted (Note 22.1 & 22.2)	47,381	98,848	1,239,516	40,607	75,525	23,605
	47,381	98,848	1,239,516	40,607	75,525	23,605

	GROUP		GROUP		GROUP	
	31/03/2013		31/03/2012		01/04/2011	
	No. of Shares	Market Value Rs. '000	No. of Shares	Market Value Rs. '000	No. of Shares	Market Value Rs. '000

22.1 Investments in Equity Securities - Quoted

Bank, Finance and Insurance

Hatton National Bank PLC - Non Voting	-	-	-	-	638,800	136,958
Commercial Bank of Ceylon PLC- Non Voting	-	-	100	10	50	13
Nation Trust Bank PLC	-	-	-	-	189,100	15,789
Asia Capital PLC	116,400	2,653	116,400	4,365	2,307,900	113,220
Sampath Bank PLC	-	-	6	1	6	2
Seylan Bank PLC -Non Voting	-	-	-	-	1,907,400	93,082
Seylan Bank PLC - Voting	-	-	1,100,000	31,900	100,000	3,930
		2,653		36,276		362,994

Diversified Holdings

John Keells Holdings PLC	15	5	15	3	15	4
Richard Pieris & Co PLC	-	-	870	6	870	12
Hemas Holding PLC	100	3	100	3	100	5
		8		12		21

Hotels and Travels

Taj Lanka Hotels PLC	4	-	4	-	4	-
		-		-		-

Manufacturing

Lanka Ceramics PLC	63,400	4,121	63,400	4,514	63,400	9,282
Dipped Products PLC	-	-	-	-	1,017,000	121,727
Samson International PLC	-	-	10,040	904	10,040	1,004
Ceylon Grain Elevators PLC	-	-	504	31	504	85
Tokyo Cement Company PLC	-	-	-	-	2,788,600	112,382
Royal Ceramics Lanka PLC	-	-	24	-	1,136,000	346,365
Lanka Wall Tile PLC	300,000	16,770	400,600	28,042	439,300	63,876
		20,891		33,491		654,721

Telecommunications

Dialog Axiata PLC	-	-	500,000	3,550	5,500,000	64,750
		-		3,550		64,750

Beverage, Food and Tobacco

The Lion Brewery Ceylon PLC	-	-	-	-	236,400	44,434
Bairaha Farms PLC	35,100	5,254	61,100	7,943	-	-
Distilleries Company of Sri Lanka PLC	-	-	-	-	500,000	89,000
		5,254		7,943		133,434

Units

Ceybank Century Growth Fund	200,000	11,380	200,000	11,208	200,000	15,298
Eagle Growth Fund	100,000	7,195	100,000	6,368	100,000	8,298

		18,575		17,576		23,596
Grand Total		47,381		98,848		1,239,516

Notes to the Financial Statements (contd.)

For the year ended 31st March

	31/03/2013		COMPANY 31/03/2012		01/04/2011	
	No. of Shares	Market Value Rs.'000	No. of Shares	Market Value Rs.'000	No. of Shares	Market Value Rs.'000
22.2 Investments in Equity Securities - Quoted						
Bank, Finance & Insurance						
Seylan Bank PLC	-	-	1,000,000	29,000	-	-
				29,000		
Diversified Holdings						
John Keells Holdings PLC	15	5	15	3	15	4
Hemas Holdings PLC	100	3	100	3	100	5
		8		6		9
Hotels and Travels						
Taj Lanka Hotels PLC	4	-	4	-	4	-
		-		-		-
Manufacturing						
Lanka Walltiles PLC	300,000	16,770	300,000	21,000	-	-
		16,770		21,000		
Food & Beverages						
Bairaha Farms PLC	35,100	5,254	61,100	7,943	-	-
		5,254		7,943		
Units						
Ceybank Century Growth Fund	200,000	11,380	200,000	11,208	200,000	15,298
Eagle Growth Fund	100,000	7,195	100,000	6,368	100,000	8,298
		18,575		17,576		23,596
Grand Total		40,607		75,525		23,605

	GROUP			COMPANY		
	31/03/2013	31/03/2012	01/04/2011	31/03/2013	31/03/2012	01/04/2011
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000

23 SHORT TERM LENDINGS

Asia Couture Limited	336,837	336,837	336,837	336,837	336,837	336,837
Less: Provision for Impairment	(336,837)	(336,837)	(336,837)	(336,837)	(336,837)	(336,837)
	-	-	-	-	-	-

24 TRADE AND OTHER RECEIVABLES

Non Current

Loans and Advances (Note 24.1)	1,067,710	1,003,863	754,343	-	-	-
	1,067,710	1,003,863	754,343	-	-	-

Current

Trade Debtors	255,458	779,014	867,307	11,765	11,765	238,951
Less: Provision for Impairment	(40,710)	(38,066)	(37,772)	(11,765)	(11,765)	(12,348)
	214,748	740,948	829,535	-	-	226,603

Loans and Advances (Note 24.1)	1,344,037	998,668	386,728	-	-	-
Staff Loan (Note 24.2)	567	661	4,886	312	328	310
Loans to Policy Holders (Note 24.3)	-	-	44,582	-	-	-
Advances and Prepayments	117,666	141,048	103,577	3,444	5,734	2,997
Reinsurance Receivables	-	-	99,937	-	-	-
Premium Receivables	-	-	102,611	-	-	-
Deposits	5,443	6,914	29,500	-	-	-
Other Debtors	177,130	135,242	263,024	81,724	260,501	64,537
Receivable from Asia Fort Asset Management (Private) Limited	51,546	51,546	51,546	51,546	51,546	51,546
	1,911,137	2,075,027	1,915,926	137,026	318,109	345,993
Less: Provision for Impairment	(170,430)	(147,101)	(61,187)	(103,532)	(103,532)	(38,366)
	1,740,707	1,927,926	1,854,739	33,494	214,577	307,627
	2,808,417	2,931,789	2,609,082	33,494	214,577	307,627

Notes to the Financial Statements (contd.)

For the year ended 31st March

	GROUP		GROUP		GROUP	
	31/03/2013		31/03/2012		01/04/2011	
	Asia Asset Finance PLC Rs.'000	Total Rs.'000	Asia Asset Finance PLC Rs.'000	Total Rs.'000	Asia Asset Finance PLC Rs.'000	Total Rs.'000

24.1 Loans and Advances

Non Current

Loans and Advances	539,234	539,234	269,915	269,915	241,568	241,568
Hire Purchase Receivables	314,454	314,454	413,230	413,230	292,070	292,070
Lease Receivables	222,255	222,255	328,951	328,951	247,723	247,723
Less: Provision for Impairment	(8,233)	(8,233)	(8,233)	(8,233)	(27,018)	(27,018)
	1,067,710	1,067,710	1,003,863	1,003,863	754,343	754,343

Current

Loans and Advances	805,578	805,578	664,164	664,164	344,954	344,954
Hire Purchase Receivables	365,849	365,849	209,220	209,220	34,386	34,386
Hire Purchase Consumer Durables	-	-	-	-	10,840	10,840
Lease Receivables	223,309	223,309	170,145	170,145	65,061	65,061
Factoring Debtors	-	-	-	-	-	-
Less: Provision for Impairment	(50,699)	(50,699)	(44,861)	(44,861)	(68,513)	(68,513)
	1,344,037	1,344,037	998,668	998,668	386,728	386,728
	2,411,747	2,411,747	2,002,531	2,002,531	1,141,071	1,141,071

	GROUP			COMPANY		
	31/03/2013	31/03/2012	01/04/2011	31/03/2013	31/03/2012	01/04/2011
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000

24.2 Staff Loan

Balance at the beginning of the year	661	4,886	3,343	328	310	315
On Acquisition of Subsidiary	-	-	969	-	-	-
On Disposal of Subsidiary	-	(4,370)	-	-	-	-
Loans granted during the year	290	446	6,355	-	146	-
Repayments	(384)	(300)	(5,781)	(16)	(128)	(5)
Balance at the end of the year	567	661	4,886	312	328	310

	GROUP			COMPANY		
	31/03/2013	31/03/2012	01/04/2011	31/03/2013	31/03/2012	01/04/2011
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000

24.3 Loans to Policy Holders

Balance at the beginning of the year	-	44,582	-	-	-	-
On Acquisition of Subsidiary	-	-	30,484	-	-	-
On Disposal of Subsidiary	-	(44,582)	-	-	-	-
Loans granted during the year	-	-	18,879	-	-	-
Interest Accrued	-	-	5,441	-	-	-
Repayments during the year	-	-	(10,222)	-	-	-
Balance at the end of the year	-	-	44,582	-	-	-

Relationship	GROUP			COMPANY		
	31/03/2013	31/03/2012	01/04/2011	31/03/2013	31/03/2012	01/04/2011
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000

25 AMOUNTS DUE FROM RELATED PARTIES

Asia Apparel Trading (Private) Limited	Subsidiary	4,710	4,711	4,711	4,710	4,711	4,711
Asia Growth Fund 1 (Private) Limited	Subsidiary	-	-	-	116,967	116,785	116,593
Asia Fort Sri Lanka Direct Investment Fund Limited	Subsidiary	-	-	-	-	-	179,691
Asia Capital Technologies (Private) Limited	Subsidiary	-	-	-	232	-	948
Asia Asset Finance Limited	Subsidiary	-	-	-	9,695	15,239	1,418
Asia Wealth Management Co. (Private) Limited	Subsidiary	-	-	-	8,992	2,460	2,375
Asia Leisure Holdings (Private) Limited	Subsidiary	-	-	-	6,674	226,382	151,565
Asia Couture (Private) Limited	Subsidiary	18,856	18,855	18,855	18,856	18,855	18,855
Asia Digital Entertainment (Private) Limited	Affiliate	-	-	19,361	374,311	293,131	4,462
Asia Leisure (Private) Limited	Subsidiary	-	-	-	83,616	48,992	38,378
Asian Alliance Insurance PLC	Associate	-	-	-	-	-	4,120
Asia Tea Packaging (Private) Limited	Affiliate	-	-	53,314	41,616	28,149	53,253
Asia Capital Private Equity (Private) Limited	Affiliate	-	-	170	30,992	-	-
Taprobane Resorts (Private) Limited	Subsidiary	-	-	-	35,617	-	-
River House (Private) Limited	Subsidiary	-	-	-	4,061	-	-
Asia Investment 2 (Private) Limited	Subsidiary	4	-	-	4	-	-
Asia Investment 4 (Private) Limited	Subsidiary	54	-	-	54	-	-
		23,624	23,566	96,405	736,397	754,704	576,370

Less: Provision for Impairment

Asia Apparel Trading (Private) Limited	(4,711)	(4,711)	(4,711)	(4,711)	(4,711)	(4,711)
Asia Growth Fund 1 (Private) Limited	-	-	-	(26,556)	(26,556)	(26,556)
Asia Fort Sri Lanka Direct Investment Fund Limited	-	-	-	-	-	(42,527)
Asia Couture (Private) Limited	(18,855)	(18,855)	(18,855)	(18,855)	(18,855)	(18,855)
	(23,566)	(23,566)	(23,566)	(50,122)	(50,122)	(92,649)
	58	-	72,845	686,275	704,582	483,720

Notes to the Financial Statements (contd.)

For the year ended 31st March

	GROUP			COMPANY		
	31/03/2013	31/03/2012	01/04/2011	31/03/2013	31/03/2012	01/04/2011
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000

26 CASH AND CASH EQUIVALENTS

Favourable Balances

Cash in Hand & at Bank	281,300	331,734	211,523	9,222	1,618	12,914
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Unfavourable Balances

Bank Overdrafts	(157,172)	(516,634)	(747,609)	(105,674)	(426,060)	(686,443)
Cash and Cash Equivalents for the Cash Flow Purpose	124,128	(184,900)	(536,086)	(96,452)	(424,442)	(673,529)

	COMPANY					
	31/03/2013		31/03/2012		01/04/2011	
	No of Shares	Value Rs.'000	No of Shares	Value Rs.'000	No of Shares	Value Rs.'000

27 STATED CAPITAL

Ordinary Shares	110,000,000	1,114,558	110,000,000	1,114,558	110,000,000	1,114,558
	110,000,000	1,114,558	110,000,000	1,114,558	110,000,000	1,114,558

28 DEBENTURES

Asia Asset Finance PLC

As at 31 March 2013, the debentures consisted of 10 unsecured subordinated redeemable 5 years Debentures of Rs. 1,000/- each issued by the Subsidiary Asia Asset Finance PLC in the year 2006.

	GROUP							
	Allotment In	Mature In	31/03/2013		31/03/2012		01/04/2011	
			No of Debentures	Value Rs.'000	No of Debentures	Value Rs.'000	No of Debentures	Value Rs.'000
Debentures	2006	2009	10	10	10	10	10	10

	GROUP			COMPANY		
	2013	2012	2011	2013	2012	2011
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000

29 DEFERRED TAXATION

Balance at the beginning of the Year	(54,939)	(16,443)	(1,913)	-	-	-
On Acquisition of Subsidiary	-	577	-	-	-	-
Reversal made during the Year	(30,864)	(39,073)	(16,333)	-	-	-
On Revaluation Surplus	943	-	-	-	-	-
On Disposal of Subsidiary	-	-	1,803	-	-	-
Balance at the end of the Year	(84,860)	(54,939)	(16,443)	-	-	-

	GROUP					
	31/03/2013		31/03/2012		01/04/2011	
	Temporary Differences	Temporary Tax Effect	Temporary Differences	Temporary Tax Effect	Temporary Differences	Temporary Tax Effect

29 DEFERRED TAXATION

On Temporary differences of Property, Plant and Equipment	(44,100)	(12,497)	(143,542)	(40,759)	(92,420)	(25,534)
On Retirement Gratuity	20,609	5,855	17,941	4,873	17,610	4,826
On Tax Losses carried forward	320,558	91,503	335,614	90,825	144,592	37,152
	297,067	84,861	210,013	54,939	69,782	16,443

	COMPANY					
	31/03/2013		31/03/2012		01/04/2011	
	Temporary Differences	Temporary Tax Effect	Temporary Differences	Temporary Tax Effect	Temporary Differences	Temporary Tax Effect

On Temporary differences of Property, Plant and Equipment	(17,234)	(4,825)	(7,192)	(2,014)	(12,238)	(3,427)
On Retirement Gratuity	9,278	2,598	5,607	1,570	2,736	766
On Tax Losses carried forward	541,677	151,670	616,518	172,625	559,600	156,688
	533,721	149,443	614,933	172,181	550,098	154,027

Group

Deferred tax arising from the temporary differences in subsidiaries other than those from Asia Securities (Private) Limited, Asia Capital Technologies (Private) Limited and Asia Asset Finance PLC have not been recognised due to the uncertainty of available future taxable profit for utilisation of such tax losses.

Company

Due to uncertainty of availability of future taxable profit for utilisation of tax losses, the recognition of deferred tax asset has been limited only upto deferred liability as at the reporting date. Therefore, the unrecognised deferred tax asset of the Company is Rs.149 Mn (2012- Rs.172 Mn).

Notes to the Financial Statements (contd.)

For the year ended 31st March

	GROUP			COMPANY		
	31/03/2013	31/03/2012	01/04/2011	31/03/2013	31/03/2012	01/04/2011
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
30 RETIREMENT BENEFIT OBLIGATIONS						
Balance at the beginning of the Year	25,522	44,375	24,081	5,607	2,736	4,926
On Acquisition of Subsidiary	-	-	14,653	-	-	-
Transfer of Liability	(818)	-	23	-	-	(3,983)
On Disposal of subsidiary	-	(22,738)	(10,216)	-	-	-
Interest for the Year	1,982	1,952	490	601	285	51
Provision made during the Year	8,873	6,665	15,330	2,432	1,954	1,459
(Gain)/Loss arising from changes in assumptions or (over)/under provision in the previous year	(946)	(3,984)	6,801	638	632	463
Payments made during the Year	(175)	(748)	(6,786)	-	-	(180)
Balance at the end of the Year	34,438	25,522	44,375	9,278	5,607	2,736

The employee benefit liability of Asia Assets Finance PLC based on actuarial valuation carried out by Actuarial and Management Consultants (Pvt) Limited, a professional actuaries. The principle assumptions used are as follows,

Discount Rate	11.5%
Salary Increment Rate	8%
Staff Turnover	5%
Retirement Age	55 Years
Mortality	67/70 Mortality Table (Institute of Actuaries London)

The employee benefit liability of all other companies in the group are based on an internally developed method in accordance with LKAS 19 - "Employee Benefits".

The principal assumptions used in determining the cost of employee benefits were:

Rate of Interest	11%
Rate of Salary Increase	10%
Labour Turnover	5%
Retirement Age	60

	GROUP			COMPANY		
	31/03/2013	31/03/2012	01/04/2011	31/03/2013	31/03/2012	01/04/2011
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000

31 NON - INTEREST BEARING BORROWINGS

Balance at the beginning of the year	144,670	144,670	144,671	144,670	144,670	144,670
Loan obtained during the year	-	-	-	-	-	-
Instalments paid during the year	(11,814)	-	-	(11,814)	-	-
Balance at the end of the year	132,856	144,670	144,670	132,856	144,670	144,670
Amount repayable within one year	132,856	144,670	144,670	132,856	144,670	144,670
Amount repayable After one year	-	-	-	-	-	-

32 INTEREST BEARING BORROWINGS

Direct Borrowing	11,767	26,901	48,477	11,767	26,901	48,477
Preference facility Loan	759,478	-	-	759,478	-	-
Borrowing Under Commercial Papers	475,168	364,550	184,076	522,058	516,784	468,819
Borrowing Under Repurchase Agreement	16,556	107,429	1,017,437	114,318	107,429	1,017,436
Lease Creditor	108,762	71,921	32,605	14,613	17,724	13,687
	1,371,731	570,801	1,282,595	1,422,234	668,838	1,548,419
Amount repayable within one year	520,329	511,799	1,254,558	652,727	654,707	1,539,055
Amount repayable after one year	851,402	59,002	28,037	769,507	14,131	9,364
	1,371,731	570,801	1,282,595	1,422,234	668,838	1,548,419

33 INSURANCE PROVISION

Life Insurance	-	-	1,929,352	-	-	-
Non-Life Insurance (Note 33.1)	-	-	261,206	-	-	-
	-	-	2,190,558	-	-	-

33.1 Non-Life Insurance

Reserve for net unearned premiums	-	-	179,999	-	-	-
Reserve for IBNR and IBNER	-	-	14,565	-	-	-
Reserve for net deferred acquisition cost	-	-	(14,462)	-	-	-
Reserve for gross outstanding claims	-	-	81,104	-	-	-
	-	-	261,206	-	-	-

Notes to the Financial Statements (contd.)

For the year ended 31st March

	GROUP			COMPANY		
	31/03/2013	31/03/2012	01/04/2011	31/03/2013	31/03/2012	01/04/2011
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000

34 TRADE AND OTHER PAYABLES

Non Current

Deposits from Customers	759,964	358,671	105,686	-	-	-
	759,964	358,671	105,686	-	-	-

Current

Trade Creditors	184,510	537,468	382,837	-	-	-
Claims Payable	-	-	76,799	-	-	-
Deposits from Customers	1,831,201	1,562,779	1,245,976	-	-	-
Sundry Creditors including Accrued Expenses	141,135	99,165	401,740	70,002	15,039	87,213
	2,156,846	2,199,411	2,107,353	70,002	15,039	87,213
	2,916,810	2,558,082	2,213,039	70,002	15,039	87,213

Relationship	GROUP			COMPANY		
	31/03/2013	31/03/2012	01/04/2011	31/03/2013	31/03/2012	01/04/2011
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000

35 AMOUNTS DUE TO RELATED PARTIES

Asia Securities (Private) Limited	Subsidiary	-	-	-	254,939	23,430	444,600
Asia Fort Sri Lanka Direct investment (Private) Limited	Subsidiary	-	-	-	15,922	280,559	-
Asia Capital Technologies (Private) Limited	Subsidiary	-	-	-	-	1,967	-
Wadduwa Resorts (Private) Limited	Subsidiary	-	-	-	22,418	-	-
		-	-	-	293,279	305,956	444,600

	GROUP 2012		GROUP 2011	
	Acquisition of Wadduwa Resorts (Pvt) Ltd Rs.'000	Disposal of Asian Alliance Insurance PLC Rs.'000	Disposal of Capital Reach Holdings Limited Rs.'000	Acquisition of Asian Alliance Insurance PLC Rs.'000

36 ACQUISITION AND DISPOSAL OF SUBSIDIARIES

Property, Plant & Equipment and Intangible Assets	85,312	95,392	76,244	81,784
Investment Property	-	-	-	36,750
Other Long Term Investments	-	1,487,924	154	1,351,886
Short Term Investments	-	2,220,818	203,512	1,232,372
Inventories	-	-	26,685	-
Deferred Tax Assets	-	-	29,456	-
Loans and Advances	-	-	2,743,947	-
Trade and Other Receivables	-	405,065	152,129	446,390
Cash and Cash Equivalents	-	56,756	67,504	35,087
	85,312	4,265,955	3,299,631	3,184,269
Deferred Tax Liabilities	-	-	32,984	-
Provision for Retirement Gratuity	-	30,207	10,216	14,653
Borrowings	-	-	1,557,979	-
Trade and Other Payables	92	465,525	1,230,985	435,315
Insurance Provision	-	2,650,610	-	2,212,253
Minority Interest	-	-	145,273	-
Bank Overdraft	-	11,135	59,800	22,761
	92	3,157,477	3,037,237	2,684,982
Net Assets Acquired	85,220			354,244
Goodwill arising on acquisition	100,347			203,733
Total Consideration	185,567			557,977
Cash Received from Subsidiary	-			(12,326)
Net cash flow	185,567			545,651

Notes to the Financial Statements (contd.)

For the year ended 31st March

36.1 Disposal of Asian Alliance Insurance PLC

During the year ended March 31, 2012 the Company has disposed its entire holding (53.17%) in Subsidiary -Asian Alliance Insurance PLC

Profit on Disposal of Subsidiary	Asian Alliance Insurance PLC	Capital Reach Holdings Limited
	2012 Rs.'000	2011 Rs.'000
Group		
Consideration Received	2,375,467	299,559
Share of Net Assets of the Subsidiary as at Disposal Date/Cost of Investment	(589,377)	(230,241)
Unimpaired Goodwill	(373,993)	(28,119)
Profit on Disposal of Subsidiary	1,412,097	41,199

36.2 Net proceeds from disposal of Subsidiaries

Consideration Received	2,375,467	299,559
Less: Cash and Cash Equivalents transferred net of Bank overdraft	(45,621)	(7,703)
Related expenses	(104,018)	-
Net Proceeds from Disposal of Subsidiaries for Cash Flow Purpose	2,225,828	291,856

37 RELATED PARTY DISCLOSURE

Transactions with Related Companies

Name of the Related Party	Nature of the Relationship	Name of the Common Director	Details of the Transactions/ Balances	Value of the Transactions					
				2013 Rs.000	2012 Rs.000	2011 Rs.000			
(a) Transactions with Subsidiaries/Sub-Subsidiaries									
Asia Securities (Private) Limited	Subsidiary	Mr.H.L.L.M. Nanayakkara Mr.J.H.P.Ratnayeke Mr.S.A.Abeyesinhe	Interest Free Fund Transfer	368,288	59,769	190,501			
			Reimbursement of Expenses	2,964	24,378	17,402			
			Fund received to settle Liability	-	-	75,000			
			Brokerage Income	684	5,079	3,351			
			Other Interest Income	-	-	116			
			Cost of BI Project transferred to ASL	(18,556)					
			Interest Bearing borrowing	-	-	128,810			
			Loan Interest Cost	-	(23,093)	(57,550)			
			Transfer of Receivable	-	-	(7,029)			
			Transfer of Liability	-	-	4,006			
			CDAX online and back office charges	(1,064)	(4,818)	(8,098)			
			Dividends Paid	-	89,999	71,999			
			Acquisition of Subsidiary	-	-	(7,500)			
			Disposal of subsidiary	-	-	7,500			
			Maturity proceeds on Repo Investment	-	-	(84,483)			
			Sales proceeds from disposal of Property Plant and Equipment	-	-	(1,525)			
			Settlement of Interest bearing borrowings	-	298,904	-			
			Settlement of Intercompany Current account	(121,187)	(180,000)	-			
			Asia Growth Fund 1 (Private) Limited	Subsidiary	Mr.H.L.L.M. Nanayakkara Mr.J.H.P.Ratnayeke Mr.S.A.Abeyesinhe	Intercompany Fund Transfers	-	-	1,645
						Reimbursement of Expenses (net)	(182)	192	37
Transfer of Receivables	-	-				(47,268)			
Balances settled by Asia Capital PLC on behalf following related party									
- Asia Tea Packaging (Private) Limited	-	-				(2,501)			
- Asia Digital Entertainment (Private) Limited	-	-				(967)			
Transfer of Investment in Joint Venture	-	-				3,873			

Notes to the Financial Statements (contd.)

For the year ended 31st March

37 Related Party Disclosure (Contd.)

Transactions with Related Companies

Name of the Related Party	Nature of the Relationship	Name of the Common Director	Details of the Transactions/ Balances	Value of the Transactions		
				2013 Rs.000	2012 Rs.000	2011 Rs.000
Asia Fort Sri Lanka Direct Investment Fund Limited	Subsidiary	Mr.H.L.L.M. Nanayakkara Mr.J.H.P.Ratnayeke	Intercompany Fund Transfers	1,306	582,177	122,000
			Interest Income on long term Loans	-	(1,961)	(5,542)
			Interest Expense on Commercial Papers	-	7,888	11,705
			Interest Income on Short term Lendings	-	(6,039)	(9,408)
			Interest on Intercompany Funds	8,052	1,757	-
			Settlement of Long-term Loan	-	86,940	-
			Reimbursement of Expenses (net)	(4)	44,728	72
			Amount paid for investment in Shares of Asian Alliance Insurance PLC	-	-	46,876
			Proceeds received by sale of rights issue of Asian Alliance Insurance PLC	-	-	(42,622)
			Settlement of Liabilities due to the Asia Asset Finance PLC	-	-	5,296
			Current Account Settlement	-	10,000	-
			Set off the commercial paper liability of AAF PLC	(80,000)	-	-
			Set off the Dividend Payable against Current account	(193,991)	-	-
			Asia Capital Technologies (Private) Limited	Subsidiary	Mr.H.L.L.M. Nanayakkara Mr.S.A.Abeyesinhe	Reimbursement of Expenses (net)
CDAX Online Trade & Maintenance Charges	(1,064)	(4,818)				(8,098)
Purchase of Fixed Assets	-	-				46
Current Account Settlement	-	-				(3,000)
Intercompany Fund Transfers	3,029	-				-
Refund of Expenses	(5)	-				-

Name of the Related Party	Nature of the Relationship	Name of the Common Director	Details of the Transactions/ Balances	Value of the Transactions		
				2013 Rs.000	2012 Rs.000	2011 Rs.000
Asia Asset Finance PLC	Subsidiary	Mr.H.L.L.M. Nanayakkara	Reimbursement of Expenses (net)	820	602	448
			Repo Borrowing	-	-	(21,834)
			Interest Expense on Repo Borrowing	-	-	11,225
			Settlement of Expenses	(1,620)	-	1,400
			Rentals due on operating lease	(1,213)	1,398	404
			Settlement of operating lease	-	(361)	-
			Advance paid for intangible assets	-	14,869	-
			Investment in shares during the year	-	283,864	384,974
			Borrowing on Commercial Papers	-	-	(30,000)
			Repayment of Commercial Paper Borrowing	-	-	30,000
			Interest Expense on Commercial Paper borrowing	-	-	67
			Short term borrowing from AAF	97,327	-	-
			Short term borrowing from AAF- Interest Expense	9,507	-	-
			Short term borrowing from AAF- Interest Payable	435	-	-
			Investment in short term loan	-	20,000	-
			Investment in Commercial paper	-	40,000	-
			Refund of Short term loan	-	(20,000)	-
			Maturity of Investment in Commercial Papers	-	(40,000)	-
			Interest income for short term loans & Commercial Papers	-	2,161	-
			Contract Settled through C/A	(3,532)	-	-
Asia Wealth Management Company (Private) Limited	Subsidiary	Mr.H.L.L.M. Nanayakkara	Reimbursement of Expenses (net)	(4,203)	69	39
			Intercompany Fund Transfers	(2,277)	-	-
			Mr.S.A.Abeyesinhe	Settlement of Liabilities	(68)	-

Notes to the Financial Statements (contd.)

For the year ended 31st March

37 Related Party Disclosure (Contd.)

Transactions with Related Companies

Name of the Related Party	Nature of the Relationship	Name of the Common Director	Details of the Transactions/ Balances	Value of the Transactions		
				2013 Rs.000	2012 Rs.000	2011 Rs.000
Asia Leisure Holdings (Private) Limited	Subsidiary	Mr.H.L.L.M. Nanayakkara	Reimbursement of Expenses (net)	-	1,306	147
			Intercompany Fund Transfers	(52,009)	69,213	21,948
			Settlement of Liabilities	(356)	-	92,589
			Interest on intercompany funds	(11,016)	4,298	-
			Loan Paid on behalf of ALH	(5,949)	-	-
			Loan Charge through current account	40,000	-	-
			Intercompany balance settlement due to investment in Taprobane Resort	153,865	-	-
			Intercompany balance settlement due to investment in River House	80,000	-	-
Asia Leisure (Private) Limited	Subsidiary	Mr.H.L.L.M. Nanayakkara	Intercompany Fund Transfers	(27,389)	8,428	21,948
			Interest on intercompany funds	(5,746)	522	-
			Reimbursement of Expenses (net)	(1,489)	1,664	-
Asia Capital Private Equity (Private) Ltd Formally Known as Asia Investment 3 (Private)Limited	Subsidiary	Mr.H.L.L.M. Nanayakkara Mr.S.A.Abeyesinhe	Intercompany Fund Transfers	(234,736)	4,398	-
			Interest on intercompany funds	10,135	3,019	-
			Funds transferred to Investment in Lanka Fortune Residencies (Private) Limited	-	181,289	-
			Reimbursement of Expenses (net)	7,131	-	-
			Purchased Consideration of Acquisition of Wadduwa Resort	(188,000)	-	-
			Sale Proceed received to ACPE from Japan Capital	247,755	-	-
Asia Digital Entertainment (Private) Limited	Subsidiary	Mr.H.L.L.M. Nanayakkara Mr.S.A.Abeyesinhe	Intercompany Fund Transfers	(15,003)	260,294	-
			Interest on intercompany funds	(49,399)	27,486	-
			Reimbursement of Expenses	(8,006)	4,977	374
			Transfer of Receivables	-	-	4,088
			Investment in shares during the year	46	(4,088)	-
			Fixed Assets transferred to ACL	4,000	-	-
Proceeds of sale of Fixed assets	(12,819)	-	-			

Name of the Related Party	Nature of the Relationship	Name of the Common Director	Details of the Transactions/ Balances	Value of the Transactions		
				2013 Rs.000	2012 Rs.000	2011 Rs.000
Asia Tea Packaging (Private) Limited	Subsidiary	Mr.H.L.L.M. Nanayakkara Mr.S.A.Abeyesinhe	Intercompany Fund Transfers	(12,104)	59,832	5,500
			Interest on intercompany funds	(4,229)	2,626	-
			Reimbursement of Expenses	-	-	47,758
			Investment in shares during the year	-	(86,787)	-
			Current Account Settlement	2,866	(780)	-
Taprobane Resorts (Pvt) Ltd.	Subsidiary	Mr.H.L.L.M. Nanayakkara Mr.S.A.Abeyesinhe	Intercompany Fund Transfers	(23,608)	-	-
			Reimbursement of Expenses	(12,009)	-	-
River House (Pvt) Ltd	Subsidiary	Mr.H.L.L.M. Nanayakkara Mr.S.A.Abeyesinhe	Reimbursement of Expenses	(4,061)	-	-
Wadduwa Resorts (Pvt) Ltd	Subsidiary	Mr.H.L.L.M. Nanayakkara Mr.S.A.Abeyesinhe	Intercompany Fund Transfers	(7,324)	-	-
			Loan Taken From Wadduwa Resorts (Pvt)Ltd	40,000	-	-
			Interest paid for Loan taken from Wadduwa Resort	7,183	-	-
			Reimbursement of Expenses	(17,441)	-	-
Asia Investment 2 (Pvt) Ltd	Subsidiary	Mr.H.L.L.M. Nanayakkara Mr.S.A.Abeyesinhe	Reimbursement of Expenses	(4)	-	-
Galle Beach (Private) Ltd Formerly Known as Asia Investment 4 (Pvt) Ltd	Subsidiary	Mr.H.L.L.M. Nanayakkara Mr.S.A.Abeyesinhe	Reimbursement of Expenses	(54)	-	-

(b) Transactions with Other Related Parties

P.R. Secretarial Services (Private) Limited	Common Directors	Mr.J.H.P.Ratnayake	Secretarial Fees	(260)	(389)	(233)
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Notes to the Financial Statements (contd.)

For the year ended 31st March

37 Related Party Disclosure (Contd.)

Name of the Related Party	Nature of the Relationship	Name of the Common Director	Details of the Transactions/ Balances	Value of the Transactions		
				2013 Rs.000	2012 Rs.000	2011 Rs.000
(c) Transactions with other Related Parties by the Group						
Asia Securities (Private) Limited						
Asia Capital Technologies (Private) Limited	Common Directors	Mr.H.L.L.M. Nanayakkara	CDAX online and back office charges	(1,064)	(4,818)	(8,098)
			Mr.S.A.Abeyesinhe	Interest Free Fund Transfers	-	(5,000)
			Disposal of subsidiary		-	-
			Reimbursement of Expenses (net)	91	719	-
			Current Account Settlement	(4)	5,797	-
			Transfer of Fixed Assets	(15)	-	-
Asia Fort Sri Lanka Direct Investment Fund Limited	Common Directors	Mr.J.H P. Ratnayeke	Brokerage Income	-	1,336	618
		Mr.H.L.L.M. Nanayakkara	Interest on delayed settlements	-	-	192
		Mr.S.A.Abeyesinhe	Current Account Settlement	-	13,374	-
Asia Tea Packaging (Private) Limited	Common Directors	Mr.H.L.L.M. Nanayakkara	Reimbursement of expense	-	1,763	56
			Mr. S.A.Abeyesinhe	Interest Free Fund Transfer	2,000	1,000
			Settlement of Current Account	-	(1,819)	-
			Fund transferred for donation purpose	-	-	2,223
Asia Asset Finance PLC	Common Directors	Mr.H.L.L.M. Nanayakkara	Brokerage Income	38	51	1,028
			Mr. S.A.Abeyesinhe	Interest on delayed settlements	-	-
			Branch Rent Expenses	(462)	(770)	(242)
			Branch Rent Settlement	120	-	-
			Short term investment made during the year	-	(40,000)	-
			Short term investment maturity during the year	-	40,000	-
			Interest income from short term investment	-	1,652	-

Name of the Related Party	Nature of the Relationship	Name of the Common Director	Details of the Transactions/ Balances	Value of the Transactions		
				2013 Rs.000	2012 Rs.000	2011 Rs.000
Asia Wealth Management Company (Private) Limited	Common Directors	Mr.H.L.L.M. Nanayakkara Mr.J.H.P. Ratnayeke Mr. S.A.Abeyesinhe	Professional Fees	-	-	(1,082)
			Reimbursement of Expenses	6,084	(2,261)	856
			Interest Free Fund Transfers	800	(20,000)	-
			Settlement of Interest Free Fund Transfers	-	20,000	-
			Settlement of Current Account Balance	-	3,047	-
			Current Assets Transfers	-	(32)	-
			Transfer of Liabilities	(818)	-	-
			Trade Loss Payable	250	-	-
Paul Ratnayake Associates	Common Directors	Mr.J.H.P Ratnayeke	Legal Fees	(1,060)	(585)	(1,308)
P.R Secretarial Services (Private) Limited	Common Directors	Mr.J.H.P.Ratnayeke	Secretarial Fees	(97)	(170)	(186)
Asia Leisure (Private) Limited	Common Director	Mr.H.L.L.M. Nanayakkara Mr. S.A.Abeyesinhe	Reimbursement of Expenses	666	245	3,657
			Settlement of Current Account	(40)	(220)	-
Asia Leisure Holdings (Private) Limited	Common Director	Mr.H.L.L.M. Nanayakkara Mr. S.A.Abeyesinhe	Reimbursement of Expenses	-	-	923
Asia Digital Entertainment (Private) Limited	Common Director	Mr.H.L.L.M. Nanayakkara Mr. S.A.Abeyesinhe	Interest free Fund transfer	-	13,350	13,700
			Settlement of Interest free fund transfers	-	(20,000)	-
			Film production Expenses	-	-	466
			Reimbursement of Expenses	140	646	732
			Settlement of Current Account	-	(616)	-
			Transfer of Fixed Assets	(9)	-	-
Asia Capital Technologies (Private) Limited						
Asia Wealth Management Company (Private) Limited	Common Director	Mr.H.L.L.M. Nanayakkara Mr. S.A.Abeyesinhe	Reimbursement of Expenses (net)	-	10	-
Asia Digital Entertainment (Private) Limited	Common Director	Mr.H.L.L.M. Nanayakkara Mr. S.A.Abeyesinhe	Receivable from sale of ACT Fixed Asset	23	-	-

Notes to the Financial Statements (contd.)

For the year ended 31st March

37 Related Party Disclosure (Contd.)

Transactions with Related Companies Contd.

Name of the Related Party	Nature of the Relationship	Name of the Common Director	Details of the Transactions/ Balances	Value of the Transactions		
				2013 Rs.000	2012 Rs.000	2011 Rs.000
Asia Growth Fund 1 (Private) Limited						
Asia Tea Packaging (Private) Limited	Common Director	Mr.H.L.L.M. Nanayakkara	Reimbursement of expenses	-	-	1,645
		Mr. S.A.Abeyesinhe	Reimbursement of Constructions payments of Hokandara Property	-	-	2,201
Asia Digital Entertainment (Private) Limited	Common Director	Mr.H.L.L.M. Nanayakkara	Joint venture investment	-	-	(894)
		Mr. S.A.Abeyesinhe	Reimbursement of expenses	-	-	288
P. R Secretarial Services (Private) Limited	Common directors	Mr. J.H.P. Ratnayeke	secretarial fees	86	77	72
Asia Tea Packaging (Private) Limited						
Asia Asset Finance PLC	Common Director	Mr.H.L.L.M. Nanayakkara	Lease Facility Obtained	-	11,500	41,837
		Mr. S.A.Abeyesinhe	Lease Facility Settled	-	(20,600)	-
			Repayment of initial lease instalment	-	-	(697)
			Repayment of Lease Capital and Interest	-	(234)	(5,230)
Asia Fort Sri Lanka Direct Investment Fund Limited						
Asia Asset Finance PLC	Common Director	Mr.H.L.L.M. Nanayakkara	Interest expense on Borrowings	-	(722)	(1,221)
			Loans Obtained/ (Repayment)	100,112	(4,484)	(4,516)
			Investment Commercial Papers	(25,000)	40,000	-
			Interest received on Commercial Papers	-	506	-
			Borrowings on Commercial Papers	-	(90,000)	-
			Interest expense on Commercial Papers	(7,229)	(1,757)	-
Asia Growth Fund 1 (Private) Limited	Common Director	Mr.H.L.L.M. Nanayakkara	Reimbursement of Expenses	-	20	-
P.R Secretarial Services (Private) Limited	Common Director	Mr.J.H.P.Ratnayeke	Secretarial Fees	(146)	(103)	(95)
Asia Capital Private Equity (Private) Limited	Common Director	Mr.H.L.L.M. Nanayakkara	Interest fee fund transfer	12	-	-

Name of the Related Party	Nature of the Relationship	Name of the Common Director	Details of the Transactions/ Balances	Value of the Transactions		
				2013 Rs.000	2012 Rs.000	2011 Rs.000
Asia Leisure Holdings (Private) Limited						
Asia Leisure (Private) Limited	Common Director	Mr.H.L.L.M. Nanayakkara	Reimbursement of Expenses	4,601	8,786	-
			Intercompany Fund Transfers	34	(3,172)	-
			Other Expenses	(19,216)	4,224	-
Taprobane Resorts (Private) Limited						
Asia Capital Private Equity (Private) Limited		Mr.H.L.L.M. Nanayakkara	Capital project Expenses incurred on behalf of the Company	7,371	-	-
Asia Leisure Holdings (Private) Limited	Common Director	Mr.H.L.L.M. Nanayakkara Mr. S.A.Abeyesinhe	Capital project Expenses incurred on behalf of the Company	52,637	-	-
River House (Private) Limited						
Asia Capital Private Equity (Private) Limited	Common Director	Mr.H.L.L.M. Nanayakkara	Reimbursement of Expenses	481	-	-
Asia Leisure Holdings (Private) Limited	Common Director	Mr.H.L.L.M. Nanayakkara Mr. S.A.Abeyesinhe	Capital project Expenses incurred on behalf of the Company	1658	-	-

Notes to the Financial Statements (contd.)

For the year ended 31st March

37 Related Party Disclosure (contd.)

(d) Transactions with Key Management Personnel

	GROUP		COMPANY	
	2013 Rs.'000	2012 Rs.'000	2013 Rs.'000	2012 Rs.'000
The key management personnel includes members of the Board of Directors of the Group companies				
Compensation paid to Key Management Personnel				
Short Term Employee Benefits	131,287	200,844	82,906	87,437
Post Employment Benefit	530	732	-	-
	<u>131,817</u>	<u>201,576</u>	<u>82,906</u>	<u>87,437</u>

38 COMMITMENTS AND CONTINGENCIES

There are no material commitments and contingencies outstanding as at reporting date other than those disclosed below.

38.1 Commitments

Group

Name of the Company	Name of the Bank	Purpose	2013 Rs.'000	2012 Rs.'000	2011 Rs.'000
Asia Securities (Private) Limited	Hatton National Bank PLC	Corporate Guarantee to Secure the lease on machinery of Asia Tea Packaging (Private) Limited	20,675	20,675	-
Asia Digital Entertainment (Private) Limited		Amount of capital expenditure approved not contracted for films that are in progress			

Film

Vaishnavee	Rs.15M expenditure till first copy of the film and Rs.16M for real printing and publicity
Boradiya Pkuna	Rs.15M for 15 copies of film and publicity
Bahuchitha Vadiya	Rs.10M for post production of the film
Three Wheel Diaries	Rs.10M for post production of the film
Flying Fish	Rs.15m for real printing and publicity of the film
Swara	Rs.10M for real printing and publicity for the film
Alimankada	Rs. 2M for 3 copies of films
A Common Man	Rs. 10M for local advertising in the event of screening the film in Sri Lanka

38 COMMITMENTS AND CONTINGENCIES (contd.)

38.1 Commitments (contd.)

Company

The Company has issued corporate guarantees for the bank borrowings by the Subsidiaries/Associates companies as indicated below.

Name of the Company	Name of the Bank	Purpose	2013 Rs.'000	2012 Rs.'000
Asia Securities (Private) Limited	Pan Asia Banking Corporation PLC	Margin Account	6,000	6,000
Asia Leisure Holding (Private) Limited	Seylan Bank PLCs	Over draft	-	20,000

38.2 Contingencies

Group

Litigations - Asia Securities (Private) Limited

Description	Parties	Amount of Claimed Rs.'000
A case has been filed by an employee against the Company for wrongful dismissal. The Directors are of the opinion that the said case will be resolved in favour of the Company. Accordingly, no provision has been made in the Financial Statements as at 31st March 2013.	M. S. Salahudeen Vs. Asia Securities (Private) Limited	1,000

Asia Digital Entertainment (Private) Limited

UTV filed action against Asia Digital Entertainment (Private) Limited and Gemini Industries and Imaging Limited of India stating that Company had breached the terms of the Remake Agreement executed between the parties. The Courts in India held in favour of Asia Digital and stated that they believe that UTV had fraudulently inserted a clause into the Remake Agreement stating that the movie, "A Common Man" cannot have any foreign actors starring in the movie, when in fact UTV was aware that negotiations had been proceeding to obtain foreign actors to star in the movie. According to the Remake Agreement the parties should have firstly gone into Arbitration in the event of a dispute and then into Court. However, since UTV directly went to Court initially, they invoked their rights to ensue with Arbitration proceedings. These proceedings are on-going as of now and the directors believe, based on the information currently available, that the ultimate resolution of such legal procedures would not likely to have a material adverse effect on the operations of the Company. Accordingly no provision for any liability has been made in these financial statements.

Notes to the Financial Statements (contd.)

For the year ended 31st March

39 EVENTS OCCURRING AFTER THE REPORTING DATE

Asia Capital PLC

There have been no material events occurring after the reporting date that require adjustments to or disclosure in the Financial Statements.

40. Going Concern

The Financial Statement of the Group do not include any adjustment in relation to the recoverability and classification of recorded asset amounts or and classification of liabilities that may be necessary if the following companies are unable to continue as going concern.

Asia Growth Fund 1 (Private) Limited has incurred a loss of Rs. 191,194 during the financial year ended 31st March 2013 and accumulated loss of Rs. 22,588,509 as at that date. The Company's current liabilities exceeded its current assets by Rs.117,081,216 and total liabilities exceed total assets by Rs. 22,538,469 as at the reporting date. These factors raise substantial doubts whether the Company will be able to continue as a going concern in the future.

Asia Digital Entertainment (Private) Limited' incurred a net loss of Rs. 25,473,028/- and has recorded accumulated losses of Rs. 46,568,362/- as at 31 March 2013. The Company's current liabilities exceeded its current assets by Rs. 62,237,538/- as at 31 March 2013. These factors raise doubt on the Company's ability to continue as a going concern.

Asia Tea Packaging (Private) Limited' incurred a net loss of Rs. 30,894,752/- and has recorded accumulated losses of Rs. 78,841,901/- as at 31 March 2013. The Company's current liabilities exceeded its current assets by Rs. 51,533,696/- as at 31 March 2013. These factors raise doubt on the Company's ability to continue as a going concern.

However, the Parent Company has confirmed that they will continue to provide financial support to the Company, to enable it to meet its obligations as they fall due.

41 ASSETS PLEDGED

Company

The following assets owned by the Company have been pledged as securities for liabilities as at reporting date.

Name of the Company	Name of the Lender	Nature of Facility	Facility Limit	Details of Assets Pledged	Balance as at 31st March 2013 Rs.'000	Balance as at 31st March 2012 Rs.'000
Asia Capital PLC	Pan Asia Banking Corporation PLC	Overdraft Facility	Rs.350 Mn	77,600,000 Shares of Asia Asset PLC 300,000 Shares of Lanka Walties PLC 35,100 Shares of Biraha Farms PLC Wadduwa Land & building located in Wadduwa	98,474	400,536

Asia Securities (Private) Limited

Name of the Borrower	Name of the Lender	Nature of Facility	Facility Limit	Details of Assets Pledged	Balance as at 31st March 2013 Rs.'000	Balance as at 31st March 2012 Rs.'000
Asia Securities (Private) Limited	Pan Asia Banking Corporation PLC	Overdraft Facility	Rs.100Mn	Rs. 200m worth of debtors	39,995	43,006

Asia Leisure Holdings (Private) Limited

Name of the Lender	Nature of Facility	Facility Limit	Details of Assets Pledged	Balance as at 31st March 2013 Rs.'000	Balance as at 31st March 2012 Rs.'000
Seylan Bank PLC	Loan Term Loan	Rs. 200Mn.	Taprobane Land and Building located in Guruniwase Road, Balapitiya A – OR – 10P	52,359	4,047

Asia Tea Packaging (Private) Limited

Name of the Lender	Nature of Facility	Facility Limit	Details of Assets Pledged	Balance as at 31st March 2013 Rs.'000	Balance as at 31st March 2012 Rs.'000
Hatton National Bank	Lease Facility	Rs.21Mn	2 Units Tea Bagging Machine	16,602	18,997
Asia Asset Finance PLC	Hire Purchase	Rs.11.5Mn	Constanta Tea Bagging Machine	11,181	11,266

Notes to the Financial Statements (contd.)

For the year ended 31st March

42 OPERATING SEGMENTS

	Investments		Stock Broking		Deposit Mobilisation and Credit		Insurance		Leisure		Manufacturing		Services		Group	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Revenue																
Total Gross Sales	769,901	897,737	84,728	322,988	589,316	378,483	-	1,030,680	115,800	94,679	43,945	35,494	4,102	16,314	1,607,792	2,776,375
Less : Inter segment sales/dividend	(715,394)	(764,989)	(1,748)	(6,415)	(35,761)	(3,877)	-	-	-	-	-	-	-	(4,818)	(752,903)	(780,099)
Net segment Revenue	54,507	132,748	82,980	316,573	553,555	374,606	-	1,030,680	115,800	94,679	43,945	35,494	4,102	11,496	854,889	1,996,276
Segmental Operating Profit / (Loss)	(487,311)	(317,740)	(163,248)	(45,200)	7,783	(40,300)	-	(745,814)	(18,859)	(9,692)	(26,182)	(21,455)	(27,326)	642	(715,143)	(1,179,230)
Other Operating Income	15,269	1,503,503	1,651	9,379	37,484	56,088	-	225,506	(3,884)	7,715	3,848	82	167	23	54,535	1,802,296
Share of Profit/(Loss) of Associate companies	-	9,100	-	-	-	-	-	-	-	-	-	-	-	-	-	9,100
Operating Profit / (Loss)	(472,042)	1,194,863	(161,597)	(35,821)	45,267	15,788	-	(520,308)	(22,743)	(1,977)	(22,334)	(21,373)	(27,159)	665	(660,608)	631,837
Finance Cost	(115,522)	(68,696)	(18,505)	(15,480)	-	-	-	(972)	(904)	(510)	(2,326)	(2,449)	(728)	-	(137,985)	(88,107)
Finance Income	3,968	46,331	45,663	74,944	-	-	-	176,435	816	230	2	-	226	1,789	50,675	299,729
Profit Before Taxation	(583,596)	1,172,498	(134,439)	23,643	45,267	15,788	-	(344,845)	(22,831)	(2,257)	(24,658)	(23,822)	(27,661)	2,454	(747,918)	843,459
Income Taxation	(1,386)	(171,926)	6,128	(5,676)	16,394	31,429	-	(42)	(149)	(42)	-	577	(726)	(588)	20,262	(146,226)
Profit/ (Loss) After Taxation	(584,981)	1,000,572	(128,311)	17,967	61,661	47,217	-	(344,845)	(22,980)	(2,299)	(24,658)	(23,245)	(28,387)	1,866	(727,656)	697,232
Assets																
Segment Assets	1,290,122	662,968	348,948	1,074,736	3,073,618	2,437,021	-	-	675,638	583,453	89,485	108,150	12,256	18,096	5,490,066	4,884,418
Deferred Tax Assets/ (Liabilities)	-	-	5,463	(531)	77,715	53,786	-	-	-	-	-	-	1,683	1,684	84,861	54,939
Total Assets	1,290,122	662,968	354,411	1,074,205	3,151,333	2,490,807	-	-	675,638	583,453	89,485	108,150	13,939	19,780	5,574,927	4,939,357
Liabilities																
Segment Liabilities	216,171	166,205	224,105	564,594	2,656,930	2,013,473	-	-	20,355	18,885	7,535	9,396	5,243	2,534	3,130,339	2,775,082
Interest Bearing Borrowings	1,387,117	948,540	50,663	58,322	2	20,231	-	-	63,303	-	27,818	30,765	-	-	1,528,903	1,087,435
Total Liabilities	1,603,288	1,114,745	274,768	622,916	2,656,932	2,033,704	-	-	83,658	48,462	35,353	40,161	5,243	2,534	4,659,240	3,862,517
Net Assets	(313,166)	(451,777)	79,643	451,289	494,401	457,103	-	-	591,980	534,991	54,132	67,989	8,696	17,246	915,686	1,076,842
Capital Expenditure	1,877	45,628	6,880	24,099	31,091	44,719	-	-	84,592	48,651	477	62,855	109	2,128	125,026	228,080
Depreciation	20,395	15,360	11,210	8,767	14,853	10,785	-	-	16,970	18,075	13,720	11,268	270	464	77,418	64,719

43. EXPLANATION OF TRANSITION TO SLFRS/LKAS

As stated in Note 2.1 these are the Group's first consolidated financial statements prepared in accordance with SLFRSs. The accounting policies set out in Note 3 have been applied in preparing the financial statements for the year ended 31st March 2013. The comparative information presented in these financial statements for the year ended 31st March 2012 and in the preparation of an opening SLFRS statement of financial position at 1st April, 2011 (the Group's date of transition). In preparing its opening SLFRS statement of financial position, the Group has adjusted amounts reported previously in financial statements prepared in accordance with SLASs (Previous GAAP). An explanation of how the transition from previous SLASs to SLFRSs has affected the Group's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

43.1 Reconciliation of Comprehensive Income

For the year ended 31st March

	Note	GROUP				COMPANY			
		As per SLAS 2012 Rs.'000 Restated	Reclassifi- -cation	Effect of Transition Rs.'000	As per SLFRS 2012 Rs.'000	As per SLAS 2012 Rs.'000	Reclassifi- -cation	Effect of Transition Rs.'000	As per SLFRS 2012 Rs.'000
Revenue	a	1,897,600	18,941	79,735	1,996,276	799,061	18,941	79,735	897,737
Cost of Sales	b	(1,167,190)	(75,704)	140	(1,242,754)	(18,745)	(75,704)	-	(94,449)
Gross Profit		730,410	(56,763)	79,875	753,522	780,316	(56,763)	79,735	803,288
Other Operating Income	c	1,802,339	(417)	374	1,802,296	775,978	-	332	776,310
Selling and Distribution Expenses		(135,251)	-	-	(135,251)	(33,215)	-	-	(33,215)
Administrative Expenses	d	(1,096,448)	25,374	(11,935)	(1,083,009)	(145,708)	-	310	(145,398)
Other Operating Expenses	e	(635,923)	5,927	1,383	(628,613)	(133,761)	30,884	-	(102,878)
(Provision)/Reversal for Bad & Doubtful Debts	f	(67,320)	-	(18,888)	(86,208)	(22,056)	-	-	(22,056)
Net Finance Income/(Costs)	g	185,748	25,879	(5)	211,622	(28,330)	25,879	(5)	(2,456)
Share of Profit of Associate Companies		9,100	-	-	9,100	-	-	-	-
Profit Before Taxation		792,655	-	50,804	843,459	1,193,224	-	80,372	1,273,595
Income Taxation	h	(62,919)	-	(83,307)	(146,226)	402	-	(84,999)	(84,597)
Profit for the Year		729,736	-	(32,503)	697,232	1,193,626	-	(4,627)	1,188,998

Notes to the Financial Statements (contd.)

For the year ended 31st March

43.2.1 Reconciliation of Financial Position As at 31st March, 2012 & 01st April, 2011 Group

	Note	As per SLAS 2012 Rs.'000	Reclassifi- -cation/ Restated	SLFRS Adjustment Rs.'000	As per SLFRS 2012 Rs.'000	As per SLAS 2011 Rs.'000	Reclassifi- -cation	SLFRS Adjustment Rs.'000	As per SLFRS 2011 Rs.'000
ASSETS									
Property, Plant and Equipment	s	595,682	85,312	-	680,994	401,132	-	-	401,132
Intangible Assets	s	8,325	100,347	-	108,672	165,359	-	-	165,359
Investment Properties		91,014	(48,079)	-	42,935	69,685	-	-	69,685
Investments in Associates		-	-	-	-	132,440	-	-	132,440
Other Long Term Investments		6,000	(6,000)	-	-	1,271,095	(6,000)	-	1,265,095
Loans given to ESOP		17,491	(17,491)	-	-	17,491	(17,491)	-	-
Loans due from Related Parties		-	-	-	-	-	-	-	-
Long Term Deposits and Advances	i	89,473	(12,305)	(14,267)	62,901	11,422	6,000	(20)	17,402
Trade and Other Receivables		1,266,201	-	(262,338)	1,003,863	754,343	-	-	754,343
Deferred Taxation	j	46,581	-	8,358	54,939	9,777	-	6,666	16,443
		2,120,767	101,784	(268,247)	1,954,304	2,832,743	(17,491)	6,646	2,821,898
Current Assets									
Inventories		279,650	-	-	279,650	34,935	-	-	34,935
Loans given to ESOP		-	17,491	-	17,491	-	17,491	-	17,491
Short Term Investments	k	412,420	-	(412,420)	-	3,593,231	(3,593,231)	-	-
<u>Changes in accounting Policies</u>									
Loans & Receivable	l	-	-	273,212	273,212	-	-	2,319,142	2,319,142
Financial Assets Available For Sale	m	-	-	33,618	33,618	-	-	31,607	31,607
Fair Value Through Profit & Loss	n	-	-	98,848	98,848	-	-	1,239,516	1,239,516
Income Tax Receivable		15,647	6,927	-	22,574	4,329	9,177	-	13,506
Trade and Other Receivables	o	1,636,959	59,457	231,510	1,927,926	1,886,260	(9,177)	(22,344)	1,854,739
Amounts due from Related Parties	s	188,707	(188,707)	-	-	72,845	-	-	72,845
Cash and Cash Equivalents	s	331,713	21	-	331,734	211,523	-	-	211,523
		2,865,096	(104,811)	224,768	2,985,053	5,803,123	17,491	(25,310)	5,795,304
Total Assets		4,985,863	(3,027)	(43,480)	4,939,357	8,635,866	-	(18,664)	8,617,203

43.2.1 Reconciliation of Financial Position As at 31st March, 2012 & 01st April, 2011 Group

	Note	As per SLAS 2012 Rs.'000	Reclassifi- -cation/ Restated	SLFRS Adjustment Rs.'000	As per SLFRS 2012 Rs.'000	As per SLAS 2011 Rs.'000	Reclassifi- -cation	SLFRS Adjustment Rs.'000	As per SLFRS 2011 Rs.'000
EQUITY AND LIABILITIES									
Capital and Reserves									
Stated Capital		1,114,558	-	-	1,114,558	1,114,558	-	-	1,114,558
Revaluation Reserve		-	-	-	-	27,560	-	-	27,560
Available for Sale Reserve		-	-	(4,154)	(4,154)	-	-	(6,343)	(6,343)
Capital Reserves		6,229	-	-	6,229	5,774	-	-	5,774
General Reserve		8,425	-	-	8,425	3,000	-	-	3,000
Retained Earnings/ (Accumulated Losses)	s	(54,322)	(3,127)	(34,867)	(92,315)	27,986	-	(7,512)	20,474
Shareholders' Fund		1,071,764	-	(39,020)	1,032,744	1,178,878	-	(13,855)	1,165,023
Non-controlling Interests		46,715	(3,127)	(2,619)	44,096	598,549	-	-	598,549
Total Equity		1,121,605	-	(41,639)	1,076,840	1,777,427	-	(13,855)	1,763,572
Non-Current Liabilities									
Retirement Benefit Obligations		25,522	-	-	25,522	44,375	-	-	44,375
Non - Interest Bearing Borrowings- Non Current		144,670	(144,670)	-	-	144,670	(144,670)	-	-
Interest Bearing Borrowings - Non Current		58,314	688	-	59,002	41,724	(13,687)	-	28,037
Provision for Life Solvency		-	-	-	-	100,000	-	-	100,000
Trade and Other Payables		361,071	(2,400)	-	358,671	105,686	-	-	105,686
		589,577	(146,382)	-	443,195	436,455	(158,357)	-	278,098
Current Liabilities									
Non - Interest Bearing Borrowings- Current		-	144,670	-	144,670	-	144,670	-	144,670
Interest Bearing Borrowings - Current	p	512,753	(688)	(266)	511,799	1,241,316	13,687	(445)	1,254,558
Debentures		10	-	-	10	10	-	-	10
Insurance Provision		-	-	-	-	2,190,558	-	-	2,190,558
Trade and Other Payables	q/s	2,198,484	2,498	(1,571)	2,199,411	2,109,857	-	(2,504)	2,107,353
Income Tax Payable		46,801	-	-	46,801	132,634	-	(1,859)	130,775
Bank Overdrafts	s	516,632	2	-	516,634	747,609	-	-	747,609
		3,274,680	146,482	(1,837)	3,419,325	6,421,984	158,357	(4,808)	6,575,533
Total Liabilities		3,864,357	100	(1,837)	3,862,520	6,858,439	-	(4,808)	6,853,630
Total Equity and Liabilities		4,982,836	(3,027)	(43,476)	4,939,357	8,635,866	-	(18,663)	8,617,203

Notes to the Financial Statements (contd.)

For the year ended 31st March

43.2.2 Reconciliation of Financial Position As at 31st March, 2012 & 01st April, 2011 - Company

	Note	As per SLAS 2012 Rs.'000 Restated	Reclassifi- cation	SLFRS Adjustment Rs.'000	As per SLFRS 2012 Rs.'000	As per SLAS 2011 Rs.'000	Reclassifi- cation	SLFRS Adjustment Rs.'000	As per SLFRS 2011 Rs.'000
ASSETS									
Non-Current Assets									
Property, Plant and Equipment		41,854	-	-	41,854	42,700	-	-	42,700
Intangible Assets		1,284	-	-	1,284	1,818	-	-	1,818
Investments in Subsidiaries		1,204,464	188,707	-	1,393,171	629,475	-	-	629,475
Investments in Associates		-	-	-	-	583,187	-	-	583,187
Loans given to ESOP		17,491	(17,491)	-	-	17,491	(17,491)	-	-
Loans due from Related Parties		-	-	-	-	352,514	(352,514)	-	-
Long Term Deposits and Advances	i	53,411	-	(10)	53,401	7,922	-	(20)	7,902
		1,318,504	171,216	(10)	1,489,710	1,635,107	(370,005)	(20)	1,265,082
Current Assets									
Loans given to ESOP		-	17,491	-	17,491	-	17,491	-	17,491
Short Term Investments	k	279,662	-	(279,662)	-	1,166,686	-	(1,166,686)	-
Changes in accounting Policies									
Loans & Receivable	l	-	-	184,049	184,049	-	-	1,128,084	1,128,084
Fair Value Through Profit & Loss	m	-	-	17,231	17,231	-	-	15,772	15,772
Financial Assets Available For Sale	n	-	-	75,525	75,525	-	-	23,605	23,605
Income Tax Receivable		12,396	-	-	12,396	1,832	-	-	1,832
Trade and Other Receivables		214,577	-	-	214,577	307,627	-	-	307,627
Loans due from Related Parties		-	-	-	-	31,125	352,514	-	383,639
Amounts due from Related Parties		893,289	(188,707)	-	704,582	483,720	-	-	483,720
Cash and Cash Equivalents		1,618	-	-	1,618	12,914	-	-	12,914
		1,401,543	(171,216)	(2,857)	1,227,470	2,003,904	370,005	775	2,374,684
Total Assets		2,720,047	-	(2,867)	2,717,180	3,639,011	-	755	3,639,765

43.2.2 Reconciliation of Financial Position As at 31st March, 2012 & 1st April, 2011- Company (contd.)

	Note	As per SLAS 2012 Rs.'000 Restated	Reclassifi- -cation	SLFRS Adjustment Rs.'000	As per SLFRS 2012 Rs.'000	As per SLAS 2011 Rs.'000	Reclassifi- -cation	SLFRS Adjustment Rs.'000	As per SLFRS 2011 Rs.'000
EQUITY AND LIABILITIES									
Capital and Reserves									
Stated Capital		1,114,558	-	-	1,114,558	1,114,558	-	-	1,114,558
Available for Sale Reserve		-	-	(2,769)	(2,769)	-	-	(4,228)	(4,228)
Retained Earnings/ (Accumulated Losses)		39,052	-	169	39,221	(390,074)	-	5,429	(384,645)
Shareholders' Fund		1,153,610	-	(2,600)	1,151,010	724,484	-	1,201	725,685
Non-controlling Interests		-	-	-	-	-	-	-	-
Total Equity		1,153,610	-	(2,600)	1,151,010	724,484	-	1,201	725,685
Non-Current Liabilities									
Retirement Benefit Obligations		5,607	-	-	5,607	2,736	-	-	2,736
Non - Interest Bearing Borrowings- Non Current		144,670	(144,670)	-	-	144,670	(144,670)	-	-
Interest Bearing Borrowings - Non Current		14,131	-	-	14,131	9,364	-	-	9,364
		164,408	(144,670)	-	19,738	156,770	(144,670)	-	12,100
Current Liabilities									
Non - Interest Bearing Borrowings- Current		-	144,670	-	144,670	-	144,670	-	144,670
Interest Bearing Borrowings - Current	p	654,973	-	(266)	654,707	1,539,501	-	(446)	1,539,055
Trade and Other Payables		15,039	-	-	15,039	87,213	-	-	87,213
Amounts due to Related Parties		305,956	-	-	305,956	444,600	-	-	444,600
Bank Overdrafts		426,060	-	-	426,060	686,443	-	-	686,443
		1,402,028	144,670	(266)	1,546,432	2,757,757	144,670	(446)	2,901,981
Total Liabilities		1,566,436	-	(266)	1,566,170	2,914,526	-	(446)	2,914,080
Total Equity and Liabilities		2,720,046	-	(2,866)	2,717,180	3,639,010	-	755	3,639,765

Notes to the Financial Statements (contd.)

For the year ended 31st March

Explanation of transition to SLFRS/LKAS

(a) Revenue

	Group 31st March 2012 Rs.'000	Company 31st March 2012 Rs.'000
WHT on Dividend income (i)	84,999	84,999
Effective interest rate adjustment on Reverse Repo (ii)	(5,263)	(5,263)
	79,736	79,736

- (i) The Group has changed, the accounting policy of recognizing dividend net of withholding tax to recognizing the gross dividend when the right to receive dividend has been established. This has been adjusted retrospectively in accordance with LKAS 8 - "Accounting Policies, Changes in Accounting Estimates & Errors"

	Group 31st March 2012 Rs.'000	Company 31st March 2012 Rs.'000
Statement of Comprehensive Income		
Revenue	84,999	84,999
	84,999	84,999

- (ii) Under the previous SLAS, the Group recognized interest income of Reverses Repurchase Agreements on a straightline basis. However under the current SLAS the Group has recognized the Interest Income using effective interest rate method in accordance with LKAS 39 - "Financial Instruments - Recognition & Measurements."

	Group 31st March 2012 Rs.'000	Company 31st March 2012 Rs.'000
Statement of Comprehensive Income		
Revenue	(5,263)	(5,263)
	(5,263)	(5,263)

(b) Cost of Sales

	Group 31st March 2012 Rs.'000	Company 31st March 2012 Rs.'000
Effective interest rate adjustment of Deposits from Customers (i)	140	-
	140	-

- (i) Under the previous SLAS the Group recognized interest expense on Deposits from Customers using the straight line method. However under the current SLAS the Group has recognized the interest expense using the effective interest method in accordance with LKAS 39 - "Financial Instruments - Recognition & Measurements."

	Group 31st March 2012 Rs.'000	Company 31st March 2012 Rs.'000
Statement of Comprehensive Income		
Cost of Sales	140	-
	140	-

(c) Other Operating Income

	Group 31st March 2012 Rs.'000	Company 31st March 2012 Rs.'000
Fair Valuation of Refundable Deposits - Income	374	331
	374	331

- (i) Under the previous SLAS the Group recognized Refundable Deposits at the cost. However under the current SLAS the Group has recognized refundable deposits at fair value based on the prevailing market interest rate and subsequently amortized using the effective rate method in accordance with LKAS 39 - "Financial Instruments - Recognition & Measurements."

	Group 31st March 2012 Rs.'000	Company 31st March 2012 Rs.'000
Statement of Comprehensive Income		
Other Operating Income	374	331
	374	331

(d) Administration Expenses

	Group 31st March 2012 Rs.'000	Company 31st March 2012 Rs.'000
Fair Valuation of Refundable Deposits - Expense (i)	255	331
Reclassification of Actuarial Gains from Retirement Benefit Obligation (ii)	(3,935)	-
Reclassification of Fair Valuation provision for Impairment of Fair Value Through Profit or Loss Investments (iii)	(8,255)	-
	(11,935)	331

- (i) Under the previous SLAS, the Group recognized Refundable Deposits at cost. However under the current SLAS the Group has initially recognized refundable deposits at fair value using the prevailing market interest rate and amortized the fair value difference on a straight line basis in accordance with LKAS 39 - "Financial Instruments - Recognition & Measurement."

	Group 31st March 2012 Rs.'000	Company 31st March 2012 Rs.'000
Statement of Comprehensive Income		
Administration Expenses	255	331
	255	331

Notes to the Financial Statements (contd.)

For the year ended 31st March

Explanation of transition to SLFRS/LKAS (contd.)

- (ii) Under the previous SLAS, the Group recognized actuarial gains or losses on the Retirement Benefit Obligation in the Income Statement. However in accordance with LKAS 19 - "Employee Benefits" the Group has reclassified the Actuarial Gains to Other Comprehensive Income

	Group 31st March 2012 Rs.'000	Company 31st March 2012 Rs.'000
Statement of Comprehensive Income		
Administration Expenses	(3,935)	-
	(3,935)	-

- (iii) Under the previous SLAS the Group has recognized the fall in value of Fair Value Through Profit or Loss investments in Administration Expenses. However, in accordance with LKAS 39 - "Financial Instruments - Recognition & Measurement" the Group has reclassified the fall in value of Fair Value Through Profit or Loss investments in Net Trading Losses

	Group 31st March 2012 Rs.'000	Company 31st March 2012 Rs.'000
Statement of Comprehensive Income		
Administration Expenses	(8,255)	-
	(8,255)	-

(e) Other Operating Expenses

	Group 31st March 2012 Rs.'000	Company 31st March 2012 Rs.'000
Reversal of Interest in Suspense	1,383	-
	1,383	-

The Group charged an impairment provision for loans and advances in accordance with LKAS 39, "Financial Instruments - Recognition and measurement". This resulted in the Group reversing the interest in suspense based assessment of the recoverability of the Loans and Receivables.

	Group 31st March 2012 Rs.'000	Company 31st March 2012 Rs.'000
Statement of Comprehensive Income		
Other Operating Expenses	1,383	-
	1,383	-

(f) Provision/(Reversal) of Bad and Doubtful Debts

	Group	Company
	31st March 2012	31st March 2012
	Rs.'000	Rs.'000
Impairment of Lease Rentals Receivable, Hire Purchase and Loans and Advances (i)	(18,888)	-
	(18,888)	-

- (i) In accordance with LKAS 39 - "Financial Instruments - Recognition & Measurement" the Group has assessed the impairment of Loans and Receivables on a individual as well as collective basis.

	Group	Company
	31st March 2012	31st March 2012
	Rs.'000	Rs.'000
Statement of Comprehensive Income		
Provision/(Reversal) of Bad and Doubtful Debts	(18,888)	-
	(18,888)	-

(g) Net Finance Income/(Costs)

	Group	Company
	31st March 2012	31st March 2012
	Rs.'000	Rs.'000
Interest income on Commercial Papers (i)	98	98
Interest income on Securitised Papers (ii)	75	75
Interest on other borrowings (iii)	(178)	(178)
	(5)	(5)

- (i) Under the previous SLAS the Group recognized interest income of Commercial Papers on a straightline basis. However under the new SLAS the Group has recognized the Interest Income using effective interest rate method in accordance with LKAS 39 - "Financial Instruments - Recognition & Measurements"

	Group	Company
	31st March 2012	31st March 2012
	Rs.'000	Rs.'000
Statement of Comprehensive Income		
Net Finance Income/(Costs)	98	98
	98	98

Notes to the Financial Statements (contd.)

For the year ended 31st March

Explanation of transition to SLFRS/LKAS (contd.)

- (ii) Under the previous SLAS the Group recognized interest income of Securitised Papers on a straightline basis. However under the new SLAS the Group has recognized the Interest Income using effective interest rate method in accordance with LKAS 39 - "Financial Instruments - Recognition & Measurements"

	Group 31st March 2012 Rs.'000	Company 31st March 2012 Rs.'000
Statement of Comprehensive Income		
Net Finance Income/(Costs)	75	75
	<u>75</u>	<u>75</u>

- (iii) Under the previous SLAS, the Group recognized interest expense on borrowings using the straight line method. However under the new SLAS the Group has recognized the interest expense using the effective interest method in accordance with LKAS 39 - "Financial Instruments - Recognition & Measurement."

	Group 31st March 2012 Rs.'000	Company 31st March 2012 Rs.'000
Statement of Comprehensive Income		
Net Finance Income/(Costs)	(178)	(178)
	<u>(178)</u>	<u>(178)</u>

(h) Income Tax Expense

	Group 31st March 2012	Company 31st March 2012
WHT on Dividend income (i)	84,999	84,999
Tax adjustment due to the change in policy of assessment for Impairment Provision for Loans and Receivables (ii)	1,691	-
	<u>86,690</u>	<u>84,999</u>

- (i) The Group has changed the accounting policy of recognizing dividend net of withholding tax to recognize the gross dividend when the right to receive dividend has been established. This has been adjusted retrospectively in accordance with LKAS 8 - "Accounting Policies, Changes in Accounting Estimates & Errors". Accordingly income tax expense for the year was adjusted
- (ii) This represents the effect on taxes arising on the change in policy of assessment of Provision for Impairment of Loans and Receivables In accordance with LKAS 39 - "Financial Instruments - Recognition & Measurement" the Group has assessed for Impairment of Loans and Receivables on a individual as we as collective basis based on objective evidence.

(i) **Long Term Deposits and Advances**

	Group		Company	
	31st March 2012 Rs.'000	1st April 2011 Rs.'000	31st March 2012 Rs.'000	1st April 2011 Rs.'000
Fair Valuation of Refundable Deposits (i)	(19)	(10)	(19)	(10)
Impairment Charge/Reversal of Loans and Advances (ii)	(14,257)	-	-	-
	(14,276)	(10)	(19)	(10)

- (i) Under the previous SLAS the Group recognized Refundable Deposits at cost. However under the current SLAS the Group has initially recognized refundable deposits at fair value using the prevailing market interest rate and subsequently has amortized the fair value difference based on straight line basis in accordance with LKAS 39 - "Financial Instruments - Recognition & Measurement."
- (ii) In accordance with LKAS 39 - "Financial Instruments - Recognition & Measurement" the Group has assessed for impairment of Loans and Receivables on a individual as well as collective basis based on objective evidence.

(j) **Deferred Taxation**

	Group		Company	
	31st March 2012 Rs.'000	1st April 2011 Rs.'000	31st March 2012 Rs.'000	1st April 2011 Rs.'000
Deferred tax adjustment due to the change in policy of assessment for Impairment Provision for Loans and Receivables (ii)	8,538	6,666	-	-
	8,538	6,666	-	-

- (i) In accordance with LKAS 39 - "Financial Instruments - Recognition & Measurement" the Group has assessed the impairment of Loans and Receivables on a individual as well as collective basis. Accordingly a deferred tax asset has been recognized due to the resulting changes to the temporary difference.

(k) **Short Term Investments**

	Group		Company	
	31st March 2012 Rs.'000	1st April 2011 Rs.'000	31st March 2012 Rs.'000	1st April 2011 Rs.'000
Reclassification of Short Term Investment (i)	(412,420)	(3,593,231)	(279,662)	(1,166,686)
	(412,420)	(3,593,231)	(279,662)	(1,166,686)

- (i) The Group reclassified the short term investment as Loans and Receivables, available for sale or investments and Fair Value Through Profit or Loss in accordance with "LKAS 32 - Financial Instruments - Presentation"

Notes to the Financial Statements (contd.)

For the year ended 31st March

Explanation of transition to SLFRS/LKAS (contd.)

(l) Financial Investments - Loans and Receivables

	Group		Company	
	31st March 2012	1st April 2011	31st March 2012	1st April 2011
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Reclassification of Short Term Investment (i)	269,572	2,309,715	184,137	1,123,081
Effective interest rate adjustment on Reverse Repurchase agreement (ii)	3,640	9,600	(87)	5,176
Effective interest rate adjustment on Commercial Paper (iii)	-	(75)	-	(75)
Effective interest rate adjustment on Securitised Paper (iv)	-	(98)	-	(98)
	273,212	2,319,142	184,050	1,128,084

- (i) The Group reclassified the short term investment as Loans & Receivable in accordance with LKAS 32 - "Financial Instruments - Presentation."
- (ii) Under the previous SLAS the Group recognized interest income of Reverse Repurchase Agreements on a straightline basis. However under the new SLAS, the Group has recognized the Interest Income using effective interest rate method in accordance with LKAS 39 - "Financial Instruments - Recognition & Measurement."
- (iii) Under the previous SLAS the Group recognized interest income on Commercial Paper investments on a straightline basis. However under the new SLAS, the Group has recognized the Interest Income using effective interest rate method in accordance with LKAS 39 - "Financial Instruments - Recognition & Measurements"
- (iv) Under the previous SLAS, the Group recognized interest income on Securitised Commercial Paper investments on a straightline basis. However under the current SLAS the Group has recognized the Interest Income using effective interest rate method in accordance with LKAS 39 - "Financial Instruments - Recognition & Measurement."

(m) Financial Investments - Available for Sale

	Group		Company	
	31st March 2012	1st April 2011	31st March 2012	1st April 2011
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Reclassification of Short Term Investment (i)	44,000	44,000	20,000	20,000
Fair Value adjustment of Financial Assets - available for sale (ii)	(10,382)	(12,393)	(2,769)	(4,228)
	33,618	31,607	17,231	15,772

- (i) The Group reclassified the short term investment as available for sale financial assets in accordance with LKAS 32 - "Financial Instruments - Presentation"
- (ii) Under the previous SLAS the Group initially recognized long term unquoted investments at cost. However under the new SLAS the Group has categorized unquoted investments as Available for Sale financial investments. The Group has initially recognized unquoted investments at fair value and subsequently recognized the same at fair value in accordance with LKAS 39 - "Financial Instruments - Recognition & Measurements."

(n) Financial Investments - Fair Value Through Profit & Loss

	Group		Company	
	31st March 2012	1st April 2011	31st March 2012	1st April 2011
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Reclassification of Short Term Investment (i)	98,848	1,239,516	75,525	23,605
	98,848	1,239,516	75,525	23,605

The Group has reclassified the short term investment as Fair Value Through Profit or Loss financial assets in accordance with LKAS 32 - "Financial Instruments - Presentation"

(o) Trade and Other Receivables

	Group		Company	
	31st March 2012	1st April 2011	31st March 2012	1st April 2011
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Impairment of Loans and Receivables (i)	(30,828)	(22,344)	-	-
	(30,828)	(22,344)	-	-

- (i) In accordance with LKAS 39 - "Financial Instruments - Recognition & Measurement" the Group has assessed the impairment of Loans and Receivables on a individual as well as collective basis.

(p) Interest Bearing Borrowings - Current

	Group		Company	
	31st March 2012	1st April 2011	31st March 2012	1st April 2011
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Effective interest rate adjustment on Direct Borrowing (i)	(8)	620	(8)	620
Effective interest rate adjustment on Borrowing Under Commercial Papers (ii)	(235)	(842)	(235)	(842)
Effective interest rate adjustment on Borrowing Under Repurchase Agreement (iii)	(24)	(224)	(24)	(224)
	(267)	(446)	(267)	(446)

- (i) Under the previous SLAS, the Group recognized interest expense on borrowings using the straight line method. However under the new SLAS the Group has recognized the interest expense using the effective interest method in accordance with LKAS 39 - "Financial Instruments - Recognition & Measurement."
- (ii) Under the previous SLAS the Group recognized interest expense on Borrowings under Commercial Papers using the straight line method. However under the new SLAS the Group has recognized the interest expense using the effective interest method in accordance with LKAS 39 - "Financial Instruments - Recognition & Measurement."
- (iii) Under the previous SLAS the Group recognized interest expense on borrowings under Reverse Repurchase Agreement using the straight line method. However under the current SLAS the Group has recognized the interest expense using the effective interest method in accordance with LKAS 39 - "Financial Instruments - Recognition & Measurements."

Notes to the Financial Statements (contd.)

For the year ended 31st March

Explanation of transition to SLFRS/LKAS (contd.)

(q) Trade and Other Payables

	Group		Company	
	31st March 2012	1st April 2011	31st March 2012	1st April 2011
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Effective interest rate adjustment on Deposits from Customers (i)	(1,571)	(2,504)	-	-
	(1,571)	(2,504)	-	-

Under the previous SLAS the Group recognized interest expense on Deposits from Customers using the straight line method. However under the new SLAS the Group has recognized the interest expense using the effective interest method in accordance with LKAS 39 - "Financial Instruments - Recognition & Measurements"

(r) Equity Reconciliation

	Group		Company	
	31st March 2012	1st April 2011	31st March 2012	1st April 2011
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Equity (as per SLAS)	1,118,479	1,777,427	1,153,611	724,484
Add/ (less) : Impact on SLFRS / LKAS adoption				
Adjustment of Investment in Platinum Reality Investment	(10,382)	(12,393)	(2,769)	(4,228)
Accounted for interest on Refundable Deposit based on Effective interest Rate method	(11)	(20)	(10)	(19)
Accounted for Effective interest Rate adjustment in Reverse Repurchase Agreement	3,640	9,600	(87)	5,176
Accounted for Effective interest Rate adjustment in Commercial Paper	-	(75)	-	(75)
Accounted for Effective interest Rate adjustment in Securitised Paper	-	(98)	-	(98)
Accounted for interest on Direct borrowings based on Effective interest Rate method	8	(620)	8	(620)
Accounted for interest on Commercial Paper based on Effective interest Rate method	235	842	235	842
Accounted for interest on Reverse Repo based on Effective interest Rate method	24	224	24	224
Accounted for interest on deposit from customers on Effective interest rate method	(1,571)	(2,504)	-	-
Impairment Reversal/(Charge) Lease, Hire Purchase	(27,347)	(16,825)	-	-
Impairment Reversal/(Charge) of Loans and Advances	(13,726)	-	-	-
Accounted for Effective interest Rate adjustment in Fixed Deposit	2,648	2,509	-	-
Impairment of Advances & Prepayments	(3,516)	(1,159)	-	-
Impairment of Advances and Prepayments	-	-	-	-
Tax adjustment on impairment of lease, hire purchase and loans and advances	8,358	6,666	-	-
Equity as per LKAS/SLFRSs	1,076,840	1,763,572	1,151,010	725,685

- (s) The Group had not consolidated Asia Capital Private Equity (Private) Limited as at 31st March 2012 despite having control of the same as at that date.

However, the Group has corrected this error by restating the Consolidated Financial Statements of the Group by consolidating the assets, liabilities and equity of Asia Capital Private Equity (Private) Limited as at 31st March 2012 and Income and Expenses of the same for the year then ended in accordance with LKAS 27 – “Consolidated and Separate Financial Statements”.

The assets and liabilities consolidated so are detailed below.

	Group 31st March 2012 Rs.'000
Property, Plant and Equipment	85,312
Intangible Assets	100,347
Amounts due from Related Parties	(188,707)
Cash and Cash Equivalents	21
Retained Earnings/ (Accumulated Losses)	(3,126)
Trade and Other Payables	98
Bank Overdrafts	2

44 FINANCIAL RISK MANAGEMENT

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

Credit risk
Liquidity risk
Market Risk
Foreign currency risk
Interest rate risk

This note represents qualitative and quantitative information about Group’s exposure to each of the above risks, The Group’s objectives, policies and procedures for measuring and managing risk.

Risk Management Framework

The Board of Directors has overall responsibilities for the establishment and oversight of the Group, risk management framework. The Group risk management policies are established to identify and analyse the risk faced by the Group , to set appropriate risk limit and controls, and to monitor risk and adherence to limits. Risk Management policies and systems are reviewed regularly to reflect changes in market conditions and the Group’s activities.

44.1 Credit Risk

Credit Risk is the risk that of financial loss to the Group if customer or counter party to a financial instrument fails to meet its contractual obligation and arises losses principally from Group’s receivables from financial instrument or customer contract (Primary from trade receivables) and from its financing activities, including deposits with banks.

Exposure to credit Risk

The Carrying amount of Financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows.

Notes to the Financial Statements (contd.)

For the year ended 31st March

44 Financial Risk Management (contd.)

Description	Group		Company	
	31st March 2013	31st March 2012	31st March 2013	31st March 2012
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial Assets Available For Sale	579	33,618	-	17,231
Fair Value Through Profit or Loss	47,381	98,848	40,607	75,525
Loans given to ESOP	3,414	17,491	3,414	17,491
Income Tax Receivable	23,056	22,574	15,638	12,396
Trade and Other Receivables	2,269,183	1,665,588	33,494	214,577
Amounts due from Related Parties	58	-	686,275	704,582
Cash and Cash Equivalents	281,300	331,734	9,222	1,618
	2,624,971	2,169,853	788,651	1,043,421

45.2 Liquidity Risk

Liquidity Risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial Liabilities that are settled by delivering cash or another financial assets.

The Group approach to managing liquidity is to ensure, as possible, that it will always have sufficient liquidity to meet it's liabilities when due, under both normal and stressed condition, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding of netting agreements.

	Group		Company	
	31st March 2013	31st March 2012	31st March 2013	31st March 2012
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Fair Value Through Profit & Loss	47,381	98,848	40,607	75,525
Trade and Other Receivables	2,269,183	1,665,588	33,494	214,577
Cash in hand and at bank	281,300	331,734	9,222	1,618
Total liquidity Assets	2,597,864	2,096,170	83,323	291,720
Interest Bearing Borrowings - Current	520,329	511,799	652,727	652,727
Trade and Other Payables	2,156,846	2,199,411	70,002	70,002
Bank Overdrafts	157,172	516,634	105,674	105,674
Total Liabilities	2,834,347	3,227,844	828,403	828,403
Net(debt)/cash	(236,483)	(1,131,674)	(745,080)	(536,683)

Capital Management

The Company manages its capital structure, and makes adjustments in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue new shares, have a right issue or buy back of shares.

	Group		Company	
	31st March 2013	31st March 2012	31st March 2013	31st March 2012
	Debt/Equity	1.096	0.057	0.72

44.3 Market Risk

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

(a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has exposure to foreign currency risk where it has cash flow in foreign currency transactions which are affected by foreign exchange movements.

The Group is exposed to currency risk on borrowings that are denominated in a currency other than Sri Lankan Rupees (LKR). The foreign currencies in which these transactions primarily denominated is United States Dollars (USD).

The impact on the Group profit before tax due to the change in exchange rate is as follows ;

	Group		Company	
	31st March 2013 Rs. '000	31st March 2012 Rs. '000	31st March 2013 Rs. '000	31st March 2012 Rs. '000
Long Term borrowings	759,476	-	759,476	-
Net borrowing-(Rs.)	759,476	-	759,476	-
Closing Exchange rate-(Rs.)	128.47	-	128.47	-
Net Borrowing (Functional Currency)	5,912	-	5,912	-
Increase Exchange rate in 3% (Rs.)	132.32	-	132.32	-
Impact to the PBT	22,760	-	22,760	-
Decrease Exchange rate in 3% (Rs.)	124.62	-	124.62	-
Impact to the PBT	(22,760)	-	(22,760)	-

(b) 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 change in market interest rates. The exposure to the risk of changes in market interest rate relates primarily to the Group's long term debt obligations and investment with floating interest rates.

At the reporting date, the Group interest bearing financial instruments were as follows;

	Group		Company	
	31st March 2013 Rs. '000	31st March 2012 Rs. '000	31st March 2013 Rs. '000	31st March 2012 Rs. '000
Fixed Rate Instruments				
Financial Assets				
Fixed Deposit	85,800	30,863	10	10
Staff Loan	567	661	312	328
Variable Rate Instruments				
Financial Assets				
Call Deposit	430,000	-	430,000	-
Reverse Repurchase Agreement	288,826	159,455	268,168	184,039
Financial Liabilities				
Reverse Repurchase Agreement	(16,556)	(107,429)	(114,318)	(107,429)
Bank Overdraft	(157,172)	(516,634)	(105,674)	(426,060)
	545,098	(464,608)	478,176	(349,450)

The Group utilize various financial instruments to manage exposure to interest rate risks arising due to financial instruments.

Ten Year Summery

For the year ended 31 March

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
OPERATING RESULTS										
Revenue	854,889	1,996,276	2,122,917	1,328,423	1,803,062	956,048	982,836	743,097	1,678,846	2,636,189
Profit/loss before taxation	(747,918)	843,459	1,331,927	288,795	(395,559)	(354,876)	2,229	(395,559)	267,032	251,732
Taxation	20,262	(146,226)	(180,912)	(66,435)	(16,373)	(16,125)	(33,034)	(54,346)	(17,875)	(45,542)
Profit/Loss after Taxation	(727,656)	697,232	1,151,015	222,360	(379,186)	(371,001)	(30,805)	(449,905)	249,157	206,190
Minority Interest	(4,684)	(158,517)	(162,997)	(12,600)	(65,681)	(60,641)	(186)	(247)	-	562
Profit(Loss) attributable to Shareholders	(732,340)	538,715	988,018	209,760	(444,867)	(431,642)	(30,991)	(450,152)	249,157	206,752
ASSETS										
Property, Plant & Equipment	839,044	680,994	401,132	328,038	94,001	94,979	75,843	88,400	168,288	136,885
Intangible Assets	149,539	108,672	165,359	78,143	55,455	49,076	150,088	150,088	150,088	-
Investment Property	32,935	42,935	69,685	67,039	12,023	12,731	13,438	14,145	-	-
Long Term Investment	-	-	1,397,535	372,210	337,053	433,991	739,732	511,324	411,020	527,243
Differed Taxation	84,860	54,939	16,443	1,913	17,809	129	-	-	-	-
ESOP Loan	-	-	-	17,491	17,491	17,491	17,491	17,491	17,491	17,491
Other Non Current Assets	558,480	1,329,102	771,745	1,339,611	560,766	7,962	14,824	14,824	14,617	16,027
Current Assets	3,910,069	2,722,715	5,795,304	3,548,588	3,255,127	3,857,563	2,050,008	3,745,748	2,116,806	974,943
Total Assets	5,574,927	4,939,356	8,617,203	5,753,033	4,349,725	4,473,922	3,061,424	4,542,020	2,878,310	1,672,589
EQUITY AND LIABILITIES										
Stated Capital	1,114,558	1,114,558	1,114,558	1,114,558	1,114,558	1,114,558	1,114,558	1,114,558	1,114,558	1,114,558
Capital Redemption Reserve Fund	-	-	-	-	-	-	13,800	13,800	13,800	13,800
Revaluation Reserve	45,867	-	27,560	8,709	10,437	5,970	-	-	-	-
Available For Sale Reserve	-	(4,154)	(6,343)	-	-	-	-	-	-	-
Capital Reserve	11148	6229	5,774	1,790	1,344	1,344	3,174	2,500	2,500	2,500
Exchange Equalisation Reserve	-	-	-	-	-	-	78,316	78,316	(48,467)	(22,385)
General Reserve	16,347	8,425	3,000	3,000	3,000	3,000	-	-	-	-
Accumulated Profits/(Loss)	(410,842)	(92,315)	20,474	(856,779)	(1,080,850)	(635,983)	66,604	89,701	131,722	(114,469)
Shareholders' Fund	777,078	1,032,744	1,165,023	271,278	48,489	488,889	1,276,452	1,298,875	1,214,113	994,004
Minority Interest	138,609	44,096	598,549	248,106	194,959	131,945	542	247	-	-
Non-Current Liabilities	915,687	1,076,840	1,763,572	519,384	243,448	620,834	1,276,994	1,299,122	1,214,113	994,004
Current Liabilities	1,645,804	443,195	278,098	748,778	186,067	92,904	91,523	90,119	91,657	78,179
Total Liabilities	3,013,436	3,419,321	6,575,533	4,484,871	3,920,210	3,760,184	1,692,907	3,152,779	1,572,540	600,406
Total Equity & Liabilities	4,659,240	3,862,517	6,853,630	5,233,649	4,106,277	3,853,088	1,784,430	3,242,898	1,664,197	678,585
Total Equity & Liabilities	5,574,927	4,939,356	8,617,203	5,753,033	4,349,725	4,473,922	3,061,424	4,542,020	2,878,310	1,672,589

Highlighted information is based on LKASs/SLFRs.

Glossary

Accounting Policies

Specific principles, bases, conventions, rules and practices adopted by an enterprise in preparing and presenting Financial Statements.

Accrual Basis

The principle that revenues and costs are matched with one another, irrespective of the period of receipt or payment.

Amortisation

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

Borrowings

All interest and non interest-bearing liabilities.

Capital Employed

Total assets less interest free liabilities, deferred income and provisions.

Cash Equivalents

Liquid investments with original maturity periods of three months or less.

Contingent Liabilities

A condition or situation at the Balance Sheet date of which the financial effect will be determined only on the occurrence, or non-occurrence of one or more uncertain future events.

Corporate Governance

The process by which cooperates are governed. It is concerned how power is exercised over management, the direction of the entity, supervision of executive action and accountabilities to share holders and others.

Current Ratio

Current assets divided by current liabilities.

Deferred Taxation

The net effect on items which have been included in the Income Statements, which would only qualify for inclusion on a tax return at a future date.

Dividend Per Share (DPS)

The dividend per share is the total dividends to ordinary shareholders during a specific period divided by the number of ordinary shares outstanding.

EBIT

Earnings before interest and tax.

Earnings Per share (EPS)

Profit attributable to equity holders of the Company divided by weighted average number of ordinary shares in issue.

Equity

Shareholders' funds.

Fair Value

The amount for which an asset could be exchanged or liability settled between knowledgeable willing parties in an arms length transactions.

Guarantees

Three party agreement involving promise by one party, the Guarantor to fulfil the obligation of a person owing a debt if that person failed to perform.

General Reserve

Reserves available for distributions and investment. Gross Domestic Product - GDP The value of all goods and services produced domestically in an economy during a specified period, usually a year. Nominal GDP, adjusted for inflation, gives GDP in real terms.

Gross Dividend

The portion of profit including tax withheld, distributed to shareholders.

Gross Profit Ratio

The percentage of gross profit to net turnover.

Impairment

This occurs when recoverable amount of an asset is less than its carrying amount.

Interest Cover

This indicates the ability of an entity to cover long-term and short-term interest expenses with EBIT. This is calculated as EBIT divided by interest expenses on long-term and short-term borrowings.

Key Performance Indicators (KPI)

Quantifiable measurements, agreed to before hand that reflect the critical success factors of a company.

Glossary

Market Value Per share

The price at which an ordinary share can be traded in the stock market.

Market Capitalisation

The number of ordinary shares issued, multiplied by the market price of each share at a given date.

Materiality

The principle that Financial Statements should separately disclose items which are significant enough to affect evaluation or decision of users.

Net Assets Per share

Shareholders' funds divided by the weighted average number of ordinary shares in issue.

Net Profit margin

Net profit as a percentage of net turnover.

Price Earnings Ratio

Market price of a share divided by earnings per share as reported at that date.

Related Parties

Parties who could control or significantly influence the financial and operating policies of the business.

Return on Average capital employed (ROCE)

Reflects the returns that an entity received from its capital. Profit before tax plus net interest cost divided by average capital employed.

Return on Equity (ROE)

Net Profit as a percentage of shareholders' equity.

Return On average Net Assets – (RONA)

Profit after tax divided by the average net assets.

Rights Issue

The raising of new capital by granting existing shareholders the right to subscribe to new shares in proportion to their current holdings. These shares are normally issued at a discount on their market price.

Segment

A Business Unit that is a distinguishable component of the Group and engaged in similar operations.

Stated Capital

Consists of issued and paid capital.

Substance over Form

Whether the accounting treatment in the Financial Statements of transactions reflect the financial reality and

substance, rather than the legal form of the transaction and event which underlies them.

Strategy

A course of action, including the specification of resources required, to achieve a specified objective.

Sustainability

Meeting the needs of the present without compromising the ability of future generations to meet their own needs.

Stakeholder

Stakeholder is the term referring to persons or group whose interests are interlined with those of a company in a variety of ways.

Total Assets

Current assets plus fixed assets.

Total Shareholder Return

Represents the change in share value of a listed company over a period of time (typically 1 year), plus dividends, expressed as a percentage of the opening share value.

Unrealised Gain

A profit that results from holding on to an asset rather than cashing it in and using the funds.

Working Capital

Capital required to finance the day-to-day operations computed as the excess of current assets over current liabilities.

Corporate Information

Name

Asia Capital PLC

Legal Form

A Public Quoted Company with Limited Liability, incorporated in Sri Lanka on 29th October 1991 under the provisions of the Companies Act No. 17 of 1982 and re-registered under the Companies Act No. 7 of 2007 on 14th February 2008.

Company Registration Number

New No. PQ 119

Old No. N(PVS) 8282/PBS

Stock Exchange Listing

The Ordinary Shares of the Company are listed on the Colombo Stock Exchange, Sri Lanka.

Registered Office

#21-01, West Tower, World Trade Center,

Echelon Square, Colombo 1, Sri Lanka.

Telephone : +94 11 5320000

Facsimile : +94 11 2331756

Website : www.asiacapital.lk

Subsidiaries

Asia Securities (Private) Limited

Asia Wealth Management Company (Private) Limited

Asia Capital Technologies (Private) Limited

Asia Fort Sri Lanka Direct Investment Fund Limited

Asia Growth Fund 1 (Private) Limited

Asia Asset Finance PLC

Asia Leisure Holdings (Private) Limited

Asia Leisure (Private) Limited

Asia Tea Packaging (Private) Limited

Asia Digital Entertainment (Private) Limited

Asia Capital Private Equity (Private) Limited

Taprobane Resorts (Private) Limited

Wadduwa Resorts (Private) Limited

River House (Private) Limited

Galle Beach (Private) Limited

Galle Beach Hotel (Private) Limited

Board of Directors

H L L M Nanayakkara (*Chairman/Managing Director*)

D. O. R. 31/08/2013

J H P Ratnayake (*Deputy Chairman*)

S A Abeyesinhe (*Group Chief Executive Officer*)

F X R Pereira

A D Ross

V Siva Jr.

D Muthukumarana

R J Wickramasinghe

Zaheer Merchant *D. O. A. 03/04/2013*

Toshiaki Tanaka *D. O. A. 03/04/2013*

Audit Committee

F X R Pereira (*Chairman*)

A D Ross

D Muthukumarana

R J Wickramasinghe

Remuneration Committee

R J Wickramasinghe (*Chairman*)

F X R Pereira

V Siva Jr.

D Muthukumarana

Secretaries

P R Secretarial Services (Private) Limited

59 Gregory's Road,

Colombo 7

Registrar

KPMG Outsourcing (Private) Limited

32A, Sir Mohamed Macan Markara Mawatha,

Colombo 3

Auditors

KPMG

32A Sir Mohamed Macan Markara Mawatha,

Colombo 3

Internal Auditors

PricewaterhouseCoopers

100, Braybrooke Place, Colombo 2.

Lawyers

Paul Ratnayake Associates

59 Gregory's Road, Colombo 7

Bankers

Hongkong and Shanghai Banking Corporation Limited

Pan Asia Banking Corporation PLC

Hatton National Bank PLC

Seylan Bank PLC

Sampath Bank PLC

Commercial Bank of Ceylon PLC

