



# DOING IT WELL

ASIA CAPITAL PLC  
ANNUAL REPORT 2014/15

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ASIA  
CAPITAL  
PLC

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# VISION

AT ASIA CAPITAL PLC WE HAVE OFTEN CHOSEN THE ROAD LESS TRAVELLED AS WE CONTINUE TO STRIVE TOWARDS ACHIEVING THE UNREASONABLE, THE UNATTAINABLE AND EVEN THE IMPOSSIBLE IN VALUE ADDED INVESTMENT AND UNMATCHED WEALTH CREATION SERVICES.

Job  
done!

# OUR VALUES

## LEARNING

TO DRIVE ORGANISATIONAL DEVELOPMENT BY ENCOURAGING A LEARNING CULTURE

## INNOVATION

TO DELIVER INNOVATION AND VALUE TO EVERY STAKEHOLDER WE SERVE

## TEAMWORK

TO ENCOURAGE AND EMPHASISE TEAMWORK ACROSS THE COMPANY

## ACCOUNTABILITY

TO ACHIEVE THE BEST RESULTS BY HOLDING OURSELVES RESPONSIBLE TO DELIVER WHAT WE PROMISE

## INTEGRITY

TO HOLD OURSELVES TO UNCOMPROMISING STANDARDS OF ETHICAL, TRANSPARENT AND PROFESSIONAL BEHAVIOR IN ALL THAT WE DO

## RESPECT

TO TREAT EVERYONE WITH RESPECT AND DIGNITY, NURTURING THE DEVELOPMENT OF OUR PEOPLE AND REWARDING PERFORMANCE

## CORPORATE CITIZENSHIP

TO BE ENVIRONMENTALLY RESPONSIBLE AND SOCIALLY COMMITTED TO THE WELFARE OF THE COMMUNITIES WE IMPACT



# DOING IT WELL

NO ONE KNOWS BETTER THAN US, THE VALUE OF A JOB WELL DONE. THIS HAS BEEN A CHALLENGING YEAR, AS WE WORKED TOWARDS INCREASING THE VALUE WE OFFER THE MANY STAKEHOLDERS WE SERVE, WITH ALL THE COMPLEXITIES INHERENT IN SUCH A TASK. YET IT HAS ALSO BEEN A YEAR OF IMMENSELY EXCITING RESULTS, ACHIEVED BY A TEAM OF HARD WORKING PEOPLE, DRIVEN BY THEIR OWN ASPIRATIONS AND THE ASIA CAPITAL PRINCIPLE OF SUCCESS - THAT IF A JOB IS WORTH DOING, IT'S WORTH DOING WELL.

OUR RESULTS SPEAK FOR THEMSELVES. WE KNOW PRECISELY HOW WE GOT HERE - THROUGH THE COMBINATION OF PRUDENT INVESTMENTS WITH INTELLIGENT STRATEGIES AND THE SIMPLE DESIRE TO KNOW THAT WHATEVER WE DID, WE DID IT REALLY, REALLY WELL.



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ASIA  
CAPITAL  
PLC



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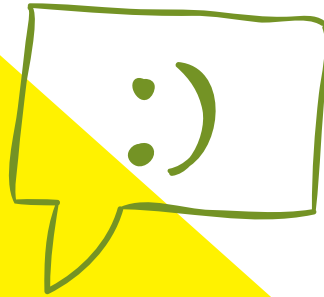
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# WHO WE ARE



ABOUT US 

ASIA  
CAPITAL  
PLC



OVER  
250  
EMPLOYEES

TO DESCRIBE OURSELVES AS A DIVERSIFIED FINANCIAL SERVICES CONGLOMERATE WOULD BE TOO NARROW A REPRESENTATION OF THE OFFERINGS OF OUR GROUP. BEING THE LARGEST INVESTMENT BANK TO BE LISTED ON THE COLOMBO STOCK EXCHANGE HAS MEANT YEARS OF STRATEGIC RISK TAKING IN THE UNEVEN PLAYING FIELD OF THE SHARE MARKET. TWENTY-ONE YEARS AGO WE STEPPED INTO THE INDUSTRY AS ASIA SECURITIES - A BROKERING FIRM THAT SET ITS GOAL POST LITERALLY TOWARDS THE STARS.

OUR ASPIRATIONS WERE HIGH, BUT THAT'S BECAUSE OUR TRADING STRATEGIES WERE ALWAYS SUPPORTED BY INTENSIVE INVESTMENT RESEARCH. OUR VALUE ADDED INVESTMENT SERVICES HAVE ALWAYS BEEN CLIENT-FOCUSED AND HAVE ENABLED US TO ESTABLISH OURSELVES AT THE HEART OF THE MARKETS. TODAY, IN MORE WAYS THAN ONE, WE CAN TRULY SAY THAT WE ARE AMONG THE STARS IN THE INDUSTRY. OUR ISSUED SHARE CAPITAL OF LKR 1 BILLION ON THE COLOMBO STOCK EXCHANGE IS JUST A SMALL HIGHLIGHT OF THE POTENTIAL WITHIN.

OUR OPERATIONS ENCOMPASS, BUT ARE NOT LIMITED TO, THE FOLLOWING SERVICES WHICH INCLUDE - INVESTMENT BANKING, ASSET MANAGEMENT, FIXED INCOME SECURITIES TRADING, FINANCE HOUSE OPERATIONS (ASSET LEASING, DEPOSIT MOBILIZATION) AND INFORMATION TECHNOLOGY SERVICES. AS THE SAYING GOES "DIVERSITY MAKES FOR A RICH TAPESTRY" - WE'VE RECENTLY ADDED LEISURE, PROJECT MANAGEMENT, PROPERTY MANAGEMENT AND REAL ESTATE TO OUR EVER EXPANDING TAPESTRY OF SPHERES.

WHY ASIA CAPITAL YOU MAY ASK? OUR TRIED AND TESTED INNOVATIVE APPROACHES TO INVESTMENT MANAGEMENT AND WEALTH CREATION ARE CONSTANTLY WHAT DRIVE MANY FOREIGN AND LOCAL INVESTORS IN SRI LANKA TO SEEK OUT OUR SERVICES. JUST LAST YEAR, THE GROUP GENERATED OVER RS. 1.5 BILLION REVENUE INTERNALLY AT A TIME WHEN MANY IN THE INDUSTRY WERE FEELING THE PINCH OF ECONOMIC WOES. THIS ACHIEVEMENT ALONE IS A TESTAMENT TO THE FACT THAT WE ARE ONE OF THE BIGGEST FIRMS IN THE INDUSTRY.

FOR THOSE WHO SEEK A SECURE PARTNER WHO WILL DELIVER ABOVE AND BEYOND ONE'S EXPECTATIONS, THEN WELCOME TO ASIA CAPITAL PLC. WE LOOK FORWARD TO HEARING ABOUT YOUR BIGGEST ASPIRATIONS.

# THE BOARD OF DIRECTORS

## J H P Ratnayeke

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.

## 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 is also an Accredited Director of Sri Lanka. 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.

## 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 Capital Technologies (Private) Limited, Asia Leisure Holdings (Private) Limited, Asia Leisure (Private) Limited, Asia Wealth Management Company (Private) Limited and other subsidiaries of the Group.

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 prior to joining Asia Capital PLC in June 2009. Mr. S A Abeyesinhe is a graduate of Harvard Business School.

## Zaheer Merchant

Mr. Merchant is a 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.

Mr. Merchant 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.



Mr. Merchant 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**

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Mr. 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. He 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.

### **Yoshimichi Watanabe**

D. O. A. 23/09/2014

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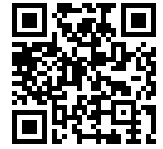
Mr. Yoshimichi Watanabe, who is a graduate of Sendai University of Japan, is the Chief Executive Officer of My Room Company Ltd in Japan. He is also a Non Executive Director at Plus Company Ltd in Japan. He has previously worked as a Sales Manager at Alpen Company Ltd in Japan during the period 1993 to 1997.

Mr. Watanabe has extensive experience in property development and equity investments. Mr. Watanabe is also a consultant of management of several leading Companies in Japan.

# GROUP STRUCTURE

	Company	Board of Directors	Shareholders
01	Asia Capital PLC	J.H.P. Ratnayeke S.A. Abeyesinhe A.D. Ross V. Siva Jr Z. Merchant T. Tanaka R. J. Wickramasinghe Y. Watanabe - D.O.A. - 23/09/2014	Public Listed Company Over 6,000 Shareholders
02	Asia Capital Private Equity (Private) Limited	S.A. Abeyesinhe P.N. Jansen T. Tanaka	Asia Capital PLC - 100%
03	Asia Leisure Holdings (Private) Limited	J.H.P. Ratnayeke - D.O.A. - 14/01/2015 S.A. Abeyesinhe V. Siva Jr. - D.O.A - 14/01/2015 P.N. Jansen M.S.D. Galagedara - D.O.R.-09/07/2015 N.S.A. Ratwatte - Abeyesekera R.M. Morris T. Tanaka - D.O.A. - 14/01/2015 R. A. T. P. Perera - D.O.A. - 24/03/2015	Through Asia Growth Fund 1 (Private) Limited - 100%
04	Asia Leisure (Private) Limited	S.A. Abeyesinhe P.N. Jansen M.S.D. Galagedara - D.O.R. 09/07/2015 R.M. Morris	Through Asia Leisure Holdings (Private) Limited - 100%
05	Asia Tea Packaging (Private) Limited	S.A. Abeyesinhe - D.O.R. - 06/08/2014 P.N. Jansen R. A. T. P. Perera	Asia Capital PLC - 100%
06	Asia Fort Sri Lanka Direct Investment Fund Limited	J.H.P. Ratnayeke S.A. Abeyesinhe V. Siva Jr. - D.O.A. - 12/09/2014	Asia Capital PLC - 99.99%
07	Asia Growth Fund 1 (Private) Limited	J.H.P. Ratnayake S.A. Abeyesinhe	Asia Capital PLC - 99.94%
08	Asia Wealth Management Company (Private) Limited	S.A. Abeyesinhe P.N. Jansen	Asia Capital PLC - 99.99% Asia Growth Fund 1 (Private) Limited - 0.01%
09	Asia Capital Technologies (Private) Limited	S.A. Abeyesinhe P.N. Jansen C. Kulathilake - D.O.R. - 30/11/2014 N.S.A. Ratwatte - Abeyesekera - D.O.A. - 01/12/2014 R. A. T.P. Perera - D.O.A - 01/12/2014	Asia Capital PLC - 99.99% Asia Growth Fund 1 (Private) Limited - 00.01%

	Company	Board of Directors	Shareholders
10	Asia Digital Entertainment (Private) Limited	S.A. Abeyesinhe - D.O.R. - 05/08/2014 P.N. Jansen V. Siva Jr R. A. T. P. Perera	Asia Capital PLC - 100%
11	Asia Investment 2 (Private) Limited	S.A. Abeyesinhe V. Siva Jr R. A. T. P. Perera	Asia Capital PLC - 100%
12	Balapitiya Resorts (Private) Limited	S.A. Abeyesinhe P.N. Jansen C.I. Hapugoda S. Shinagawa S. Ohki T. Tanaka S. Ohtsu R.M. Morris N.S.A. Ratwatte - Abeyesekera ( Alternate Director for S.A. Abeyesinhe) - D.O.A - 21/01/2015	Through Asia Leisure Holdings (Private) Limited - 66%
13	Wadduwa Resorts (Private) Limited	S.A. Abeyesinhe P.N. Jansen S. Hamaguchi O. Miyoshi T. Tanaka Y. Watanabe R.M. Morris S. Samaranayake ( Alternate Director for S.A. Abeyesinhe) - D.O.A - 21/01/2015	Through Asia Leisure Holdings (Private) Limited - 73.76%
14	River House (Private) Limited	S.A. Abeyesinhe P.N. Jansen	Asia Capital PLC - 99% Asia Leisure Holdings (Private) Limited - 01%
15	Asia Leisure Travels (Private) Limited	S.A. Abeyesinhe R.M. Morris D. Rathnayake R. A. T. P. Perera S. Gunawijeya M. Senda S. Hettige T. Tanaka - D.O.A. - 20/01/2015	Asia Leisure Holdings (Private) Limited - 100%
16	Galle Beach Hotel (Private) Limited	S.A. Abeyesinhe P.N. Jansen R.M. Morris - D.O.A. - 02/07/2015	Asia Capital PLC - 99.9% Asia Capital Private Equity (Private) Limited - 0.01%



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# A JOB WELL DONE

A stylized bar chart with blue vertical bars of varying heights, topped with an orange arrow pointing upwards and to the right, symbolizing growth and success.

FINANCIAL HIGHLIGHTS 

## TURNOVER

# Rs 1.65 bn

+70%

**THE GROUPS CONSOLIDATED REVENUE GREW BY 70%. GROWTH WAS CONTRIBUTED BY NEARLY ALL SECTORS RECORDING TOP LINE GROWTH.**

	Group		Company	
	2015 000	2014 000	2015 000	2014 000
<b>Income Statement</b>				
Turnover	1,651,075	970,321	868,462	226,798
Loss Before tax	(380,927)	(615,763)	(364,599)	(376,598)
Loss for the year	(388,607)	(622,755)	(380,458)	(391,323)
<b>Statement of Financial Position</b>				
Total Assets	2,641,332	6,157,475	2,277,590	2,858,267
Non Current Assets	1,659,332	3,118,179	368,640	1,404,925
Current Assets	982,000	3,039,296	1,908,950	1,453,342
Current Liabilities	382,720	3,370,600	218,016	867,452
Shareholders funds	349,895	305,113	676,500	676,150
<b>Ratios</b>				
No of Shares	131,329,995	110,000,000	131,329,995	110,000,000
Loss Per Share	(3.41)	(5.67)	(3.01)	(3.56)
Net Asset Per Share	3.18	5.17	5.15	6.15

# ABOUT THIS REPORT

## REPORT PROFILE

THE REPORT AIMS TO DISCLOSE HOW WE MEASURE AND MANAGE OUR SUSTAINABILITY PRIORITIES. TO HIGHLIGHT HOW CENTRAL SUSTAINABILITY IS BECOMING TO OUR BUSINESS, WE HAVE PRODUCED THIS, OUR FIRST EVER INTEGRATED ANNUAL REPORT, COVERING THE ANNUAL REPORTING CYCLE ENDING 31ST MARCH 2015.

THE REPORT COVERS TOPICS OF INTEREST FOR BOTH MAINSTREAM SHAREHOLDERS AS WELL AS OTHER STAKEHOLDERS OF OUR BUSINESS.

# SCOPE AND BOUNDARY OF REPORT

THE CONTENT OF THE REPORT HAS BEEN DEFINED ACCORDING TO OUR MATERIALITY PROCESS, WHICH INCLUDES AN ASSESSMENT OF STAKEHOLDER INTERESTS. IT ALSO PROVIDES AN INSIGHT INTO THE CHALLENGES AND OPPORTUNITIES WE FACE GOING FORWARD AND THE STEPS TAKEN TO ADDRESS THESE ASPECTS.

MOREOVER, THE REPORT REFERENCES THE GLOBAL REPORTING INITIATIVES (GRI) GUIDELINES FOR SUSTAINABILITY REPORTING AND AS SUCH PROVIDES INFORMATION ABOUT OUR MANAGEMENT APPROACH AND PERFORMANCE RELATING TO THE SUSTAINABILITY STRATEGY, ECONOMIC ASPECTS, ENVIRONMENT, LABOUR PRACTICES, HUMAN RIGHTS, PRODUCTS AND SOCIETY.

WHILE INFORMATION HAS BEEN OBTAINED FROM VARIOUS SOURCES WITHIN THE GROUP, ALL CONTENT DISCLOSED HEREIN, HAS BEEN FIRST VERIFIED FOR COMPLETENESS, BALANCE, COMPARABILITY, ACCURACY, RELIABILITY, TIMELINESS AND CLARITY, IN ACCORDANCE WITH GROUP DISCLOSURE POLICIES.

# A JOB WELL DONE



## CHAIRMAN'S STATEMENT

PAUL RATNAYEKE

OUR GOAL WAS TO PRESENT OURSELVES AS ANIMATORS OF PROGRESS AND IN DOING SO REINVENT OURSELVES AS SPECIALIST INVESTMENT PROMOTERS WITHIN SRI LANKA'S FINANCIAL SERVICES SPECTRUM. ”

### Q: MACRO-ECONOMIC VIEWPOINT

**A:** From a macro perspective, it was a relatively calm year for Sri Lanka's economy which registered a stable 6.4% GDP growth for 2014. Once again investments in the construction sector helped stimulate economic expansion during the year, while domestic consumption expenditure, which was on the rise, also remained a key driver of the economy. Bolstered by lower domestic interest rates and higher per capita incomes, growth in private sector expenditure confirmed Sri Lanka's status within the middle-income earner bracket.



Meanwhile, a prudent monetary policy stance, followed by effective demand management policies and improved supply conditions, helped contain inflation at the low single digit levels for the sixth consecutive year.

The currency platform too, remained more or less stable throughout the year, supported by regular policy intervention to minimise excessive volatility of the exchange rate.

As per CBSL data, Foreign Direct Investments (FDI's) including loans received by the Board of Investment (BOI) registered companies in 2014, amounted to US dollars 1,528 million compared to US dollars 1,391 million in 2013, recording a year-on-year growth of around 10%. It is interesting to note that nearly 33% per cent of total inflows (US dollars 506 million) during the period was on account of the services sector related projects in hotels and restaurants, IT-BPO and other services sub sectors.

**Q: STRATEGIC BUSINESS FOCUS**

**A:** Our goal was to present ourselves as animators of progress and in doing so reinvent ourselves as specialist investment promoters within Sri Lanka's financial services spectrum. We felt we needed to reassign our priorities by capitalising on our strengths, while moving away from businesses that had reached its maturity cycle.

Having realised our core strengths lies in investment promotion activities, we then shifted our strategic focus to attract more foreign direct investments by way of joint venture tie-ups on selected business development projects.

Focusing primarily on promoting leisure-based tie-ups, the company signed a number of high-value projects during the year. Key among them was the undertaking to develop a 100 room five star resort in Galle at an estimated cost of USD 14Mn. While ACAP is expected to retain 40% equity stake in the project, as key promoters of the project ACAP has raised USD 8.4 million, by way of a private placement. Following the acquisition of land in December 2014, plans were submitted for approval and remained pending as at 31st March 2015. The project is scheduled to kick off in September 2015.

During the year, yet another agreement was inked, to develop a 30-room luxury beachfront resort at Kosgoda, located in close proximity to Shinagawa Beach, an existing ACAP investment that is managed by Asia Leisure. Construction is underway with the project likely to be ready for occupation by December 2016 Asia Capital has been appointed as project managers and Asia Leisure will take over the management of the property.

The group also signed on to develop a luxury boutique-style hotel in Nuwara-eliya at an estimated project cost of USD 2.25Mn. The group would retain a substantial shareholding in this project, which is currently at the design stage and scheduled to get off the ground at the beginning of next year.

**Q: FUTURE PLANS**

**A:** I believe the ACAP group has come a long way in establishing itself as a leading business promoter in Sri Lanka. Having completed the task of realigning our strategic vision, I am confident that our core business

model is now well equipped to support the emerging needs of the country in terms of attracting more FDI's.

Meanwhile, with the astronomical growth predictions for the country's tourism industry, our focus, at least for the near-term would be on securing leisure-based projects. Together with these medium term plans, in the long term we are also looking at tying up with new overseas investors to help us explore possibilities of promoting integrated and mixed development projects. These are likely to have a broader economic impact on the national economy, in the years ahead.

Moving forward, we also expect to setup a dedicated project unit that would specialise in providing end-to-end project solutions, from equity capital raising to project management. Furthermore, as our competencies expand, we will likely consider extending our expertise to promote large-scale leisure projects in key tourist hotspots across the South and East Asia.



**J H P RATNAYAKE**  
Chairman

10th August 2015

# GETTING TO KNOW OUR STAKEHOLDERS

## (STAKEHOLDER ENGAGEMENT MECHANISM)



### EMPLOYEES

#### Our Commitment

Encouraging employee engagement by facilitating a strong communicative culture that provides employees with multiple channels to communicate with their superiors, including; one-on-one meetings, the Intranet, quarterly forums, knowledge sharing workshops and the annual performance appraisals. The group also has in place an active social event calendar that is aimed at fostering stronger ties between the group and its employees

#### Important Issues

- Career Development
- Remuneration and Benefits
- Workplace Equality
- Safe Working Environment
- Business Productivity
- Sustainability of the group and job security



### SHAREHOLDERS

#### Our Commitment

Direct interaction with shareholders at the AGM. Providing shareholders with a clear and unbiased view of the group's activities through the annual report, quarterly reports and regular updates on the group website, social media forums and press releases

#### Important Issues

- Financial Stability
- Growth Prospects
- Sustainability of Business Model
- Cost Leadership
- Corporate Governance
- Risk Management Framework



### BUSINESS PARTNERS

#### Our Commitment

Continuous networking both locally and overseas to build sustainable business relationships that correspond to the strategic vision of the group

#### Important Issues

- Financial Stability and Liquidity
- Business Prospects
- Sustainability of Business Model
- Brand Marketability
- Market Presence
- Governance and Ethics

WE ARE VERY MUCH AWARE THAT THE SUCCESS OF OUR BUSINESS DEPENDS ON THE VALUE PERCEPTIONS OF OUR STAKEHOLDERS. UNDERSTANDING WHAT IS PERCEIVED AS IMPORTANT TO EACH STAKEHOLDER GROUP IS THEREFORE A CRITICAL PART OF OUR STRATEGIC PLANNING PROCESS. WE RELY ON A BROAD RANGE OF STAKEHOLDER ENGAGEMENT MECHANISMS, WHICH HELP US GATHER THE INFORMATION WE NEED. THIS IS THEN DIRECTLY FED INTO THE DECISION-MAKING PROCESS TO MAP OUT OUR STRATEGIC FOCUS AND HELP US EVOLVE IN TANDEM WITH STAKEHOLDER ASPIRATIONS.



### CUSTOMERS

#### Our Commitment

Formulating a dynamic value proposition through personalised communication and one-on-one dialogue with customers, in addition to ongoing interaction via mass media communication channels including, press releases, the corporate website and social media platforms

#### Important Issues

- Service Quality and Reliability
- Pricing
- Technology and Innovation



### GOVERNMENT / INDUSTRY

#### Our Commitment

Creating a progressive operating environment through routine exchange with regulators and working closely with policy level decision makers as well as participating in consultative forums and knowledge sharing sessions with industry experts

#### Important Issues

- Statutory Compliance
- Tax Structure
- Governance Committees



### LOCAL COMMUNITIES

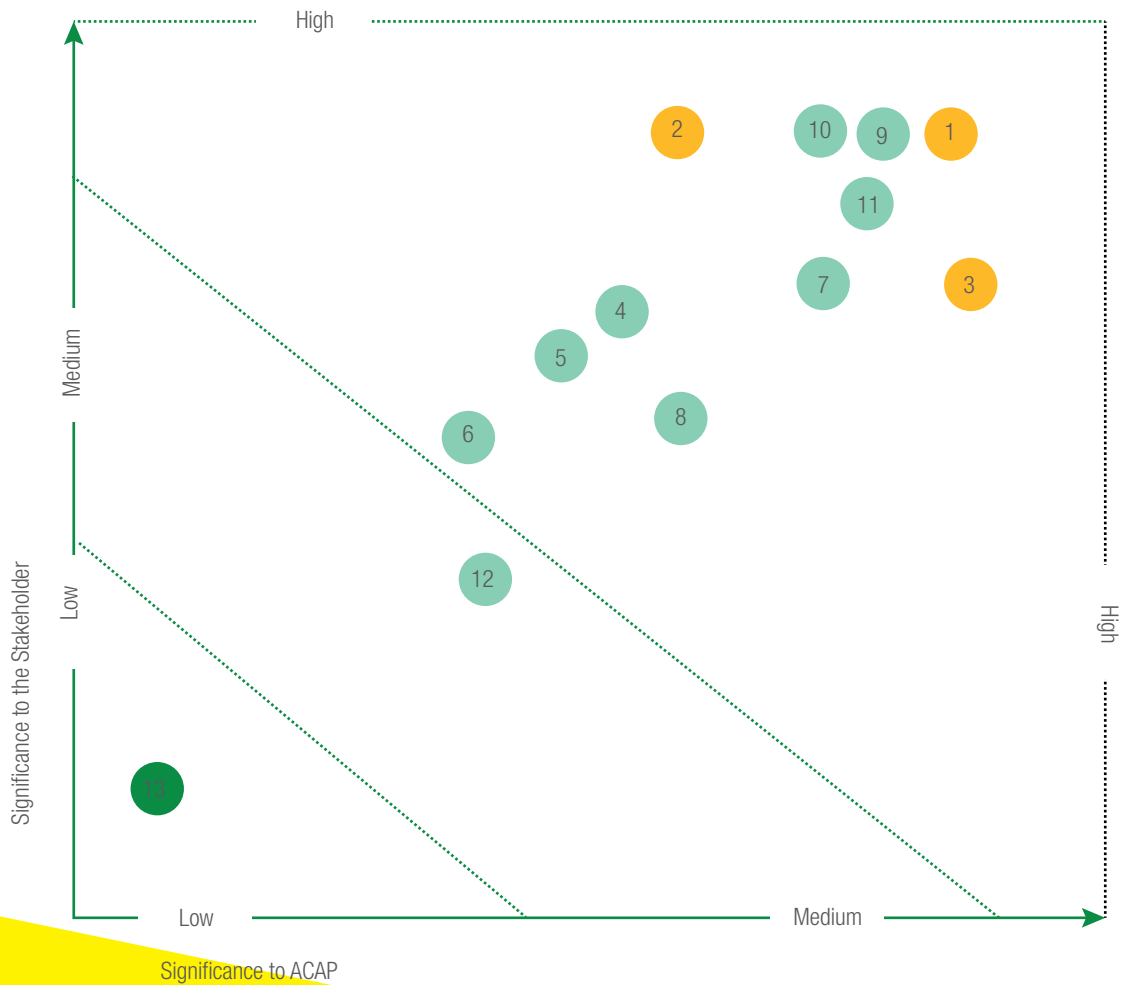
#### Our Commitment

Embracing corporate social responsibility through a range of direct communication opportunities that help integrate local communities into the mainstream business model

#### Important Issues

- Social welfare and livelihood development
- Community infrastructure development
- Preservation of eco-systems
- Disaster relief

# MATERIALITY ANALYSIS



**Economic Aspects**

- 1 Economic Performance
- 2 Indirect Economic Impacts
- 3 Ethics and Governance

**Social Aspects**

- 4 Non - discriminatory Work Environment
- 5 Workplace Safety
- 6 Training and Career Development
- 7 Product Diversity
- 8 Marketing Communications
- 9 Market Presence
- 10 Customer Privacy
- 11 Public Policy
- 12 Local Communities

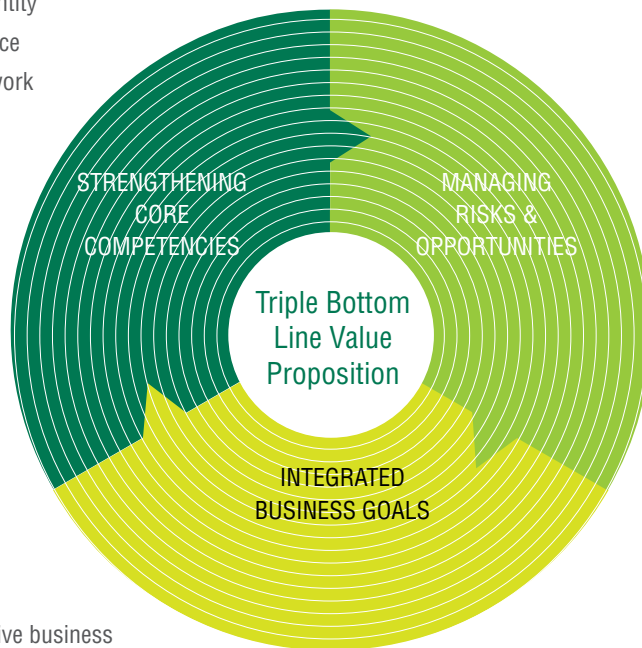
**Environmental Aspects**

- 13 Green Ethics

# VALUE CREATION TEMPLATE



- Access to equity
- Dynamic business offerings
- Established brand identity
- Strong market presence
- Robust business network
- Competent workforce



- Formulating competitive business strategies
- Pursuing process innovations and service excellence
- Engage in ongoing process improvements in order to map changing stakeholder value perceptions
- Continuously improve on corporate citizenship parameters



## STRATEGIC OPPORTUNITIES

- Attracting new investors by leveraging on emerging global niche markets and new customer segments
- Use of new technology and business connectivity to cater to the evolving needs of the customer.
- Growth opportunities arising from rapid infrastructure developments taking place in Sri Lanka
- Negotiating integrated business opportunities that would facilitate more effective operational synergies
- Use of business intelligence to improve corporate governance and stewardship



## KEY CHALLENGES

- Attracting and retaining a talented workforce
- Data Security in an environment where sophisticated malware have been developed for spying and business disruption
- Regulatory barriers and adverse macroeconomic trends locally and globally

# RESULTS THAT SPEAK FOR THEMSELVES



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GROUP CEO'S REVIEW 

S. A. ABEYESINHE

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As I recap, I find that the year 2014/15 was one of vigorous activity that involved many changes for Asia Capital PLC (ACAP). Nevertheless, it was also a rewarding year, in which we were able to successfully complete the strategic realignment process that we commenced in the previous year. I believe the measures we took during this year have helped us achieve a more meaningful, value driven business proposition that would convey tangible benefits for all our stakeholders.

I take this opportunity to invite all stakeholders of ACAP to examine our efforts for the year, which are captured in this, our first integrated report.

### REALIGNING FUNDAMENTALS

Our main aim for the year was to put in place, a cohesive business framework that would help us attain greater financial stability and establish a sound operational framework. As a first step, we reconstituted our funding model by infusing more equity-based capital, raising the stated capital of the company from 110,000,000 shares to 131,329,995 shares. A fresh capital infusion in the form of a foreign direct investment, was brought in, through a private placement of 21.32 million new ordinary shares at a price of Rs.18 per share. The move led to a dilution in the ACAP shareholding, with approximately 16.3% of the company's total shares in issue after the placement, being in the hands of two Japanese investors.

The new capital infusion of Rs. 384 Million was used to settle outstanding short-term debts, which helped improve the ACAP group gearing ratio and secure the health of the group balance sheet.

As part of our strategy redeployment agenda, we also took stock of our primary business model in order to derive a scalable platform for growth. In doing so, we worked cognizant to the current economic framework in the country and mapped out a suitable action plan. This called for a rethink of our branding strategy so as to reflect our core business focus. Our aim was to reassert ourselves as specialist business promoters with the capacity to negotiate large scale foreign direct investments.

### SUBSCRIBING TO CHANGE

Our conventional business pillars, were also subject to some change during the year, with certain areas coming under the microscope. In some cases we even resorted to divestment in order to streamline operations and relieve the stress on the bottom line.

It was this stance that prompted us to divest our holdings in Asia Securities (Pvt) Ltd., despite benefiting from the favourable stock market conditions of 2014.

The transaction was valued at Rs. 414 million, took place in February 2015 via private buyout, which saw a group of private investors taking over the company's balance sheet and its employees. I am confident that the decision to exit the stock brokering business was a timely business move, made in the best interest of the group. We will nevertheless continue to be keen observers of the stock market and may even consider re-entering the business, should the opportunity present itself at the right time.

Meanwhile, the business of activities of Asia Wealth Management (Pvt) Ltd., were absorbed into the core business. As a result, all the investment advisory service and wealth management functions previously handled by Asia Wealth, were integrated as part of the fully fledged services offered by ACAP in its role as business promoters.

	2015 Mn.	2014 Mn.
Gross Revenue	1,666	1,224
Less: Intra Group Transaction	(15)	(254)
Net Revenue	1,651	970
Employee Benefit Expenses	(304)	(263)
Depreciation & Amortization	(144)	(81)
Other Operating Expenses	(166)	(135)
Other Operating Income	110	106
Operating Loss	(389)	(623)
Revenue Increase		
Leisure	236	150
	57%	
Asset Increase		
Leisure	1569	1247
	26%	

OUR MAIN AIM FOR THE YEAR WAS TO PUT IN PLACE, A COHESIVE BUSINESS FRAMEWORK THAT WOULD HELP US ATTAIN GREATER FINANCIAL STABILITY AND ESTABLISH A SOUND OPERATIONAL FRAMEWORK. ”

GROUP CEO'S REVIEW | CONTD.

WE HAVE ALWAYS UNDERSTOOD THE CRUCIAL ROLE PLAYED BY OUR PEOPLE IN DRIVING THE SUCCESS OF THE GROUP. AS KEY STAKEHOLDERS OF THE BUSINESS, THEY REPRESENT THE INTELLECTUAL WEALTH OF THE ACAP GROUP. ”

Further, we also divested a 54.25% stake in Asia Asset Finance PLC. Moreover, fresh capital injections to Asia Asset Finance PLC from other investors, meant the ACAP group holding was reduced to 18.75% as at 31st March 2015.

As part of our strategy redeployment agenda, we also took stock of our primary business model in order to derive a scalable platform for growth. In doing so, we worked cognisant to the current economic framework in the country and mapped out a suitable action plan. This called for a rethink of our branding strategy so as to reflect our core business focus. Our aim was to reassert ourselves as specialist business promoters with the capacity to negotiate large scale foreign direct investments.

Having thus migrated to a leaner, more focused business blueprint, we then actively focused on our interest in the leisure sector. Our aim is not merely to buy into existing properties, but to develop a project from the ground up. We want to be fully involved in all aspects of the negotiation process; funding, planning, design, construction and project execution. This not only ensures the efficient use of resources, but also gives us better control of each stage of the project. Aside from the obvious cost benefits, we feel that playing a more proactive role that extends beyond that of the financial backer, will

help us stay focused on incorporating our own unique brand promise across all our leisure offerings. Meanwhile, to help us develop our exposure in this space, we continued to look for overseas venture capitalists as joint venture partners.

To our credit, I believe we have so far made some wise investments. Our holdings in high-end luxury southern coast hotels have proved to be a smart move on many fronts. Shinagawa Beach, Tamarind Hill and The River house are beyond doubt some of the best top-of-the-range hotels in Sri Lanka. These properties have also been instrumental in boosting the country's profile as a sought-after travel destination for the discerning traveller.

During the year, Taprobana Wadduwa was added to the portfolio of hotels managed by the group.

Reviewing the overall progress of our investments in the leisure sector, I am gratified to note they have continued to exceed expectations, reinforcing my belief that our current strategic thrust is well placed to deliver good results in the medium to long term as well.

**KEY PERFORMANCE INDICATORS – LEISURE SECTOR GROUP RESULTS SUSTAINABLE MANAGEMENT**

We have always understood the crucial role played by our people in driving the success of the group. As key stakeholders of the business, they represent the

intellectual wealth of the ACAP group. Recognizing this, we took the decisive step during the year to work out an Employee Share Ownership plan (ESOP). By creating multiple value platforms for our employees, the ESOP scheme is deemed to be a sustainability champion that would secure the long-term commitment of our people.

As always, concern for the environment and the well being of communities impacted by our work, continues to be among our list of priorities. Accordingly, we remain committed to integrate these concerns into our day-to-day work ethic as a reflection of our stance on broader socio-economic development.

**FUTURE OUTLOOK**

Our focus for the medium term remains firmly aligned to the developments in both the leisure and property sectors, where we will actively seek greater foreign participation to further our market presence.

In the leisure sector, we expect to leverage on our expertise in developing hotels that augment our portfolio. We do however, expect to broad base our coastal portfolio by investing in larger luxury resorts to compliment the existing collection of small boutique hotels under our belt. In this regard, we are currently working towards a 100 room star-class resort in Galle and another 30 room beachfront hotel in Kosgoda.



Moreover, we also expect to gradually extend our presence to other regions across the country as well, with Nuwara Eliya being earmarked as our first inland location. Being the first attempt at a non-coastal offering, our plan is to differentiate ourselves through a high-end selective offering. Accordingly, we have taken steps to develop a 15-room luxury boutique hotel in the heart of Nuwara Eliya.

Although I expect leisure sector investments to dominate the ACAP portfolio in the immediate future, we do remain open to exploring other business opportunities that may present itself.

In the long term however, from an operational perspective, our aim is to cultivate a debt-free business framework that would boost profitability and enhance the core liquidity position of the group.



**S. A. ABEYESINHE**  
Director/ Group Chief Executive Officer

10th August 2015

# FINANCIAL REVIEW

## REVENUE

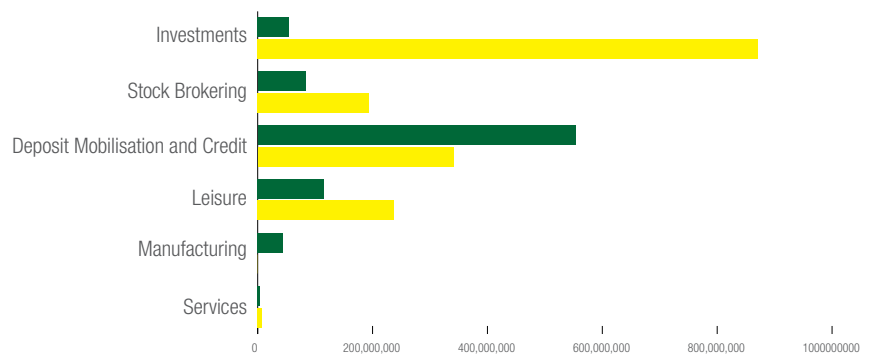
The Group's consolidated revenue grew by 70% YoY to a record high of Rs.1.65 billion during the financial year 2014/2015. Growth was achieved by nearly all sectors recording top line growth. The key contributors to the Group's revenue growth during the year were the Investment and Leisure sectors. The Investment segment contributed 52.8% of the total revenue.

## EARNING BEFORE INTEREST AND TAX

Group EBIT increased by more than 40% during the financial year supported by revenue expansion, whereas growth in other income was marginal. Selling and distribution expenses reduced by 11.4% and Administration expenses reduced by nearly 8% due to a reduction in the consultancy fee during the year.

000s	FY 2015	FY 2014	YoY Growth
Revenue (Rs.)	1,651,075	970,321	70.16%
EBIT (Rs.)	(262,045)	(463,251)	43.43%
Net Finance Cost (Rs.)	(102,784)	(106,665)	3.63%
Profit after Tax (Rs.)	(388,607)	(622,755)	37.6%
EPS (Rs.)	(3.27)	(5.66)	42.23%
Total Assets (Rs.)	2,641,331	6,157,475	-57.1%
Total Debt (Rs.)	2,271,583	5,588,870	-59.36%
Total Equity (Rs.)	369,747	568,605	-34.97%
Debt/Equity	6.14	9.83	-37.5%
EBITDA/Debt	-0.115	-0.083	-39.17%
Current Ratio	2.56	0.9	
Share Price (Rs.)	8.7	16.95	

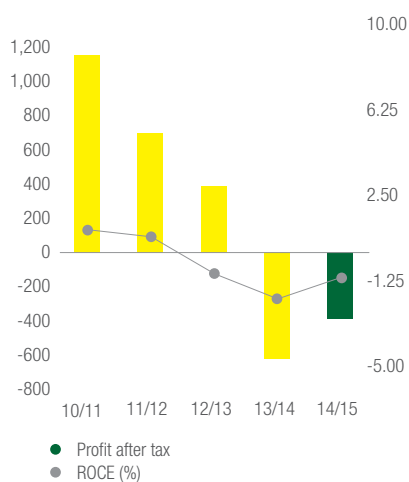
## Sector Revenue Contribution



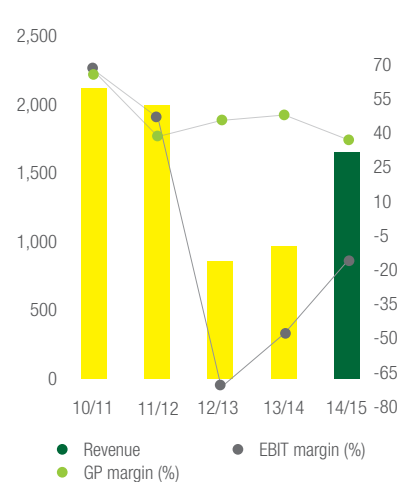
## GROUP PROFITABILITY TRENDS

Compared to the previous year's profit after tax, Asia Capital cut down its losses by nearly 37% due to revenue generated by divestments in strategic investments.

### Group Profitability Trends - NP



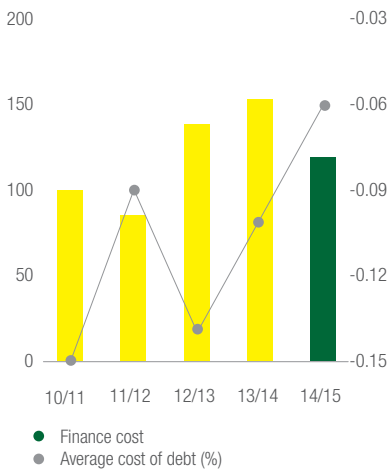
### Group Profitability Trends - GP



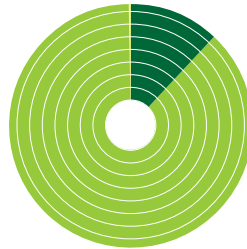
### NET FINANCE COSTS

Consolidated Net Finance costs declined by 3.6% to Rs.102.78 million, supported by the drop in market interest rates during the year. Although finance income contracted, a 22% reduction in finance expenses allowed Net Finance cost to decline.

#### Net Finance Costs



#### Group Funding Profile 2015



Equity	305,113
Borrowings	2,218,270
Leverage Ratio	1.7

#### Group Funding Profile 2014



Equity	369,747
Borrowings	1,888,863
Leverage Ratio	1.5

#### Asset Composition



PPE	1,492,604
Intangible assets	127,403
Other non current assets	39,325
Inventories	280,518
Loans & Receivables	157,937
Other current assets	543,544

# OUR PROJECTS

## HOTELS

### Shinagawa Beach

White and linear, Shinagawa Beach is a clean and contemporary luxury beachfront property. The three-story hotel features 24 deluxe rooms and 2 suites with exclusive butler services. Tucked away in a secluded and intimate location with a natural rock pool, Shinagawa Beach offers each of its guests a spectacular oceanfront view and private balcony. The hotel's Restaurant and Bar serve sophisticated dishes and a blend of signature drinks; an unwinding and blissful Spa, a unique pool facing the ocean beyond and a gym are also facilities present at the hotel. Shinagawa Beach has been accepted into the elite group of Small Luxury Hotels of the world, consisting of some of the finest hotels around the world.

#### CURRENT STATUS: COMPLETED AND OPERATIONAL

NAME	▶	Shinagawa Beach
LOCATION	▶	Balapitiya
DATE OF COMPLETION	▶	01st December 2013
TOTAL INVESTMENT:	▶	USD 5mn
SHAREHOLDING OF ACAP:	▶	66%
NO.OF ROOMS:	▶	26

### Taprobana

A vibrant and contemporary celebration of the elements, Taprobana Wadduwa is a beachfront haven for relaxation and fun. The hotel features 16 deluxe allure rooms, 8 superior iconic rooms and 3 shimmer suites with pandering butlers. All rooms boast of a stunning ocean view and private balconies; the hotel's superior iconic rooms feature freshly filled bathtubs on the balcony whilst the suites offer a seductive outdoor Jacuzzi. In addition to the private stretch of beach, the hotel has a large outdoor pool surrounded by a tropical garden facing the sea, tantalizing fine-dining, two bars, a Spa and Gym. The Glow Ballroom is an idyllic location to exchange vows overlooking the pristine blue waters of the Indian Ocean. The ballroom can seat a maximum of 180 guests and is replete with cutting edge technology, ideal for business meetings and conferences as well.

#### CURRENT STATUS: COMPLETED AND OPERATIONAL

NAME	▶	Taprobana
LOCATION	▶	Wadduwa
DATE OF COMPLETION	▶	14th September 2014
TOTAL INVESTMENT:	▶	Approx USD 6mn
SHAREHOLDING OF ACAP:	▶	73%
NO.OF ROOMS:	▶	27

## HOTELS

## Galle Beach

In the World Heritage City of Galle, Galle Beach will be located just 1.5 hours away from the hustle and bustle of Colombo. The soon to be developed seaside resort and spa will be built on a 2-acre land consisting of 100 sea view rooms including suites. The hotel is to be designed by the award winning Japanese architect Miyake Masaki with focus placed on environmental conservation; Miyake Masaki Associates are responsible for some of Asia's most outstanding hotel properties including Amara Sanctuary Resort in Singapore, the Fete Hotel in Manila and Kyoto Hotel project in Japan. A water lover's dream, the hotel is to have a large multilevel swimming pool overlooking the Indian Ocean, a Pool Bar and Water Lounge for a leisurely swim. An all-day dining Restaurant and an Event Pavilion serves to facilitate conferences, corporate events and private functions.

**CURRENT STATUS: PLAN APPROVAL STAGE. CONSTRUCTION DUE TO COMMENCE IN SEPTEMBER 2015**

NAME	▶ Galle Beach
LOCATION	▶ Galle
DATE OF COMPLETION	▶ December 2017
TOTAL INVESTMENT:	▶ USD 14mn
SHAREHOLDING OF ACAP:	▶ 40%
NO.OF ROOMS:	▶ 100

## Nuwara Eliya Hotel

Located in the heart of the majestic highlands of Sri Lanka, the Nuwara Eliya hotel project is at an elevation of 1980 meters where garden and lodging blend into the lush tropical foliage and landscape. This location is noted for its breathtaking and picturesque views and pleasant cool mountain climate. While the climate is sub-tropical, night temperature plunge low enough to produce frost. The proposal is to construct a property with luxury rooms in Nuwara Eliya. This project will consist of 15 luxury rooms which will include a spa, heated pool, free Wi-Fi and satellite TV for each individual room. Guests can enjoy a myriad of activities including an exceptional 18-hole golf course, trout hatchery market, fragrant botanical gardens and markets containing the freshest produce during a scenic walk or drive around the city.

**CURRENT STATUS: UNDER CONSTRUCTION**

NAME	▶ Nuwara Eliya Hotel
LOCATION	▶ Nuwara Eliya
TOTAL INVESTMENT:	▶ USD 2.25mn
SHAREHOLDING OF ACAP:	▶ 100%
NO.OF ROOMS:	▶ 15

OUR PROJECTS | CONTD.

HOTELS

### Kosgoda Beach 1

Similar to the lean structure of Asia Capital's existing hotel, Shinagana Beach, this 30 room luxury hotel is currently under construction on a picturesque beach front land located in the Southern Coastal city of Kosgoda. Asia Capital will manage the project up until handover to the client and Asia Leisure will manage operations once completed. The hotel is an idyllic hideaway destination that will offer guests all the amenities of a luxury hotel which including a private balcony. A unique pool with an unparalleled view of the sea and beyond and a spa to renew the body and spirit are also features that are to be present at the hotel.

**CURRENT STATUS: UNDER CONSTRUCTION**

NAME	▶ Kosgoda Beach 1
LOCATION	▶ Kosgoda
DATE OF COMPLETION	▶ December 2016
TOTAL INVESTMENT:	▶ USD 5mn

PROJECT MANAGEMENT BY ACAP  
HOTEL MANAGEMENT BY ASIA LEISURE

### Kosgoda Beach 2

Kosgoda is a lively tourist destination in the Galle District with its spectacular beaches, serene Kosgoda Lagoon and inspiring turtle hatcheries. The 4-star 200 property will be positioned to compete with other high end beach front resort hotels in the Southern Coastal belt. The hotel will feature fully-fledged modern amenities of a luxury hotel which include IP TV guest system, Wi-Fi, iPod connectors, LED TC with satellite connection, mini bar and a swimming pool etc. conforming to international standards to cater to the needs of holiday makers. Team this with serene contemporary rooms, gourmet restaurant, a blissful spa and aquatic activities for the ultimate getaway experience.

**CURRENT STATUS: FUND RAISING STAGE**

NAME	▶ Kosgoda Beach 2
LOCATION	▶ Kosgoda
TOTAL INVESTMENT:	▶ USD 23mn
SHAREHOLDING OF ACAP:	▶ 100%
NO.OF ROOMS:	▶ 200

## HOTELS

## Galle Heritage

Galle Heritage is a 48-room super luxury hotel project to be developed adjacent to the majestic Galle Fort. The Galle Fort is an archaeological heritage site recognized by the UNESCO in the Southwest coast of Sri Lanka with a rich history spanning across four centuries. Guests can step back in time as they savour the architectural and cultural richness of the Galle Fort left by the Dutch.

### CURRENT STATUS: APPROVAL RECEIVED

NAME	▶ Galle Heritage
LOCATION	▶ Galle
TOTAL INVESTMENT:	▶ USD 14.7mn
SHAREHOLDING OF ACAP:	▶ 10%
NO.OF ROOMS:	▶ 48

### PROJECT STRUCTURING AND MANAGEMENT BY ACAP

## Marine Drive Project

Sitting mere feet away from the ocean, the 200-room project is located on the upscale Colpetty area on the western coastal belt of Sri Lanka. The Marine Drive Project will be at the centre of Colombo's busiest commercial hub and is minutes away from some of Colombo's top notch restaurants, cinemas and excellent shopping malls; an ideal destination for both business and leisure. The 200-room modern property will offer a complete value for money experience coupled with comfort.

### CURRENT STATUS: LAND ACQUISITION UNDER WAY

NAME	▶ Marine Drive Project
LOCATION	▶ Marine Drive, Colombo 03
TOTAL INVESTMENT:	▶ USD 30mn
SHAREHOLDING OF ACAP:	▶ 5%
NO.OF ROOMS:	▶ 200

OUR PROJECTS | CONTD.

HOTELS

### Maldives Project

Known for being one of the most beautiful desert-island destinations in the world, Maldives was a clear choice for expansion in the region. The project, which is expected to cost approximately US\$ 40 million, envisions the development of a 70 room luxury property on the island of Miriandhoo, situated in the silk sanded coral Baa Atoll in the heart of the Indian Ocean. Serene beach and water villas are to dot the untouched beaches of this private island, offering guests the ultimate escape. Eco-friendly diving and snorkeling in the deep blue sea, amazing dining experiences and seductive spa treatments are all part of this fantasy-island retreat that the hotel is to provide.

**CURRENT STATUS: ISLAND ACQUIRED  
DESIGN STAGE**

NAME	▶ Maldives Project
LOCATION	▶ Island of Miriandhoo, Maldives
TOTAL INVESTMENT:	▶ USD 40mn
SHAREHOLDING OF ACAP:	▶ 10%
NO.OF ROOMS:	▶ 70



## MIXED DEVELOPMENTS

## Galle Heritage

Located in the highly urbanised commercial suburb of Colombo, this mixed development project is the epitome of modern luxury, easy living and convenience. The proposed investment consists of 20 floors including 143 cozy apartments of varying floor area, retail space and basements with ample parking provided. Union Place is in close proximity to various office blocks, apartments, high-end shopping malls, foreign embassies and is a well-known entertainment area. The site is a land with dual entrances.

## CURRENT STATUS: LAND ACQUISITION UNDERWAY

NAME	▶ Union Place Project
LOCATION	▶ Colombo 02
DATE OF COMPLETION	▶ Early 2018
TOTAL INVESTMENT:	▶ USD 22mn
SHAREHOLDING OF ACAP:	▶ 10%

## Vauxhall Street Project

The exciting and iconic Vauxhall project is an integrated, mixed-use, commercial and residential plot located at the heart of Colombo. Two towers are connected with a podium consisting of luxury apartments, commercial space (office & retail) and a hotel. The site is a land with dual frontage to the well-organized Vauxhall Street and the scenic Beira Lake. The preliminary plan is to build 150 super luxury apartments of the highest grade in Tower One. Tower Two will comprise 20 levels of office space and a 300 room hotel above. The podium will accommodate 2 floors of retail space, the main reception and lobby along with 5 levels for parking.

## CURRENT STATUS: LAND ACQUISITION UNDERWAY

NAME	▶ Vauxhall Street Project
LOCATION	▶ Colombo 02
TOTAL INVESTMENT:	▶ Over USD 150mn
SHAREHOLDING OF ACAP:	▶ 5%

# REVIEW OF BUSINESS PERFORMANCE - LEISURE

## GLOBAL TOURISM INDUSTRY

With the global economy firmly on the recovery path, the number of international tourists (overnight visitors) reached 1,138 million in 2014, 51 million more than in 2013. With an increase of 4.7%, this is the fifth consecutive year of above average growth since the 2009 economic crisis.

By region, the Americas (+7%) and Asia and the Pacific (+5%) registered the strongest growth, while Europe (+4%), the Middle East (+4%) and Africa (+2%) grew at a slightly more modest pace.

Meanwhile, the 5% increase registered by the Asia and the Pacific regions translated into an increase of 13 million arrivals edging up total tourist arrivals to 263 million for 2014. The best performance was recorded by North-East Asia and South Asia, both recording 7% growth for the year, while arrivals in Oceania grew by 6%. South-East Asia recorded only a 2% increase as compared to previous years.

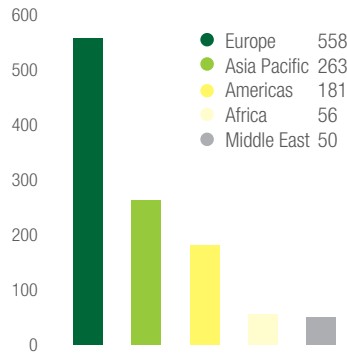
## SRI LANKA'S TOURISM INDUSTRY

On the back of a stable 6.4% GDP growth, Sri Lanka appeared to have successfully met its tourist arrival target of 1.5 million for the year 2014. Figures indicate that the country's tourist arrivals rose 19.8% by 252,560 arrivals in 2014, with a total of 1,527,153 tourists arriving in the island compared to the 1,274,593 registered

for 2013. Earnings from tourism also improved, reaching US\$ 2.2 billion for the year, an increase of 28.6% YoY compared to the USD 1.6 billion recorded in 2013.

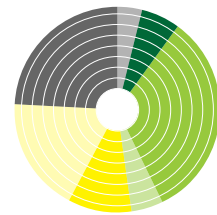
### International Tourist Arrivals 2014

# 1138 MILLION



Source: UNWTO

### Tourist Arrivals 2014



In catering to the growing number of arrivals, Sri Lanka's tourism industry presents a broad spectrum of offerings that are geared to both mainstream and niche travel categories. The mainstream portfolio is made up of both small informal operators as well as large hotel conglomerates who occupy the formal hotel sector, providing budget and mid-segment offerings to large five star resort style properties. Meanwhile, the high-end niche category also falls within the formal sector and is dominated by smaller luxury properties which are either individually owner-run businesses or managed by corporates with hospitality experience. Thus the country's island-wide room inventory currently stands at 16,000 (2013) in the formal sector, with an estimated capacity of 15,000 (2013) more rooms in the informal sector.

## THE COMPANY

### Our Value Proposition

The leisure arm of Asia Capital PLC, Asia Leisure (AL) is Sri Lanka's premier specialist in high-end small luxury hotels. Built as a tribute to artistic expression, all the properties are a true personification of luxury in every sense of the word.

## OVERVIEW FOR 2014

### Marketing Strategy

The key strategic thrust for the first half of the year was to focus on strengthening established markets in the U.K and Europe. The move proved to be successful, with all properties seeing an upswing in the number of arrivals from the region within the first two quarters of the financial year. During the same period, a notable growth was seen in the numbers arriving from the Middle East, especially in the months following AL's participation in the Arabian travel Mart in May 2014.

However, in the latter half of the year, the troubles in Eastern Europe triggered a shift in focus towards developing the U.K, German and the Scandinavian markets, a timely move that resulted all properties experiencing a sizeable increase in seasonal bookings originating from these countries. Moreover, participating in the ITB Berlin promotional forum held in March 2015 also helped to cement AL's presence in these markets and improve the prospects for the forthcoming year.

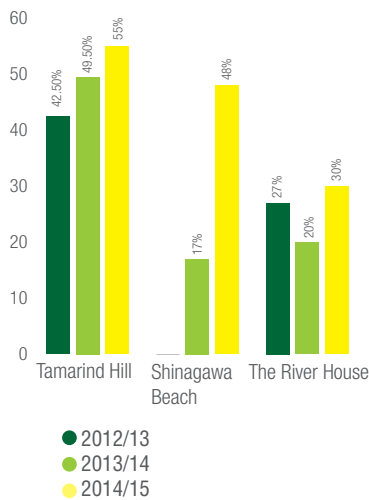
Meanwhile, to further bolster the seasonal bookings, a concerted effort was made to tap into the thriving East Asian tourist market. AL's participation in the ITB Asia Forum held in Singapore in October 2014, was also part of the strategy specifically aimed at penetrating the Chinese market. However gaining traction in the Chinese market proved to be a considerable challenge given AL's position as a high-end luxury resort, which was in sharp contrast to the demand for budget stay offerings



REVIEW OF BUSINESS PERFORMANCE - LEISURE | CONTD.

originating from the mainstream Chinese market. Nevertheless efforts were stepped up to try to make some headway in this lucrative market space in the future. Among the key initiatives that were taken during the year, in this regard was to increase the company’s web presence vis-à-vis tie ups with booking engines aimed at tapping into the flourishing online market, not only in China but also in other regions as well. Once again the move delivered results, with a notable increase in online bookings originating from Singapore and the far-east. Moreover, while strengthening partnerships with existing tour partners, three new operators were signed up to help reach a wider global audience.

Occupancy



\*The River House was closed down for 5 months during FY 13.14 due to refurbishments

Market	Annual Occupancy level (Percentage)
French	14%
British	13%
German	12%
Sri Lankan	10%
Other	51% (Other countries include China, Australia, Russia, Ukraine and USA)

SERVICE EXCELLENCE

With both high-end individual owner-run properties competing with small luxury hotels owned and managed by large corporates, competition in Sri Lanka’s luxury or boutique hotel sector, remains stiff and service quality continues to be a key differentiator that gives AL its competitive edge. It also represents an integral part of the company’s value proposition. Moreover, while striving to benchmark internationally accepted service standards for the hospitality industry, the goal is to always exceed customer expectations. In this regard, the company adopts a ubiquitous approach to identify possible service gaps and deploy proactive support to address weak links that may hinder the overall customer perceptions regarding service quality.

## GROUP CEO'S POINT OF VIEW - LEISURE

### Q: HOW DO YOU VIEW THE CURRENT STATUS OF SRI LANKA'S TOURISM INDUSTRY?

**A:** Right now, the industry is in a very good place, having shown robust growth for the last five consecutive years. Moreover the country's tourism industry has undergone a massive facelift during this period. I believe much of this success is due to the proactive efforts of all stakeholders to work towards putting Sri Lanka on the map as a destination of choice for global travellers.

### Q: WHAT DO YOU SEE AS THE MAJOR OPPORTUNITIES AND CHALLENGES THAT THE INDUSTRY FACES AT PRESENT?

**A:** At the moment, growth in the room inventory appears to have been sufficient to feed the demand. However, the country is currently on an accelerated promotional drive to boost tourism with an ambitious target of 2.5 million arrivals by 2016. This calls for fresh efforts by the industry to present a versatile value proposition that would meet the expectations of diverse travellers in the coming years.

Meanwhile, another challenge that the industry continues to face is the lack of trained staff to man the numerous functions that make up the industry. This has become a grave concern that can only be resolved by firstly accepting that the service standards in the local hospitality industry are well below what is considered the international norm. Next it is imperative that all industry stakeholders come together with an action plan that would reset the bar and improve industry-wide service standards.

### Q: HOW HAS ASIA LEISURE PERFORMED DURING THE YEAR?

**A:** I believe we have performed exceptionally well during the year, in large part due to our meticulous

planning. For the first six months of the year, our focus was to strengthen key strongholds in U.K and Europe, while at the same time developing emerging markets in the Scandinavian region. Meanwhile, in an effort to consolidate our marketing focus in Europe, we opened a representative office in Kensington, London.

However, in the wake of the political unrest in Ukraine, followed by the crash of the Russian Rouble in mid-October 2014, arrivals from Eastern Europe declined significantly and a rethink of our strategic focus was deemed imperative, particularly with the December 2014 season fast approaching. We continued to focus on other European markets, alongside steps taken to expand our footprint in Asia and the Far East as well. However, we found that penetrating the Chinese and East-Asian markets were a considerable challenge that could only be overcome by repositioning ourselves vis-à-vis a greater online visibility.

All in all though, I believe we have done quite well, where overall occupancy levels have grown by 15% compared to last year. This in turn has helped us register healthy improvements in both the top line as well as the bottom line as at 31st March 2015.

I am also very proud to acknowledge that during the year, both Shinagawa Beach and Tamarind Hill were honoured by the Small Luxury Hotels of the world (SLH). The accolade adds a considerable boost to our brand value, given that only 9 other properties in Sri Lanka are affiliated with SLH. Meanwhile, the River House, Balapitiya was selected as one of the Mr & Mrs. Smith properties of the world offering exclusive high-end accommodation. These affiliations serve to reaffirm the success of our current business model as an exclusive boutique hospitality service provider.

### Q: ANY NEW VENTURES DURING THE YEAR?

**A:** Yes, we launched a new 27-room property in Wadduwa, launched under the Taprobana banner, which also happens to be a new label under the Asia Leisure umbrella. With the addition of this new property, we now have a total inventory of 70 keys (Rooms) under management as at 31st December 2015.

### Q: WHAT ARE THE FUTURE PLANS FOR ASIA LEISURE?

**A:** For the moment our primary business model will remain the same, where we will continue our mandate as the hotel management arm of the ACAP group. However, we do expect to expand the portfolio of luxury hotels under management, thereby increasing the number of rooms under management. In doing so we hope to leverage on the range of new hotel projects being developed by the ACAP group. I believe the ACAP group has earmarked a few strategic locations that have made a name as must-stop tourist destinations in Sri Lanka, Galle, being one such destination. I believe there is tremendous untapped potential here, particularly given the dearth of five star accommodations in Galle. I am happy to note that development work has already started on a 100-room luxury resort, with the first phase scheduled to be completed by June 2017. This will help boost our current room inventory by over 50% to 115 keys, by mid-2017.

Within the next year, we also hope to expand our footprint inland, specifically to Nuwara Eliya, which has always been a highly sought-after tourist destination. Here too, the ACAP group has begun developing a star-class boutique hotel that aims to attract the high-end travel clientele. The project is currently at the approval stage and is due to commence construction by January 2016, with the completion date set for December 2017. Bringing this property also under the Asia Leisure umbrella would add to the room inventory under management by end-2017.

REVIEW OF BUSINESS PERFORMANCE - LEISURE | CONTD.

CUSTOMER REVIEWS:



**“A STEP BACK INTO THE COLONIAL PAST... JUST AMAZING!!!” - Tamarind Hill**

We had a beautiful 2 night stay at Tamarind Hill, the hotel was absolutely gorgeous and it made us feel like we had stepped back in time to the colonial past. The staff were exceptionally wonderful and professional and one of them even looked like Tiger Woods.

Our room was massive!! We had an extra large size King bed and a huge bathroom, all the furniture was dated back to the old Dutch colonial times which really made the stay here an extra special one, something we had never experienced before. We didn't get a chance to dine in house for lunch or dinner as we were out and about discovering Galle, however the menu selection for breakfast was to die for, especially the eggs benedict!!

On our last night when the staff came to know it was our anniversary, they had beautifully decorated our bed with swans and flowers.

Overall we thoroughly enjoyed our stay here and would recommend it to all our family and friends.

**Rajdev T**

Brisbane, Australia



**“AMBIANCE” - Taprobana, Wadduwa**

Excellent Hotel with all facilities with super surrounding & service by staff.

This small Hotel has about 24 bedrooms and on the beach. Extensive and well kept gardens with swimming pool and bar. The bedroom was large with balcony facing the sea & swimming pool. The food and service by staff was excellent.

Stayed January 2015, travelled as a couple

**Jeb A**

York, United Kingdom



**“AN INCREDIBLE SMALL HOTEL” - Shinagawa Beach**

After a tough morning in a Tuk Tuk we stopped here totally by chance for lunch. We had a truly excellent lunch and after a bit of deliberation we decided we would spend the rest of our Sri Lanka trip here. We spoke to the manager and he was brilliant. This was the best decision we could have made and here's why. Shinagawa is a small (30 room) hotel, it has a beautiful pool, garden and beach. The hotel is small enough so you get to feel you are part of something rather than just another faceless room number. The staff are truly excellent, professional and enthusiastic with a smile. The food is beautiful, the menu is well thought out and is a clever mix of east and west there should be something there for everyone. We loved the breakfast, everything is made at the hotel (the jams are amazing). The beach is breathtaking and you can walk for an hour without seeing a soul, except maybe a couple of fishermen. Rooms are all sea view, well designed and spotlessly clean. The hotel TV system is excellent with free movies on demand, great news when you are travelling with a 10 year old. Our flight was in the evening so the manager very kindly give us the room till 17:30 at no extra charge. This hotel is worth every penny and maybe just what you need after a week in a Tuk Tuk. Treat yourself, its worth it

**Turnpin**

Abu Dhabi, United Arab Emirates



## ACHIEVEMENTS IN BRANDING EXCELLENCE

- ★ SHINAGAWA BEACH – BEST SMALL HOTEL IN SRI LANKA AT THE INTERNATIONAL HOTEL AWARDS (ASIA-PACIFIC).
- ★ TAMARIND HILL, SHINAGAWA BEACH & THE RIVER HOUSE – TOP SMALL HOTELS, TRAVELLERS CHOICE AWARDS ON TRIPADVISOR
- ★ SHINAGAWA BEACH & THE RIVER HOUSE – TOP LUXURY HOTELS, TRAVELLERS CHOICE AWARDS ON TRIPADVISOR

Our properties continue to receive global acclaim, an affirmation that our brands are indeed a class apart. We are proud that our distinctive brand of hospitality has captivated the hearts and minds of our guests, helping us to claim a place among the industry elite in Sri Lanka. These achievements have also reinforced the conviction to dream bigger, reach higher and to pursue loftier ambitions in the future.

## NEW DEVELOPMENTS

The Taprobana, Wadduwa, a 27 room luxury boutique hotel was launched in September 2014 as a joint venture between, the parent company Asia Capital PLC and Japan Capital (Pvt) Ltd. The fourth property under the management of the Asia Leisure umbrella, the Taprobana, Wadduwa epitomizes the “home away from home” concept by providing exclusive comfort with the perfect mix of tropical hospitality. The hotel built a banquet hall with the intention of capitalizing on the corporate MICE segment as well as the ever-popular wedding market.

Efforts to reinforce our presence in the country’s leisure and hospitality sectors led to the acquisition of a travel company to complement the current business model. Having been in the business for a couple of years, Asia Leisure Travels offers an array of services including inbound & outbound ticketing, tour packages, travel support etc.

# ENVIRONMENTAL STEWARDSHIP

In essence whatever we do is always trendy and chic! Nevertheless, what is even more important is the way we do it. Not only do we strive to offer our guests a holiday of a lifetime, but our aim is to do so in the most environmentally sustainable and socially ethical manner. Therefore, to be able to reduce the negative environmental impact caused by our business, we have made environmental stewardship a fundamental part of our business strategy and operating methods.

Moreover, we also actively encourage our employees to understand our environmental principles and engage in best practises to help improve our environmental performance. To achieve this aim, we have a put in place an environmental task force to develop and maintain new initiatives whilst continuing to raise awareness among all business stakeholders, including employees, guests and the community.

## RESOURCE MANAGEMENT

Our promise to care for the environment is underpinned by the 3R's – Reduce, Reuse and Recycle. Accordingly, we advocate globally accepted best practices for the resource management in the leisure and hospitality industry. Cognizant to these guidelines, we have set ourselves realistic goals to control our carbon footprint.

## ENERGY CONSERVATION

We fulfil our energy requirements through a combination of electrical power, LP gas and Diesel power sources. As the predominant energy source, electricity plays a critical role in determining the strength of our environmental footprint. As part of our energy control initiatives, we have made sure that;



*Using wood to fire the pizza oven at Taprobana*

## ENVIRONMENTAL PRINCIPLES

Implement sound environmental practices in the design, development and operation of hotels

Where possible we will inform our guests about the differences they can make by saving energy, water, the use of products and services without impacting their comfort during their stay

We will continue to educate and involve employees in the implementation of these policies with the aim of improving environmental performance

Work with suppliers and contractors who share our commitment and have compatible policies for managing their impact on the environment

Consumption of energy, water usage and waste will be recorded throughout our hotels and regularly audited and evaluated to ensure that objectives and targets for reduction are determined

Manage waste generated from our hotels, continue to recycle where possible and reduce the percentage of our waste going into landfills

Work with all stakeholders to preserve the bio-diversity and protect the eco-systems in the vicinity of our properties

Have a proactive and positive attitude to environmental issues and will review our Environmental Policy on an annual basis.

## THE COOLING SYSTEMS AT ALL PROPERTIES ARE UP-TO-DATE

All Guest rooms have been equipped with stand-alone air-conditioning units that can be individually controlled for greater energy efficiency.

Cooling systems are activated only where necessary, via a key-card sensitive electricity control mechanism installed in all guest rooms.

Energy efficient lighting is used to meet nearly 70% of the lighting requirements of each property

## WATER MANAGEMENT

As the scarcity of water becomes a very real threat, we follow a pragmatic approach towards achieving a sustainable water management solution. The primary goal of this initiative is to increase our water positivity, i.e. to give back more water than we extract from the environment.



Our water treatment system is geared to achieve this objective. In conformity with national environmental regulations, water used at each property is diverted to an independent water treatment unit prior to release to the environment. Of our total treated water load, over 50% is currently redirected to fulfil the water requirements for our gardens, thereby considerably reducing our dependence on the national water supply. We are continuously engaged in refining and fine tuning our water treatment systems to enhance the functional quality of treated water, thereby enabling it to be re-used across a broader range of operational areas.

**As a policy, we minimise the use of chemical applications for cleaning purposes and wherever possible, use environmental cleaning agents.**

### WASTE CONTROL

As world-class resort hotels, we have always been extremely cautious with the waste disposal mechanisms at each property.

We adopt a clear waste segregation methodology that will help minimize the volume of waste sent to landfills. A major portion of our waste comprises of bio-degradable food waste, of which the wet garbage is made available to the local farming community as animal feed. This practice has not only led to closer

ties with local farming communities, but also provided a steady source of farm fresh produce. Notably, more than 60% of our daily fresh produce requirements are sourced in this manner, enabling us to present our guests with organic produce including fresh vegetable, fruits and farm fresh meats sourced from local growers and farmers. Moreover, through our local sourcing policy, we have been able to provide these farming communities with a stable livelihood, enabling them to uplift their living standards and benefit from broader social change. Taken together, all our properties have thus managed to impact nearly 1,000 people, in helping them to supplement their livelihoods.

### GUEST INITIATIVES

Our living spaces are designed on what we like to call an environmental “Greenscape” with a close affinity to nature and all its grandeur. All properties are designed to offer guests the opportunity to truly appreciate the captivating serenity of nature. As such we encourage all our guests to actively participate in our efforts to achieve a lighter carbon footprint.

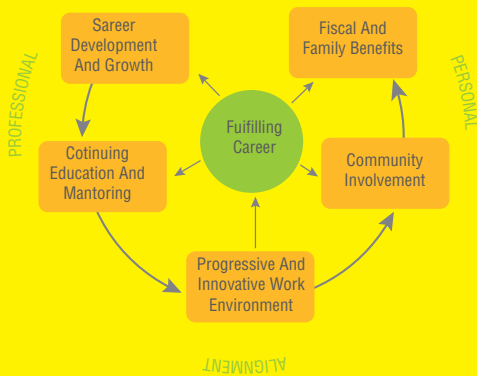
**“Where possible we will inform our guests about the differences they can make by saving energy, water, the use of products and services without impacting on their comfort during their stay”.**



*Planting Coconut trees at Shinagawa beach*

# HUMAN CAPITAL EMPOWERMENT

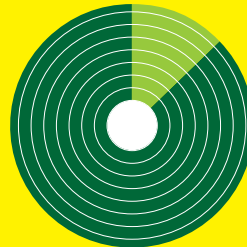
Our Human Resources Model



Given the ACAP's privileged position as part of Sri Lanka's corporate elite, the group has always strived to live up to its preferred employer status. Pursuing what is best described as an integrated strategy towards human capital empowerment, ACAP strives to create an environment where employees are motivated to align their personal and professional ambitions cognizant to long term corporate aspirations.

To create a suitable platform for employee growth, the group remains committed to create a progressive and innovative work environment for all 37 corporate employees and over 200 strong leisure sector workforce. As a first step, regulatory compliance is enforced by a strict code of business conduct, while the highest standards of ethical behaviour are adhered to, in all matters related to human resources. Among other things, the ACAP group does not at any point, engage child

Group-wide gender distribution (including Lesiure Sector) - 2014/15



● Male 87%  
● Female 13%

non-discriminatory work environment free of any form of harassment or bias.

Our leadership principles spell out the guidelines set out for managers, which includes the respectful treatment of colleagues, the creation of a strong feedback culture and the professional development of all employees. The crux of our human resource processes are summarised below;

## REMUNERATION POLICY

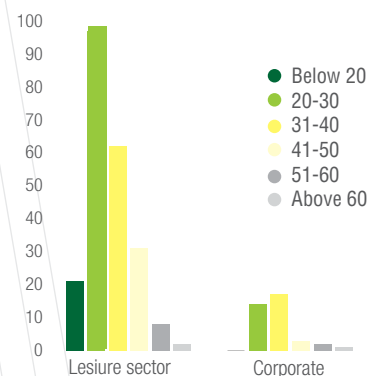
ACAP's remuneration structure is on par with market standards and is based solely on merit. No collective bargaining agreements are in force at present and salaries are fixed by individual employment contracts, while employees of the leisure sector are also entitled to a series of ancillary benefits including:

- "Ceylinco Suwasampatha" health insurance policy
- Duty Meals
- Uniforms
- Sport and welfare facilities
- Donation of Rs 15000/= in the event of a death in the family
- Flexible working conditions
- Eligibility for staff discounts on F & B and Room rates, at all Asia Leisure Properties in Sri Lanka

All employees also receive variable remuneration components from time to time, depending on their individual job performance and the success of the company.

labour and ensures that all employees are of the minimum legal age at the time of recruitment. Moreover the group believes that all employees enter into and remain in employment at their own free will and therefore does not promote forced or compulsory labour. Moreover, the ACAP group is firmly committed to ensuring a

Employee Age Analysis- 2014/15



Recruitments 2014/15

Property	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Total
Shinagawa	4	4	1	4	0	2	4	6	7	5	6	43
Taprobana	1	8	6	58	19	7	15	12	12	6	2	146
Tamarind Hill								6	1	3	2	12
River House								1	0	0	1	2
Head Office								1	0	1	0	2

### PERFORMANCE AND REWARDS MANAGEMENT POLICY

ACAP's Performance and Rewards Management Policy focuses on identifying talented employees and offering them opportunities for further development and enhanced prospects within the group.

To encourage employees' performance, incentives are provided based on their individual contribution and performance as a team. Other awards granted to employees are based on any significant improvement or innovative ideas to stimulate progress, while merit awards are also conferred in recognition of extended loyal service to the company.

Year	2014/15	
	Leisure Sector	Group
Percentage of employees whose performance was evaluated	100%	100%
Promotions	20	25
Transfers	3	14
Staff Turnover rate	12%	8%

The current talent management model allows supervisors to carry out systematic assessments of employees' performance and potential, based on a series of standardized rules and guidelines.

Employee performance is measured based on selected KPI's defined by the strategic focus for each year, with achievements correlated to predetermined goals and targets. This procedure also function as a tool to identify training gaps, while serving as the basis of strategic executive development and effective succession planning.

### EMPLOYEE ENGAGEMENT AND LABOUR RELATIONS POLICY

ACAP has always respected the employees' freedom of expression and continues to promote consultative dialogue as part of the open-door management strategy. The group has also successfully leveraged on this platform to inspire overall goal congruence among the workforce. As an effective feedback mechanism, the channel is also used as a common platform for addressing employee grievances. Given the successful outcomes, there has been no necessity for employees to be represented by unions.

### LEARNING AND SKILLS DEVELOPMENT FRAMEWORK

The recent changes in the business model has called for a rethink of the groups' learning and development module in line with the long term vision of Asia Capital PLC. Therefore, safeguarding the group's long term sustainability goals would mean developing a competent and motivated resource pool who possesses the capacity to fuel progressive change from within the business. This can only be done by continuously enhancing the capacity of the workforce cognizant to evolving business paradigms. Accordingly, the group remains committed to systematically train and develop the required technical competencies that are essential for proper process management of ACAP's core activities as a business promoter. Meanwhile, to be able to fulfill the deliverables in the leisure sector, the group has more recently commenced an aggressive campaign to uplift service levels on par with international hospitality standards.

However, aside from the specific competency-training plan aimed at improving the technical skills of the workforce, the group places much emphasis on professional and personal development in order to prepare managers

for their future assignments and boost their professional career prospects within the company.



### HEALTH AND SAFETY MANAGEMENT

The group policy regarding occupational health and safety specifies the fundamental principles for promoting the health and safety of all employees. The stated objective of this policy is to minimize the risk of accidents and injuries, as well as the risk of occupational illnesses, by means of intensified preventive measures, while striving to increase employees' awareness of their responsibilities regarding occupational health and safety. In addition to creating a safer work environment, the group aims also to transform people's mindsets and encourage employees to be more vigilant not only about their own personal safety, but also with that of their colleagues.

### WORK-LIFE BALANCE

Fostering contentment and motivation amongst the workforce has been a key driver of the group's business growth. Hence, every effort has been made to provide a healthy work /life balance for every Employee. In this regard, regular team building activities and a range of social events are arranged to strengthen the bond between colleagues.

# DOING IT WELL



## 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 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 that encapsulates the diversity of the group. The scope of activities carried out by the committee include:

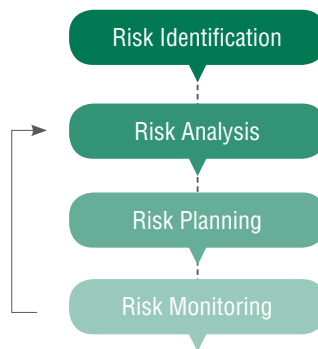
- Determining the risks faced by the ACAP group based on various criteria set out in the Risk Policy Manual
- Reviewing the risk profile of the company

- 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.

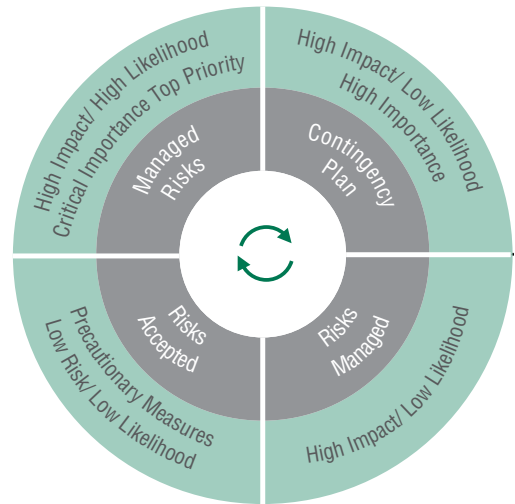


**PHASE 2 - Risk Analysis**

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
<b>RISK CATEGORY</b>	<ul style="list-style-type: none"> <li>• Inability to implement selected strategies or plans</li> <li>• Not achieving business objectives</li> <li>• Inappropriate or adverse decision making</li> <li>• Lack of responsiveness to industry changes</li> <li>• Ill - timed investments in capital ventures</li> <li>• Failure to optimise risk / return formula through business strategies</li> </ul>	<ul style="list-style-type: none"> <li>• The Risk Management committee has recommended a 5 year strategic plan, revised annually.</li> <li>• Comprehensive budgeting and variance analysis done at company and SBU level</li> </ul>
<b>COMPETITION RISK</b>	<p><b>Internal Risks</b></p> <ul style="list-style-type: none"> <li>• Over reliance on existing products</li> <li>• Failure to adopt new technology</li> <li>• Inability to introduce new products and deviate from the market</li> </ul> <p><b>External Risks</b></p> <ul style="list-style-type: none"> <li>• Introduction of new products by competitors</li> <li>• Adverse promotional campaigns</li> </ul>	<ul style="list-style-type: none"> <li>• 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</li> <li>• Direct competitor analysis is carried out on a quarterly basis and Key Performance Indicators are analysed and compared industry wide</li> </ul>

RISK MANAGEMENT | CONTD.

Risk Category	Elements of Risk	Risk Control Strategy
<b>LIQUIDITY RISK</b>	<ul style="list-style-type: none"> <li>• Non-availability of adequate working capital requirements</li> <li>• Lack of liquid resources to secure a viable business opportunity</li> <li>• Inability to meet regulatory cash reserves</li> </ul>	<ul style="list-style-type: none"> <li>• Continuous review of group working capital requirements</li> <li>• Strict management and control of funding</li> <li>• Continuous monitoring and control of debtors and creditors mismatch</li> </ul>
<b>MARKET RISK</b>	<ul style="list-style-type: none"> <li>• Adverse financial impact on the company resulting from the fluctuation of interest rates</li> <li>• Currency Fluctuations</li> <li>• Variations in equity and commodity prices</li> <li>• Volatile property values</li> </ul>	<ul style="list-style-type: none"> <li>• In accordance with the risk management committee recommendations, the research division monitors economic indicators</li> <li>• Findings are presented to the strategic planning committee along with recommendations on strategies that negate any adverse effects</li> </ul>
<b>CREDIT RISK</b>	<ul style="list-style-type: none"> <li>• Partial or full default of obligations by Asia Capital counterparties</li> </ul>	<ul style="list-style-type: none"> <li>• Regular review of counterparty exposure limits and eliminating excessive exposure to one party</li> <li>• Formulation of solid legally binding agreements for all contracts with third parties</li> <li>• Ensure proper Security/Collateral /back ground checks prior to granting loans to third parties</li> <li>• Maintaining strong relationships with creditors</li> </ul>
<b>IT RISK</b>	<ul style="list-style-type: none"> <li>• System failures</li> <li>• System errors and breakdowns</li> <li>• Unauthorised system access</li> <li>• Improper use of information</li> <li>• Non-availability of required IT platforms or inadequate IT support</li> </ul>	<ul style="list-style-type: none"> <li>• The comprehensive group IT policy is outlined in the IT security policy manual</li> <li>• Asia Capital has appointed an IT security, risk and infrastructure manager to overlook the IT risk management function</li> <li>• 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</li> </ul>
<b>SOCIAL AND POLITICAL RISK</b>	<ul style="list-style-type: none"> <li>• Impact of political instability and social unrest that affects the day-to-day operations</li> </ul>	

Risk Category	Elements of Risk	Risk Control Strategy
<b>HR RISK</b>	<ul style="list-style-type: none"> <li>• Improper recruitment procedures due to failure to provide adequate compensation and benefits to the right employee</li> <li>• Occupational health and safety issues</li> <li>• Unethical employee conduct and high employee turnover</li> </ul>	<ul style="list-style-type: none"> <li>• 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</li> <li>• A comprehensive orientation programme for new recruits</li> <li>• Ongoing training programs conducted regularly for existing employees</li> <li>• Provision of a safe work environment for all employees by carrying out regular safety checks</li> <li>• Increasing employee awareness of group HR policies and procedures</li> <li>• Motivational programmes are organised for all staff, existing and new</li> <li>• Comprehensive performance reviews are conducted periodically</li> <li>• Availability of detailed HR manuals</li> </ul>
<b>FRAUD RISK</b>	<ul style="list-style-type: none"> <li>• Malpractices</li> <li>• Money Laundering</li> <li>• Fraudulent actions and mismanagement of assets</li> </ul>	<ul style="list-style-type: none"> <li>• The controls are reviewed periodically and internal auditors conduct regular reviews of areas which are susceptible to fraud.</li> <li>• The company has implemented a strong control environment with appropriate internal controls and an employee code of conduct to be adopted by all employees at the relevant level.</li> <li>• Effective internal control system (Fraud management system) to prevent fraud</li> </ul>
<b>REPUTATION RISK</b>	<ul style="list-style-type: none"> <li>• Actions which affect the credibility and goodwill of the Group</li> </ul>	<ul style="list-style-type: none"> <li>• PR campaigns are organised in order to enhance brand image</li> </ul>

#### 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.

# DOING IT WELL

## CORPORATE GOVERNANCE

	Reference to SEC & ICASL Code, CSE Listing Rules	Compliance	Details of Compliance
<b>1. COMPANY</b>			
<b>A.1 Directors (The Board)</b>	A.1/7.10.1(a), 7.10.2(a) and 7.10.3(c-d)	Complied	<p>The Board of Directors currently consist of eight members including the Chairman</p> <p>The day to day monitoring of operations of the organization 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"> <li>I Company strategy and business plan</li> <li>II Financial reporting and internal controls</li> <li>III Financial performance</li> <li>IV Dividend policy</li> <li>V Changes to capital structure</li> <li>VI Constitution and performance of the Board Committees</li> <li>VII Regulatory compliance</li> </ul>
Company Board Meetings	A.1.1	Complied	Five (5) board meetings were held to review financial performance and to consider other matters such as strategic and operational plans



	Reference to SEC & ICASL Code, CSE Listing Rules	Compliance	Details of Compliance
Responsibilities of the Board	A.1.2	Complied	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
Compliance with laws and access to independent professional advice	A.1.3	Complied	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
Company Secretary	A.1.4	Complied	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.
Independent judgment of the Directors	A.1.5	Complied	All the Board members actively participate in the Board meetings by bringing up their own Independent judgment
Dedicating Adequate time and effort	A.1.6	Complied	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
Training for new and Directors	A.1.7	Complied	The Directors are provided with training as and when its required

### A.2. Chairman and Chief Executive Officer

There is a clear demarcation of the responsibilities between our Chairman and our CEO. The functions performed by the Chairman and our CEO are distinct and separate, ensuring the balance of power and authority within the organization, so that no person has unfettered powers of decision-making and implementation.

### A.3 Chairman's Role

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

Role of Chairman	A.3.1	Complied	The Chairman should ensure Board proceedings are conducted in a proper manner
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### A.4 Financial Acumen

Financial acumen	A.4	Complied	Our directors with their academic and/or entrepreneurial financial skills, business acumen and wide practical wisdom contribute substantial value, knowledge and independent judgment to decision making on matter concerning finance and investment
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CORPORATE GOVERNANCE | CONTD.

	Reference to SEC & ICASL Code, CSE Listing Rules	Compliance	Details of Compliance
<b>A.5 Board Balance</b>			
Presence of Non-Executive Directors	A.5.1 7.10.1(a), 7.10.2(a) and 7.10.3(a)	Complied	Seven of the eight directors on the Board hold office in a non-executive capacity
Independence of Non-Executive Directors	A.5.2 & 5.3 5.5, 7.10.2(a-b) and 7.10.3(a-b)	Complied	The board comprises of three independent non executive directors
Annual Declaration of Non-Executive Directors	A.5.4 7.10.2(b)	Complied	Each non executive director has submitted his/her declaration to the CSE.  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)
Requirement to appoint a 'Senior on-Executive Director'	A.5.6 and A.5.7	Not applicable	This is not relevant to the Company as the Chairman and CEO roles are segregated
Chairman conducting meetings with the Non-Executive Directors	A.5.9	Complied	The Chairman meets with the Independent non-Executive Directors as and when necessary
Recording of concerns in the Board minutes	A.5.10	Complied	Where Directors have concerns about the matters of the Company which cannot be unanimously resolved, their concerns are recorded in the Board minutes
<b>A.6 Supply Information</b>			
Obligation of the Management to provide appropriate and timely information	A.6.1	Complied	The Group has a state-of-the-art management information system to process and monitor the performance of the Group and appropriate and timely information is made available to the Board members who make further inquiries when necessary.
Adequate time for circulation at respective Board documents	A.6.2	Complied	Board papers, agenda and previous board minutes are tabled one week prior to the board Meeting
<b>A.7 Appointment to the Board</b>			
Nomination Committee and the assessment of composition of the Board	A.7.1 and A.7.2	Complied	The names of the members of the Committee are on page 54 and on the inner back cover of this Annual Report.
Disclosure to Shareholders	A.7.3	Complied	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 53-57 of this Annual Report

	Reference to SEC & ICASL Code, CSE Listing Rules	Compliance	Details of Compliance
<b>A.8 Re-election</b>			
Re-election of Directors	A.8.1 and A.8.2	Complied	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
<b>A.9 Appraisal of Board performance</b>			
Appraisals of the Board and the subcommittees	A.9.1, A.9.2 and A.9.3	Complied	The Board annually appraises itself on its performance in the discharge of its key responsibilities. The Board also undertakes an annual self evaluation of its own performance and that of its committees and the Board states how such performance evaluations have been conducted.
<b>A.10 Disclosure of information in respect of Directors</b>			
Directors' disclosures	A.10.1 7.10.3(c-d)	Complied	The names of the Directors of the Board, their leadership expertise, skills and their profiles are disclosed on pages 6 to 7 of this Annual Report. Director's interests in contracts are indicated in Note 35 of the Financial Statements of this Annual Report. Names of the Chairmen and the members of the Boards Committees are provided on page 54 and in the inner back cover of this Annual Report
<b>A.11 Appraisal of Chief Executive</b>			
Setting of the annual targets and the appraisal of the CEO	A.11.1 and A.112	Complied	The CEOs performance is reviewed annually
<b>B. DIRECTORS' REMUNERATION</b>			
<b>B.1/ 7.10.5 Remuneration Procedure</b>			
Establishment of a Remuneration and its composition	B.1.1, B.1.2 and B.1.3 7.10.5(a) and 7.10(b)	Complied	The Remuneration Committee comprises of Three (3) independent non-executive directors. 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 61 of this Annual Report
Determination of the remuneration of the Non-Executive Directors	B.1.4	Complied	The Board as a whole decides the remuneration of the Non-Executive Directors. The Non-Executive Directors receive a fee for being a Director of the Board and fee participating as a sub committee member.
Consultation with the Chairman and the CEO	B.1.5	Complied	Input of the Chairman is obtained as the Chairman of the said Sub Committee. External professional advice is sought on a need basis.

CORPORATE GOVERNANCE | CONTD.

	Reference to SEC & ICASL Code, CSE Listing Rules	Compliance	Details of Compliance
<b>B.2 Level and Makeup of Remuneration</b>			
Level and makeup of the remuneration of Directors and comparison of remuneration with other Companies	B.2.1,2.2 and 2.3	Complied	The remuneration scheme for Executive Directors is structured to align rewards to their individual and Corporate performance targets.
Performance-based remuneration	B.2.4	Complied	The performance related payments for Executive Directors is structured to align with individual and Corporate performance targets.
Executive share options	B.2.5	Not applicable	
Designing the remuneration	B.2.6	Complied	Provisions set-out in Schedule E of the Code of Best Practice is considered.
Early termination of Directors	B.2.7 ad B.2.8	Complied	
Remuneration of Non-Executive Directors	B.2.9	Complied	Non-Executive Directors fees are compared with the market rates.
<b>B.3 / 7.10.5 (C) DISCLOSURE OF REMUNERATION</b>			
Disclosure of remuneration policy and aggregate remuneration	B.3.1	Complied	Please refer Remuneration Committee Report
<b>C. RELATIONS WITH SHAREHOLDERS</b>			
<b>C.1 Constructive use of Annual General Meeting</b>			
Use of Proxy	C.1.1	Complied	We ensure that all proxy votes are counted and the quantum of proxies lodged on each resolution is conveyed to our Chairman.
Separate resolution for substantially separate issues	C.1.2	Complied	Separate resolutions are proposed at an Annual General Meeting on each substantially issue.
Chairman of Board Committees to be present	C.1.3	Complied	At an AGM the respective Chairmen of the Remuneration, Audit and Nomination Committees are present to provide any clarification to shareholders as necessary
Adequate notice of Annual General Meeting and summary of Procedure	C.1.4 and C.1.5	Complied	The notice and the agenda of the AGM together with the Annual Report of the Company containing the relevant documents are sent to the shareholders giving 15 working days' notice prior to the date of the AGM.

	Reference to SEC & ICASL Code, CSE Listing Rules	Compliance	Details of Compliance
<b>C.2 COMMUNICATION WITH SHAREHOLDERS</b>			
Effective communication with the shareholders	C.2.1,C.2.2,C.2.3,C.2.4	Complied	The Board maintains a two-way communication with all investors providing an opportunity to seek non-price sensitive information throughout the year by conducting meetings and discussions and answering queries through our Company Secretarial Division and/or Communications Teams
<b>C.3 MAJOR TRANSACTIONS</b>			
Disclosures of Major transactions	C.3.1	Complied	
<b>D. ACCOUNTABILITY AND AUDIT</b>			
<b>D.1 Financial Reporting</b>			
Board responsibility to present the financial statements	D.1.1	Complied	The Board presents a balanced and understandable assessment which extends to interim and other price-sensitive public reports to regulators, as well as to information required to be presented by statutory requirements complying with regulatory deadlines.
Annual Report of the Directors	D.1.2	Complied	Declaration by the Directors that the company has not engaged in any activities, which contravene laws and regulations, declaration of all material interests in contracts, equitable treatment of shareholders and going concern with supporting assumptions or qualifications as necessary.  Please refer to the Annual Report of the Directors on page 53
Statement by the Directors and the Auditors	D.1.3	Complied	Please refer the Statement of Directors Responsibility on page 59.
Management discussion and analysis	D.1.4	Complied	Please refer Management Discussion and Analysis on page 20 to 39.
Declaration by the Board as to whether the business is a going concern	D.1.5	Complied	Please refer to the Annual Report of the Directors on page 53.
Requirement for an Extraordinary General meeting in a situation of serious loss of capital	D.1.6	Not Applicable	
<b>D.2 Internal Control</b>			
Directors to review Internal Controls	D.2.1	Complied	The Board is responsible for establishing a sound framework of risk management and internal controls and monitoring its effectiveness on a continuous basis.

CORPORATE GOVERNANCE | CONTD.

	Reference to SEC & ICASL Code, CSE Listing Rules	Compliance	Details of Compliance
Requirement to review the need for an Internal Audit function	D.2.2	Not applicable	The Group already has an internal audit division, and as such this is not applicable.

**D.3/7.10.6 Audit Committee**

Composition of the Audit Committee and its Duties	D.3.1 and D.3.2/7.10.6(a) and 7.10.6(b)	Complied	Please refer to the Audit Committee Report on page 60.
Terms of Reference of the Audit Committee	D.3.3	Complied	Please refer to the Audit Committee Report on page 60.
Disclosure of names of the members of the Audit Committee	D.3.4 7.10.6(c)	Complied	Please refer to the Audit Committee Report on page 60.

**D.4 Code of Business Conduct and Ethics**

We are committed to carrying out all business activities to the highest standards of integrity, ethical values and professionalism, whilst following the laws of the country, international laws and compliance as per our stakeholders' expectations.

Disclosure on a presence of code of business conduct and ethics	D.4.1	Complied	
Affirmation of the code of conduct and ethics	D.4.2	Complied	As per our Chairman's statement on Page 14 of this Annual Report, we affirm our adherence to good business conduct and ethics

**D.5 Corporate Governance Disclosures**

Disclosures of Corporate Governance	D.5.1	Complied	We aim to achieve greater year-on-year growth and value creation, improve stakeholder satisfaction and relationships in all our business activities, whilst adhering to the highest standards of corporate governance as is evident in this AR on pages 46 to 52.
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**2. SHAREHOLDERS**

**E. INSTITUTIONAL INVESTORS**

Shareholder voting	E.1.1	Complied	We conduct regular and structured dialogue with shareholders based on a mutual understanding of objectives.
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**F. OTHER INVESTORS**

**F.1 Investing and divesting decision**

Investing and divesting decision	F.1	Complied	Individual shareholders, investing directly in shares of companies are encouraged to carry out adequate analysis or seek independent advice in investing or divesting decisions
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**F.2 Shareholders Voting**

Individual shareholders' voting	F.2	Complied	Individual shareholders are encouraged to participate in General Meetings of companies and exercise their voting rights.
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# 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 2015.

## PRINCIPAL ACTIVITIES

### Review of Operations

The Chairman's Review on pages 14 to 15 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. A detailed analysis of the operations and financial results is contained in the Management Discussion and Analysis on pages 20 to 39 in this report.

## FINANCIAL STATEMENTS

The Directors are of the view that the income Statement, Balance Sheet, Statement of changes in equity, Cash Flow Statement, Significant Accounting Policies, and Notes thereto appearing on pages 64 to 106 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 63

## ACCOUNTING POLICIES

The accounting policies adopted in the preparation of Financial Statements are given in pages 68 to 74.

## FINANCIAL RESULTS

For the year ended 31st March	GROUP		COMPANY	
	2015	2014	2015	2014
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Profit/(loss) for the year before taxation	(380,927)	(615,763)	(364,599)	(376,598)
Income Taxation	(7,680)	(6,992)	(15,859)	(14,726)
Profit/(loss) for the Year After Taxation	(388,607)	(622,755)	(380,458)	(390,323)
Non-Controlling interest	(41,439)	(2,007)	-	-
Profit/Loss Attributable to Equity Holders of the Parent Company	(347,168)	(620,748)	(380,458)	(391,323)

## 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 79 to 81.

## STATED CAPITAL

The stated Capital of the Company as at 31st March 2015 was Rs. 1,498,498,000/-

## 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 36 on page 98 of the Financial Statements.

## PROVISIONS

The basis adopted for provisioning is disclosed in accounting policy No. 3.6.3.

## PROVISION FOR THE TAXATION

The provision for the taxation is computed at the rates disclosed in Note 10 on pages 76 to 77 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 2015 are set out in Notes 36 and on page 98 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 are 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

The Directors of the Company during the year were as follows.

Mr. J.H.P. Ratnayeke- Chairman

Mr. A.D.Ross

Mr. Valentine Siva Jr.

Mr. R.J. Wickramasinghe

Mr. S.A. Abeyesinhe

Mr. Toshiaki Tanaka

Mr. Zaheer Merchant

Mr. Yoshimichi Watanabe (*appointed with effect from 23rd September 2014*)

## ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY | CONTD.

Mr. S.A. Abeyesinhe (*Alternate Director to Mr. Valentine Siva Jr, appointed with effect from 6th June, 2011*)

Mr. S.A. Abeyesinhe (*Alternate Director to Mr. J.H.P. Ratnayake, appointed with effect from 29th August, 2011*)

### APPOINTMENTS DURING THE YEAR

Mr. Yoshimichi Watanabe

### RESIGNATIONS DURING THE YEAR

No resignations were made during the financial year

### APPOINTMENTS AFTER THE CONCLUSION OF THE YEAR

No appointments were made after the conclusion of the financial year

### DIRECTORS WHO HELD OFFICE AS AT THE END OF THE ACCOUNTING PERIOD-31ST MARCH 2014

Mr. J.H.P. Ratnayake- *Chairman*

Mr. A.D.Ross

Mr. Valentine Siva Jr.

Mr. R.J. Wickramasinghe

Mr. S.A. Abeyesinhe

Mr. Toshiaki Tanaka

Mr. Zaheer Merchant

Mr. Yoshimichi Watanabe

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 Seven (07) Directors, Mr. A.D. Ross, Mr. Valentine Siva Jr and Mr. R.J. Wickramasinghe are *non-executive, independent Directors.*

Directors retiring (*at the Annual General Meeting*)

Mr. R.J. Wickramasinghe 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.

### 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.

An Audit Committee, Remuneration Committee, Nominations Committee and Related Party 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. R.J. Wickramasinghe (*Independent Non – Executive Director*)

Mr. Valentine Siva Jr (*Independent Non – Executive Director*)

Mr. A.D.Ross (*Independent Non-Executive Director*)

### REMUNERATION COMMITTEE

Mr. R.J. Wickramasinghe (*Independent Non – Executive Director*)

Mr. Valentine Siva Jr. (*Independent Non – Executive Director*)

Mr. A.D.Ross (*Independent Non-Executive Director*)

### NOMINATIONS COMMITTEE

Mr. R.J. Wickramasinghe (*Independent Non – Executive Director*)

Mr. Valentine Siva Jr. (*Independent Non – Executive Director*)

Mr. A.D.Ross (*Independent Non-Executive Director*)

### RELATED PARTY TRANSACTION COMMITTEE

Mr. R.J. Wickramasinghe (*Independent Non – Executive Director*)

Mr. Valentine Siva Jr. (*Independent Non – Executive Director*)

Mr. A.D.Ross (*Independent Non-Executive Director*)

Arrangement for Acquisition of Shares by Directors

### DIRECTORS' INTEREST REGISTER

In terms of the Companies Act No.7 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 9 on pages 76 of the Financial Statements.

Name	No. of Shares as at 31st March 2015	No. of Shares as at 31st March 2014
J.H.P. Ratnayeke/ Seylan Bank PLC	30	30
A.D.Ross	-	-
Valentine Siva Jr.	-	-
R.J. Wickramasinghe	-	-
S. A. Abeyesinhe	-	-
Mr.T. Tanaka	400,000	400,000
Mr. Z. Merchant	-	-
Mr. Y. Watanabe	11,539,353	-

Directors Shareholdings as at 31st March 2014 to 30th June 2015



**DIRECTORS' INTEREST IN SHARES****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 35 on pages 95 of the Financial Statements.

**SHAREHOLDERS INFORMATION**

The distribution and analysis of shareholdings were as follows;

	As at 31st March 2015			As at 31st March 2014		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1-1000	5,402	820,390	0.6247	5,437	782,210	0.7111
1001-10,000	742	2,195,866	1.6720	563	1,384,431	1.2585
10,001 – 100,000	99	2,621,348	1.9960	46	1,135,290	1.0321
100,001-1,000,000	5	1,512,089	1.1514	3	1,059,668	0.9633
1,000,001 & over	5	124,180,302	94.5559	4	105,638,401	96.035
Total	6,253	131,329,995	100	6,053	110,000,000	99.999990

	As at 31st March 2015			As at 31st March 2014		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
Resident	6,187	8,193,891	6.2392	5,991	9,812,534	8.9204
Non-Resident	66	123,136,104	93.7608	62	100,187,466	91.0795
Total	6,253	131,329,995	100	6,053	110,000,000	99.9999

	As at 31st March 2015			As at 31st March 2014		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
Individual	6,125	121,456,142	92.4816	5,937	97,460,229	88.6002
Institutional	128	9,873,853	7.5184	116	12,539,771	11.3997
Total	6,253	131,329,995	100	6,053	110,000,000	99.9999

## ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY | CONTD.

## 20 LARGEST HOLDERS OF EQUITY

	Name	As at 31st March 2015		As at 31st March 2014	
		No of Shares	%	No of Shares	%
1	Mr. Dato Vijayeswaran S. Vijayaratnam	94,039,467	71.61	94,039,467	85.49
2	Mr. Yoshimichi Watanabe	11,539,353	8.79	-	-
3	Mr. Eiji Watanabe	9,790,642	7.45	-	-
4	Fast Gain International Limited	6,785,400	5.17	5,489,914	4.99
5	P. W. Corporate Seecretarial (Pvt) Ltd – Trustees to Esop	2,025,440	1.54	2,025,440	1.84
6	Mr. Hans Anton Van Starrex	547,217	0.42	-	-
7	Mr. Toshiaki Tanaka	400,000	0.30	400,000	0.36
8	Sandwave Limited	307,472	0.23	-	-
9	Asha Financial Services Limited Mr. C. N. Pakianathan	141,000	0.11	-	-
10	Asia Asset Finance PLC	116,400	0.09	116,400	0.11
11	Mr. Semasinghe Nawaratna Chandrasekara Wanninakandegedara	100,000	0.08	-	-
12	Mr. Hamish Winston McDonald Woodward	98,300	0.07	-	-
13	Mr. Hewawasam Puwakpitiyage Chamila Roshan Priyadarshana	82,060	0.06	-	-
14	Mr. Amir Lukmanjee	71,542	0.05	39,212	0.04
15	Mrs. Deegala Nilanthi Keerthisinghe	70,000	0.05	-	-
16	Anglo Amalgamated (Pty) Ltd.	67,000	0.05	67,000	0.06
17	Mr. Gorakanage Feligian Sylvester Peries	59,857	0.05	-	-
18	Mr. Jayantha Jayasinghe	58,645	0.04	-	-
19	Mrs. Manjula Morarji Udeshi	55,880	0.04	55,880	0.05
20	Mr. Kanagasingam Kularatnam	54,290	0.04	34,300	0.03

## PUBLIC SHAREHOLDING

The percentage of public shareholding as at the 31st of March 2015 was 6.68%

## ANNUAL GENERAL MEETING

The notice of the Annual General Meeting is on page 110.

## AUDITORS

The Financial Statements for the year ended 31st March 2015 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.

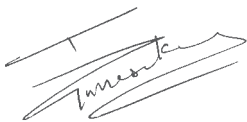
By Order of the Board



**J H P Ratnayeke**  
Chairman/ Director



**S A Abeyesinhe**  
Director/ Group Chief Executive Officer



**P.R. Secretarial Service (Private) Limited**  
Secretaries

10th August 2015

## 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 requirements of the following,

Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka, Companies Act No. 7 of 2007,

Sri Lanka Accounting & Auditing Standards Act No. 15 of 1995

Listing rules of the Colombo Stock Exchange, and

Code of Best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka and Securities Exchange Commission of Sri Lanka.

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

10th August 2015

## 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 transaction 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 the Company and the Group for that financial year.

In the circumstances, the Directors of the Company state below their responsibilities in relation of the Financial Statements of the Company and its subsidiaries and associates for the year ended 31st March, 2015. These differ from the Auditors responsibilities, which are set out in their report given on page 63. 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 of the Company's internal control systems lies with the Directors. Whilst recognizing 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 authorized 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 plants, 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



**R J Wickramasinghe**  
Director

10th August 2015

## AUDIT COMMITTEE REPORT

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

- 1 Mr. R J Wickramasinghe**  
(Chairman) – Independent Non-Executive Director
- 2 Mr. V Siva jr**  
Independent Non-Executive Director
- 3 Mr. A D Ross**  
Independent Non-Executive Director

Mr. R J Wickramasinghe, FCMA, FCCA, Acc. Dir. SL, has over thirty years of experience in the fields of Finance, Operations and General management both internationally and locally.

Mr. V Siva jr is a Certified Public Accountant (CPA) from the Malaysian Institute of Certified Public Accountants. He has vast experience in corporate finance, strategy, performance management and capital markets.

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

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 stakeholders.

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 Group Chief Executive Officer and the Group Chief Finance Officer attended meetings at the invitation of the Committee.

### 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. The Company is compliant with the SLFRS and 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 the listing rules of the Colombo Stock Exchange have been met.



**R J Wickramasinghe**  
Chairman - Audit Committee

10th August 2015

## REMUNERATION COMMITTEE REPORT

Remuneration Committee consists as follows:

<b>Mr. R J Wickramasinghe (Chairman)</b>	-Independent Non-Executive Director
<b>Mr. V Siva jr</b>	-Independent Non-Executive Director
<b>Mr. A D Ross</b>	-Independent Non-Executive Director

The Chairman and the Chief Executive Officer attend 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 the remuneration of staff with the skills, expertise and quality demanded off them. This is to ensure that the Company is able to attract, motivate and retain high quality management in competitive environment and 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 market place.

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



**R J Wickramasinghe**  
Chairman - Remuneration Committee

10th August 2015

## FINANCIAL INFORMATION

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# INDEPENDENT AUDITORS' REPORT



**KPMG**  
(Chartered Accountants)  
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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 consolidated statement of financial position as at 31st March 2015, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and, cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information set out on pages 64 to 106.

### Board's responsibility for the financial statements

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

### Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we comply with ethical requirements

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

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

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

### Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31st March 2015, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

### Emphasis of matter

Without qualifying our opinion, we draw attention to Note 38 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

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

- a) The basis of opinion and scope and limitations of the audit are as stated above.
- b) In our opinion:
  - we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company
  - The financial statements of the Company, and the Group comply with the requirements of section 151 and 153 of the Companies Act No. 07 of 2007.

Chartered Accountants

10 August 2015  
Colombo

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 ACA
R.H. Rajan ACA		

Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March		GROUP		COMPANY	
	Note	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000
Revenue	5	1,651,075	970,321	868,462	226,798
Cost of Sales		(1,037,322)	(505,027)	(849,525)	(178,942)
<b>Gross Profit</b>		<b>613,753</b>	<b>465,294</b>	<b>18,937</b>	<b>47,856</b>
Other Operating Income	6	109,857	105,861	49,196	171,824
Selling and Distribution Expenses		(96,207)	(108,623)	(43,358)	(55,515)
Administrative Expenses		(739,761)	(806,550)	(136,032)	(178,131)
Other Operating Expenses		(154,885)	(135,203)	(143,980)	(240,493)
Provision for Impairment of Receivables	7	(10,901)	(29,887)	(17,962)	(1,241)
Net Finance Income/(Costs)	8	(102,784)	(106,655)	(91,400)	(120,896)
<b>Loss Before Taxation</b>	9	<b>(380,927)</b>	<b>(615,763)</b>	<b>(364,599)</b>	<b>(376,598)</b>
Income Tax Expenses	10	(7,680)	(6,992)	(15,859)	(14,726)
<b>Loss for the Year</b>		<b>(388,607)</b>	<b>(622,755)</b>	<b>(380,458)</b>	<b>(391,323)</b>
<b>Other Comprehensive Income</b>					
Actuarial gain/(Loss) on defined benefit obligations (net of tax)		(3,143)	8,015	(3,132)	4,820
Revaluation Surplus/(Loss) on Property, Plant and Equipment		-	(88)	-	(1,349)
Other Comprehensive Income/Expense for the year, net of tax		(3,143)	7,927	(3,132)	3,471
<b>Total Comprehensive Expense for the year</b>		<b>(391,750)</b>	<b>(614,828)</b>	<b>(383,590)</b>	<b>(387,852)</b>
<b>Loss Attributable to</b>					
Equity Holders of the Parent Company		(347,168)	(620,748)	(380,458)	(391,323)
Non-Controlling Interests		(41,439)	(2,007)	-	-
		(388,607)	(622,755)	(380,458)	(391,323)
<b>Total Comprehensive Expense Attributable to</b>					
Equity Holders of the Parent Company		(350,311)	(612,821)	(383,590)	(387,852)
Non-Controlling Interests		(41,439)	(2,007)	-	-
<b>Total Comprehensive Loss for the year</b>		<b>(391,750)</b>	<b>(614,828)</b>	<b>(383,590)</b>	<b>(387,852)</b>
Basic Loss Per Share (Rs.)	11	(3.41)	(5.64)	(3.01)	(3.56)

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 68 to 106.

# STATEMENT OF FINANCIAL POSITION

As at 31st March	Note	GROUP		COMPANY	
		2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000
<b>ASSETS</b>					
Non-Current Assets					
Property, Plant and Equipment	12	1,492,604	1,290,956	20,078	17,219
Intangible Assets	13	127,403	147,271	11,141	16,694
Investment Properties	14	-	98,353	-	-
Investments in Subsidiaries	15.1	-	-	327,522	1,362,614
Available for Sale Financial Assets	20	10,000	10,000	-	-
Long Term Deposits and Advances	17	29,325	19,139	9,899	8,398
Trade and Other Receivables	23	-	1,463,832	-	-
Deferred Taxation	27	-	88,627	-	-
		1,659,332	3,118,179	368,640	1,404,925
<b>Current Assets</b>					
Inventories	18	280,518	319,177	-	-
Loans and Receivable	19	157,937	371,184	158,224	215,640
Financial Assets Available For Sale	20	-	579	-	-
Fair Value Through Profit & Loss	21	251,731	124,774	251,731	43,765
Loans given to ESOP	16	3,414	3,414	3,414	3,414
Income Tax Receivable		1,534	7,337	-	1,877
Trade and Other Receivables	23	229,057	1,845,599	95,650	37,082
Amounts due from Related Parties	24	-	63	1,381,857	1,146,477
Cash and Cash Equivalents	25	57,809	367,169	18,074	5,087
		982,000	3,039,296	1,908,950	1,453,342
<b>Total Assets</b>		<b>2,641,332</b>	<b>6,157,475</b>	<b>2,277,590</b>	<b>2,858,267</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and Reserves</b>					
Stated Capital	26	1,498,498	1,114,558	1,498,498	1,114,558
Revaluation Reserve		43,634	45,779	5,905	5,905
Capital Reserves		-	5,922	-	-
General Reserve		-	19,054	-	-
Accumulated Losses		(1,192,237)	(880,200)	(827,903)	(444,313)
Shareholders' Fund		349,895	305,113	676,500	676,150
Non-Controlling Interests	34.1	19,852	263,492	-	-
<b>Total Equity</b>		<b>369,747</b>	<b>568,605</b>	<b>676,500</b>	<b>676,150</b>
<b>Non-Current Liabilities</b>					
Retirement Benefit Obligations	28	19,188	30,190	11,453	6,321
Interest Bearing Borrowings - Non Current	30	1,869,675	1,538,808	1,371,621	1,308,344
Trade and Other Payables	31	-	649,272	-	-
		1,888,863	2,218,270	1,383,074	1,314,665
<b>Current Liabilities</b>					
Non - Interest Bearing Borrowings- Current	29	111,011	132,615	111,011	132,615
Interest Bearing Borrowings - Current	30	139,420	121,189	59,771	258,675
Debentures		-	10	-	-
Trade and Other Payables	31	105,164	2,705,417	36,550	24,804
Amounts due to Related Parties	32	-	862	-	194,309
Income Tax Payable		7,147	26,725	6,305	-
Bank Overdrafts	25	19,978	383,782	4,379	257,049
		382,720	3,370,600	218,016	867,452
<b>Total Liabilities</b>		<b>2,271,585</b>	<b>5,588,870</b>	<b>1,601,090</b>	<b>2,182,118</b>
<b>Total Equity and Liabilities</b>		<b>2,641,332</b>	<b>6,157,475</b>	<b>2,277,590</b>	<b>2,858,267</b>
Net Assets Per Share (Rs.)		2.66	5.17	5.15	6.15

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 68 to 106.

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,



**J.H.P. Ratnayake**  
Chairman

10th August 2015  
Colombo.



**S.A. Abeyesinhe**  
Director/Group CEO

# STATEMENT OF CASH FLOW

For the year ended 31 March

	Note	GROUP		COMPANY	
		2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Loss before Income Tax Expense		(380,927)	(615,763)	(364,599)	(376,598)
<b>Adjustments for:</b>					
Provision for Retiring Benefit Obligation	28	4,830	8,211	2,000	1,863
Depreciation on Property, Plant and Equipment	12	122,961	87,408	8,528	10,308
Amortisation on Intangible Assets		5,928	10,842	5,553	6,040
(Gain)/loss on translation of foreign currency		-	-	5,383	27,409
(Profit)/Loss on Disposal Property, Plant and Equipment		(25,483)	(23,350)	(10,655)	-
Profit on Disposal of Subsidiary	33	(132,088)	-	14,103	-
Unrealised Capital/Loss		-	-	(5,701)	-
(Reversal)/Provision of impairment of Receivable		-	29,887	(30,169)	(167,468)
Provision for fall in value of investments		-	-	-	146,043
Provision for long Term Deposits & Advances		10,901	-	17,961	1,241
Interest Income	8	(16,099)	(45,857)	(13,607)	(59,753)
Interest Expenses	8	118,883	152,512	105,007	180,649
Operating Loss before working capital changes		(291,094)	(396,110)	(266,196)	(230,266)
(Increase)/decrease in Inventories		38,659	(26,914)	-	-
(Increase)/decrease in Loans & Receivable		213,246	621,651	57,416	525,026
(Increase)/decrease in Financial Assets Available For Sale		579	-	-	-
(Increase)/decrease in Fair Value Through Profit & Loss		(126,957)	(77,393)	(202,263)	(3,158)
(Increase)/decrease in Trade and Other Receivables		3,080,375	(501,014)	(63,038)	2,837
(Increase)/decrease in Amount due from Related Parties		63	(5)	(230,910)	(466,626)
Increase /(decrease) in Trade and Other Payables		(3,249,525)	437,879	6,598	(45,198)
Increase /(decrease) in Amount due to Related Parties		862	(862)	-	(98,970)
Cash generated from / (used) in operations		(333,792)	57,232	(698,393)	(316,355)
Gratuity Paid	28	-	(3,322)	-	-
Income Tax Paid		(9,280)	(10,680)	(8,778)	(1,293)
Net cash from (used in) operating activities		(343,072)	43,230	(707,171)	(317,648)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Acquisition of Property, Plant & Equipment		(843,174)	(825,460)	-	(455)
Acquisition of Intangible Assets		-	(13,979)	-	(820)
Acquisition of Investment Properties		-	(65,418)	-	-
Net Proceeds from Disposal of Subsidiary		598,637	210,485	598,637	210,485
Proceeds from Disposal of Property, Plant and Equipment		23,487	23,487	14,500	-
Proceeds from Disposal of Long Term Investments		48,970	-	48,970	-
Interest received		16,099	45,857	13,607	59,753
Long term Deposits and Advances	17	(10,186)	107	(1,501)	107
Net cash flows from (used in) investing activities		(166,167)	(624,921)	674,213	269,070
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Net Proceeds from /Repayment of Other Loans		672,015	1,039,666	583,048	473,660
Net Proceeds from /Repayment of Amounts Payable under Re-purchase Agreement		-	(16,556)	(120,906)	7,140
Net Proceeds from /Repayment of Commercial Papers		10,551	(429,648)	(58,520)	(407,084)
Interest paid		(118,883)	(152,512)	(105,007)	(180,648)
Net cash flows from/(used in) financing activities		563,683	440,950	298,615	(106,932)
Net increase/(decrease) in cash & cash equivalents		54,444	(140,741)	265,657	(155,510)
Cash and cash equivalents at the beginning of the year	25	(16,613)	124,128	(251,962)	(96,452)
Cash and cash equivalents at the end of the year	25	37,831	(16,613)	13,695	(251,962)

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 68 to 106.

# STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March

## GROUP

	Stated Capital	Revaluation Reserve	Capital Reserve	General Reserve	Retained Earnings/ Accumulated Losses	Total	Non- controlling Interest	Total Attributable to Equity Holders
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 31st March 2013	1,114,558	45,867	11,148	16,347	(410,842)	777,078	138,609	915,687
Transferred to Reserves	-	-	(5,226)	2,707	2,519	-	-	-
Adjustment on Acquisition, Disposal and Change in Holding of Subsidiary	-	-	-	-	140,856	140,856	126,890	267,746
Loss for the year	-	-	-	-	(620,748)	(620,748)	(2,007)	(622,755)
Other Comprehensive income for the Year, net of tax	-	(88)	-	-	8,015	7,927	-	7,927
Balance as at 31st March 2014	1,114,558	45,779	5,922	19,054	(880,200)	305,113	263,492	568,605
Adjustment on Acquisition, Disposal and Change in Holding of Subsidiary	-	(2,145)	(5,922)	(19,054)	38,274	11,153	(202,201)	(191,048)
Shares issued during the year	383,940	-	-	-	-	383,940	-	383,940
Profit / (Loss) for the year	-	-	-	-	(347,168)	(347,168)	(41,439)	(388,607)
Other Comprehensive Expense income for the Year, net of tax	-	-	-	-	(3,143)	(3,143)	-	(3,143)
Balance as at 31st March 2015	1,498,498	43,634	-	-	(1,192,237)	349,895	19,852	369,747

## COMPANY

	Stated Capital	Revaluation Reserve	Accumulated Losses	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 31st March 2013	1,114,558	5,905	(56,462)	1,064,001
Loss for the year	-	-	(391,323)	(391,323)
Other Comprehensive Income for the year (Net of tax)	-	-	3,471	3,471
Balance as at 31st March 2014	1,114,558	5,905	(444,313)	676,150
Shares issued during the year	383,940	-	-	383,940
Loss for the year	-	-	(380,458)	(380,458)
Other Comprehensive Income for the year (Net of tax)	-	-	(3,132)	(3,132)
Balance as at 31st March 2015	1,498,498	5,905	(827,903)	676,500

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 68 to 106.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March

## 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&36, West Tower, World Trade Center, Colombo 01.

The Consolidated Financial Statements of Asia Capital PLC for the year ended 31st March 2015 comprise the company and its subsidiaries (together referred to as the "Group")

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 principal 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 primary activity of the Company was to act as an investment holding Company.

### 1.3 Parent and Ultimate Parent Company

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

## 2 BASIS OF PREPARATION

### 2.1 Statement of Compliance

The 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.

### 2.2 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.

### 2.3 Consolidated Financial Statements of the Group

These Financial Statements are the separate Financial Statements of the parent Company only and Consolidated Financial Statements of the Group are prepared and presented separately.

### 2.4 Use of Estimates and Judgments

The preparation of Financial Statements in conformity with Sri Lanka Accounting Standards 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 factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments 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 recognized in the period in which the estimate is revised and any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the Company's Financial Statements is included in the respective notes.

### 2.5. Materiality and Aggregation

Each material class of similar items is presented separately in the financial

statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

## 3 SIGNIFICANT ACCOUNTING POLICY

Except the changes set out in Note 3.1, the accounting policies set out below have been applied consistently to all periods presented in these financial statements.

### 3.1. Change in Accounting Policy

The Group has adopted the following new standard, including any consequential amendments to other standards, with the date of initial application of 1st April 2014.

SLFRS 13 "Fair Value Measurement"

SLFRS 10 Consolidated Financial Statements.

SLFRS 12 Disclosure of Interests in Other Entities.

The nature and the effects of the change are explained below:

#### Fair Value Measurement

In accordance with the transitional provisions of SLFRS 13, the Group has applied the new definition of fair value, prospectively. The changes had no significant impact on the measurements of the Group's assets and liabilities, but the Group has included new disclosures in the financial statements, which are required under SLFRS 13.

These new disclosure requirements are not included in the comparative information. However, to the extent that disclosures were required by other standards before the effective date of SLFRS 13, the Group has provided the relevant comparative disclosures under those standards.

#### 3.1.1. Fair Value Measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement

date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Group recognizes transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

### 3.1.2 Consolidated Financial Statements.

As a result of SLFRS 10, the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates other entities. SLFRS 10 introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect those returns.

In accordance with the transitional provisions of SLFRS10, the Group reassessed its control conclusions as of 1 April 2014. However, the reassessment did not have a material impact on the Group's financial statements.

### 3.1.3 Disclosure of Interests in Other Entities.

As a result of SLFRS 12, the Group has expanded disclosures about its interests in subsidiaries and involvement with unconsolidated structured entities.

## 3.2 Foreign Currency Transactions

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments which are recognized in other comprehensive income.

## 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 are stated at cost/revalued amounts. The cost of Property, Plant and Equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. This also includes costs of dismantling and removing the items and restoring the site on which they are located. Where parts of an item of Property, Plant and Equipment have different useful lives, they are accounted for as separate items of Property Plant and Equipment.

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After recognition, items of Property, Plant and Equipment are carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity and if material value difference is observed such difference are taken to revaluation reserve.

**3.2.1.2 Depreciation**

Provision for depreciation is calculated on the cost 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:

Computer equipment	5 Years
Office equipment	10 Years
Furniture and Fittings	10 Years
Fixtures and Fittings	10 Years
Motor Vehicles	4 Years

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

**3.1.1.3 Derecognition**

An item of Property, Plant and Equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net Disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit or Loss and other Comprehensive Income in the year the asset is derecognised.

**3.2 Intangible Assets****3.2.1 Recognition and Measurement**

An Intangible Asset is recognized if it is probable that future economic benefits that are attributable to the assets will flow to the entity and the cost of the assets can be measured reliably in accordance with LKAS38-“Intangible Assets”. Accordingly, these assets are stated in the Statement of Financial Position at cost less accumulated amortization and accumulated impairment loss.

**3.2.2 Derecognition of Intangible Assets**

Intangible Assets are derecognised on disposal or when no future economic benefits are expected from its use. Gain or losses arising from derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the assets are recognized in the Statement of Profit or Loss and Other Comprehensive income.

**3.2.3 Amortization of Intangible Assets**

Amortization is recognized on straight - line basis in the Statement of profit or loss and other comprehensive income over the estimated useful lives of intangible assets, from the date that they are available for use. The intangible assets included in the Financial Statements represent cost of computer software. The Estimated useful life of computer software is five years.

**Investment in Subsidiaries**

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The investments made in subsidiaries are accounted at cost less impairment losses in the separate financial statements.

**3.4 Financial instruments****3.4.1 Non-derivative financial assets**

The Group initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets are recognized initially on the trade date at which the Company 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 recognized as a separate asset or liability.

The Group has the following non-derivative financial assets: loans and receivables and available-for sale financial assets.

**3.4.2 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.

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 income statement.

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



### 3.4.3 Loans and receivables

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

Loans and receivables comprise trade and other receivables, Loans given to ESOP, related party receivables and refundable deposits.

### 3.4.4 Cash and Cash Equivalents

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 Group cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

### 3.4.5 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 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 recognized 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 comprehensive income.

### 3.4.6 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 reorganization, 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.

### 3.4.7 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.

The non-derivative financial liabilities of the Group comprise trade and other payables, interest bearing borrowings and bank overdraft.

### 3.4.8 Offsetting Financial Instruments

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.

### 3.5 Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual set, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognized in the profit or loss and other comprehensive income in those expense categories consistent with the function of the impaired asset.

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Statement of profit or loss and other comprehensive income.

### 3.6 Liabilities and Provisions

Liabilities classified as current liabilities on the statement of Financial Position are those which fall due for payment on

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demand of the creditor or within one year of the reporting date. Noncurrent liabilities are those balances that become repayable after one year from the reporting date.

All known liabilities have been accounted for in preparing the Financial Statements.

### 3.6.1 Retirement Benefit Obligations

#### a) Defined Benefit Plan– Gratuity

The Retirement Benefit Plan adopted is as required under the Payment of Gratuity Act No. 12 of 1983. This item is grouped under Retirement Benefit Obligation in the Statement of Financial Position.

Provision for Gratuity on the employees of the Group is on an actuarial basis using the Projected Unit Credit Method (PUC Method) as recommended by Sri Lanka Accounting Standard 19, “Employee Benefits” which became effective from the financial year commencing on 1st January 2012.

The Group recognize all the re-measurements of the net defined benefit liability in other comprehensive income.

However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service. The liability is not externally funded.

#### b) Defined Contribution Plans - Employees’ Provident Fund and Employees’ Trust Fund

All employees of the Group are members of the Employees Provident Fund and Employees Trust Fund to which the Group contributes 12% and 3% respectively of such employee’s qualifying salary.

Contributions to defined contribution plan are recognized as an expense in the profit or loss as incurred.

### 3.6.2 Leases -Company as a Lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item,

are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged reflected in the Statement of profit or loss and other comprehensive income.

Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term. The depreciation policy for depreciable leased assets is consistent with that for depreciable asset that are owned as described in 3.2.1.2

### 3.6.3 Provisions

In accordance with Sri Lanka Accounting standard (LKAS 37) –Provisions, contingent liabilities and Contingent Assets, recognition of a provision in the statement of financial position is made when the company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligation

### 3.6.4 Commitments & Contingencies

Contingent Liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent liabilities are not recognized in the Statement of financial position but are disclosed. Capital commitments are contingent liabilities as at the date of the statement of financial position are disclosed in the respective notes to the Accounts. Contingent assets are disclosed where an inflow of economic benefit is probable.

## 3.7 Statement of Profit or Loss and Other Comprehensive Income

### 3.7.1 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.

#### 3.7.1.1 Revenue Recognition

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

##### 3.7.1.1.1 Investments

#### a) Corporate and Government Securities

Interest income and capital gains on sale of securities are recognised 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.

##### 3.7.1.1.2 Stock Broking

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

##### 3.7.1.1.3 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 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.

**c) Overdue Interest**

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

**3.7.1.1.5 Leisure**

**a) Room Revenue**

Room Revenue is recognised on the rooms occupied on daily basis.

**b) Food and Beverage**

Food & Beverage Revenue is recognised at the time of sale.

**3.7.1.1.6 Dividend Income**

Dividend income is recognised when the Groups' right to receive such dividend is established.

**3.7.1.1.7 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 Income, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses.

**3.7.2 Expenditure Recognition**

All expenditure incurred in running of the business has been charged to income in arriving at the profit for the year.

Repairs and renewals are charged to profit and loss in the year in which the expenditure is incurred.

**b) Borrowing costs**

Borrowing costs are recognized as an expense in the period in which they are incurred, except to the extent that they are attributable to the acquisition, construction or production of a qualifying asset of property, plant & equipment in which case they are capitalized as part of the cost of the asset.

**b) Finance Income and Expense**

Finance Income comprises interest income on funds invested. Interest income is recognized in the profit and loss as it accrues.

Finance expense comprises interest on bank borrowings, lease interest and interest on other short term and long term borrowings. Interest expense is recognized in the profit and loss as it accrues.

**3.7.3 Taxation**

**3.7.3.1 Income Tax Expense**

The Group recognizes liabilities for anticipated tax, based on estimates of taxable income. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will be adjusted in the current year's income tax charge and or in the deferred assets/ liabilities as appropriate in the period in which such determination is made.

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the profit and losses except to the extent that it relates to items recognized directly in equity, when it is recognized in equity.

**3.7.3.2 Current Tax**

The Company 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.

**3.7.3.3 Deferred Taxation**

Deferred tax is recognized on temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the amount attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent it is probable that future taxable profit will be available against which deductible temporary differences can be utilized. Deferred tax is calculated using the tax rates that have been enacted or substantially enacted at the date of the statement of financial position that are expected to apply in the period in which the assets will be realized or liabilities settled.

The net increase in the carrying amount of the deferred tax liability net of deferred tax asset is recognized as deferred tax expense and conversely any net decrease is recognized as reversal to deferred tax expense in the Statement of Profit or Loss and Other Comprehensive Income.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the

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extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

### 3.8 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.

### 3.9 Earnings Per Share

The Company 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.

### 3.10 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. NEW ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE AS AT THE REPORTING DATE

The Institute of Chartered Accountants of Sri Lanka has issued the following new Sri Lanka Accounting Standards which will become applicable for financial periods beginning and after 1st April 2015. Accordingly, these standards have not been applied in preparing these Financial Statements.

### 4.1 SLFRS 9 Financial Instruments: Classification and Measurement

The objective of this SLFRS 9 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. SLFRS 9, as issued, reflects the first phase of work on replacement of Sri Lanka Accounting Standards (LKAS 39) - "Financial Instruments Recognition and Measurements" and applies to classification and measurement of financial assets and liabilities.

SLFRS 9 is effective for reporting periods beginning on or after 1st January 2018 with early adoption permitted.

### 4.2 SLFRS 14: Regulatory Deferral Accounts

The scope of this standard is limited to first time adopters of SLFRS that already recognize regulatory deferral account balances in their Financial Statements. This standard is effective for the annual periods beginning on or after 1st January 2016.

### 4.3 SLFRS 15: Revenue From Contract With Customers

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces the existing revenue recognition guidance in LKAS 18 Revenue and LKAS 11 Construction Contracts.

SLFRS 15 is effective for reporting periods beginning on or after 1st January 2018, with early adoption permitted.

**5 REVENUE**

	GROUP		COMPANY	
	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000
<b>5.1 Summary</b>				
Gross Revenue	1,666,249	1,224,340	868,462	226,798
Less: Intra Group Transactions	(15,174)	(254,019)	-	-
	1,651,075	970,321	868,462	226,798
<b>5.2 Segments</b>				
Investments	871,462	24,760	868,462	581,901
Stock Brokering	193,944	101,550	-	-
Deposit Mobilisation and Credit	341,101	692,551	-	-
Leisure	236,967	150,681	-	-
Manufacturing	-	445	-	-
Services	7,601	334	-	-
	1,651,075	970,321	868,462	581,901
<b>6 OTHER OPERATING INCOME</b>				
Dividend Income	869	309	-	-
Gains on Disposal of Property, Plant and Equipment	25,483	23,350	10,656	-
Reversal for provision for Impairment	-	-	-	167,468
Unrealised Capital Gain	-	3,158	-	3,158
Profit on Settled Contracts	7,899	29,704	-	-
Sundry Income	75,606	49,340	38,540	1,198
	109,857	105,861	49,196	171,824
<b>7 PROVISION FOR IMPAIRMENT OF RECEIVABLES</b>				
Balance at the beginning of the year	620,290	590,403	522,357	521,116
Provision made by during the year	10,901	29,887	17,962	1,241
Disposal of Subsidiary	(105,613)	-	-	-
Balance at the end of the year (Note 7.1)	525,578	620,290	540,319	522,357
<b>7.1 Provision for Impairment of Receivables reflected in</b>				
Loans and Receivables (Note 19)	18,860	18,860	18,860	18,860
Short Term Lendings (Note 22)	336,837	336,837	336,837	336,837
Trade and Other Receivables (Note 23)	146,315	241,027	127,440	116,538
Amounts due From Related Parties (Note 24)	23,566	23,566	57,182	50,122
Balance at the end of the year	525,578	620,290	540,319	522,357

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**8 NET FINANCE INCOME/(COSTS)**

	GROUP		COMPANY	
	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000
<b>Financing Income</b>				
Interest Income - Related Parties	-	-	2,900	21,897
- Others	16,099	45,857	10,707	37,856
	16,099	45,857	13,607	59,753
<b>Financing Cost</b>				
Interest on Overdraft	(17,248)	(35,795)	(7,475)	(30,798)
Interest on Other Borrowings - Related Parties	-	-	(44,256)	(21,128)
- Others	(101,635)	(116,717)	(53,276)	(128,723)
	(118,883)	(152,512)	(105,007)	(180,649)
Net Finance (Costs)	(102,784)	(106,655)	(91,400)	(120,896)

**9 LOSS BEFORE TAXATION**

Loss Before Tax is stated after charging all the expenses including following :

	GROUP		COMPANY	
	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000
Included in Administrative Expenses				
Auditors Remuneration - Audit Fees & Expenses	2,637	3,729	1,050	1,050
- Non Audit Services	829	755	642	355
Directors' Emoluments	7,148	61,169	34,704	32,809
Directors' Fees	10,294	10,116	8,944	10,116
Secretarial Fees	1,321	2,616	416	398
Depreciation on Property Plant & Equipment	122,961	81,034	8,527	10,320
Profit/ Loss from Disposal of PPE	25,483	23,350	10,655	-
Legal Fees	3,201	15,990	915	62
Personnel Costs Includes;				
Defined Benefit Plan - Gratuity	4,830	8,211	2,000	1,863
Defined Contribution Plan Costs - EPF and ETF	26,892	24,462	6,706	7,557
Staff Incentives	3,083	1,584	1,499	-
Other Staff Costs	264,183	228,698	53,787	54,355

**10 INCOME TAX EXPENSES**

	GROUP		COMPANY	
	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000
Current Tax Expenses- Company (Note 10.1)	2,691	-	2,691	-
Current Tax Expenses- Subsidiaries (Note 10.2)	1,703	10,041	-	-
Current Tax Expenses- Total	4,394	10,041	2,691	-
Under/(Over) Provision in Respect of Prior Years	3,286	1,642	13,168	(16,075)
Deferred Taxation Charge/ (Reversal) (Note 27)	-	(4,691)	-	1,349
	7,680	6,992	15,859	(14,726)

**10.1 Reconciliation of Accounting Loss & Taxable Income**

	GROUP		COMPANY	
	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000
Accounting Loss before tax	(380,927)	(615,763)	(364,599)	(376,598)
Aggregate disallowed items	697,675	800,670	64,103	522,928
Aggregate allowable items	(243,837)	(297,687)	(10,003)	(10,659)
Income not subject to tax	(61,434)	-	315,477	(170,627)
Tax Profit/(Loss) on Trade or Business	11,477	(112,780)	4,978	(34,956)
Other Taxable Income	13,287	167,184	9,810	-
Tax Losses Set off under section 32	(9,071)	(18,543)	(5,175)	-
Taxable Income	15,693	35,861	9,613	(6,687)
Income Tax @ 28% (2014-28%)	4,394	10,041	2,691	-
Current Tax Expense	4,394	10,041	2,691	-

**10.1.1 Reconciliation of Accumulated Tax Losses**

Opening Balance	2,742,778	2,456,311	576,632	541,676
Under/(Over) Provision in Respect of Prior Years	-	-	-	-
On Disposal of Subsidiary	(872,985)	-	-	-
Loss for the Year	-	305,009	-	34,956
Loss Utilised during the year	(9,071)	(18,542)	(5,175)	-
	1,860,722	2,742,778	571,457	576,632

**10.2 Subsidiary Companies**

	GROUP		COMPANY	
	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000
Asia Securities (Private) Limited	-	979	-	-
Asia Leisure Holdings (Private) Limited	158	222	-	-
Asia Leisure (Private) Limited	36	46	-	-
Asia Digital Entertainment (Private) Limited	25	-	-	-
Balapitiya Resorts (Private) Limited	-	21	-	-
Asia Tea Packaging (Private) Limited	14	-	-	-
Wadduwa Resorts (Private) Limited	84	-	-	-
Asia Capital Technologies (Private) Limited	3	2	-	-
Asia Asset Finance PLC	656	7,855	-	-
Asia Wealth Management Company (Private) Limited	563	635	-	-
Asia Fort Sri Lanka Direct Investment Fund Limited	164	281	-	-
	1,703	10,041	-	-

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### 10 INCOME TAX EXPENSES (Contd.)

#### 10.3 Summary

##### Asia Fort Sri Lanka Direct Investment Fund Limited

The Company is liable to taxation at the rate of 28% on its taxable profit. The income tax liability for the current year was Rs. 164,000/- (2014 - Rs. 2,846,546/-)

##### Asia Growth Fund 1 (Private) Limited

The Company is liable to taxation at the rate of 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 2014/2015 is Rs. 2,422,511/- (2014- Rs. 2,191,949/).

##### Asia Capital Technologies ( Private) Limited

The Company is liable to taxation at the rate of 28% on its taxable profit. The Income tax liability for the current year was Rs. 3,248/- (2014- Rs. 1,652,323/-) and the accumulated tax losses carried forward to the year of assessment 2015/2016 is Rs. 42,679,759/- (2014/2015 - Rs. 38,679,664/-).

##### Asia Wealth Management Company (Private) Limited

The Company is liable to taxation at the rate of 28% on its taxable profit. The Income Tax Liability for the current year was Rs. 563,355/- (2014 - Rs. 635,257/-).

##### Asia Leisure Holdings (Private) Limited

The Company is liable to taxation on Hotel Profit & Income at the rate of 28% .The income tax liability for the current year was Rs 158,204/-. The accumulated tax loss carried forward to the year of assessment 2015/2016 was Rs. 138,278,146/- (2014/2015- Rs.133,477,910/-)

##### Asia Leisure (Private) Limited

The Company is liable to taxation at the rate of 28% on its taxable profit. The income tax liability for the current year was 35,244 Tax losses carried forward to the year of assessment in 2015/16 is Rs 274,296,756/- (2014/2015-Rs. 261,948,249/-)

##### Asia Digital Entertainment (Private) Limited

The company is liable to taxation at the rate of 28% on its taxable profit. However no provision has been made due to tax losses

##### Asia Tea Packaging (Private) Limited

The Company is liable to taxation at the rate of 28% on its taxable profit. However no provision has been made due to tax losses. The accumulated tax loss carried forward to year of assessment 2015/2016 is Rs. 90,921,763/- (2014/2015 -Rs. 71,468,095/-)

##### Wadduwa Resorts (Private) Limited

The Company is liable to taxation at the rate of 28% on its taxable profit. The income tax liability for the current year was Rs. 83,712/-. The accumulated tax loss carried forward to year of assessment 2015/2016 is Rs. 121,178,144/- (2014/2015 -Rs. 6,784,408/-)

##### Balapitiya Resorts (Private) Limited

The Company is liable to taxation at the rate of 28% on its taxable profit. However no provision has been made due to tax losses.



**11 BASIC LOSS PER SHARE**

Basic Loss Per Share is calculated by dividing the 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 per share:

	GROUP		COMPANY	
	2015	2014	2015	2014
Loss after tax attributable to Ordinary Shareholders (Rs.'000)	(430,046)	(620,748)	(380,458)	(391,323)
Weighted Average number of Ordinary Shares outstanding during the year	125,998	110,000	125,998	110,000
Basic Loss Per Share (Rs.)	(3.41)	(5.64)	(3.01)	(3.56)

**12 PROPERTY, PLANT AND EQUIPMENT**  
**12.1 Group**

Cost / Revalued	Balance	Additions	Disposals /	Disposal of	Balance
	As At		Transfers	Subsidiary	As At
	01.04.2014				31.03.2015
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Freehold Assets</b>					
Land	472,061	305,999	-	(213,859)	564,201
Buildings and Improvements	336,315	370,164	-	-	706,479
Motor Vehicles	45,619	-	-	(35,369)	10,250
Office Equipment	55,132	14,814	-	(29,632)	40,314
Fixtures and Fittings	18,012	838	-	(7,258)	11,592
Furniture and Fittings	82,805	32,596	-	(17,130)	98,271
Computer Equipment	59,006	3,464	-	(44,032)	18,438
Plant and Machinery	34,732	37,975	-	(2,809)	69,898
Hotel Equipment	50,608	46,024	-	-	96,632
<b>Leasehold Assets</b>					
Motor Vehicles	53,275	31,300	(25,331)	(11,878)	47,366
Computer Equipment	1,830	-	-	(1,830)	-
Plant & Equipment	6,000	-	-	(6,000)	-
<b>Total</b>	<b>1,215,395</b>	<b>843,174</b>	<b>(25,331)</b>	<b>(369,797)</b>	<b>1,663,441</b>

**12.1.1 In the Course of Construction**

	Balance	Incurred	Reclassified/	Disposal of	Balance
	As At	During the	Transferred	Subsidiary	As At
	01.04.2014	Year			31.03.2015
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Building Work in Progress	215,469	-	(210,083)	-	5,386

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**12 PROPERTY, PLANT AND EQUIPMENT (Contd.)**

**12.1.2 Depreciation**

	Balance As At 01.04.2014 Rs.'000	Charge for the year Rs.'000	Disposals / Transfers Rs.'000	Disposal of Subsidiary Rs.'000	Balance As At 31.03.2015 Rs.'000
Buildings and Improvements	24,994	50,656	-	(3,932)	71,718
Motor Vehicles	28,958	-	-	(18,969)	9,989
Office Equipment	12,838	5,982	-	(11,032)	7,788
Fixtures and Fittings	2,401	2,326	-	(1,451)	3,276
Furniture and Fittings	14,720	17,878	-	(6,329)	26,358
Computer Equipment	19,617	5,311	-	(16,573)	8,355
Plant and Machinery	2,500	13,104	(734)	-	14,870
Hotel Equipment	7,434	17,735	-	-	25,170
<b>Leasehold Assets</b>					
Motor Vehicles	24,636	9,969	(21,487)	(4,418)	8,700
Computer Equipment	610	-	-	(610)	-
Plant & Equipment	1,200	-	-	(1,200)	-
Total Depreciation	139,908	122,961	(22,221)	(64,424)	176,223
Net Carrying Value as at 31.03.2014					1,290,956
Net Carrying Value as at 31.03.2015					1,492,604

**12.2 Company**

	Balance As At 01.04.2014 Rs.'000	Additions Rs.'000	Disposals / Transfers Rs.'000	Balance As At 31.03.2015 Rs.'000
<b>Cost</b>				
<b>Freehold Assets</b>				
Motor Vehicles	10,020	-	-	10,020
Office Equipment	1,097	13	-	1,110
Fixtures and Fittings	2,946	-	-	2,946
Furniture and Fittings	3,701	101	-	3,802
Computer Equipment	6,901	305	-	7,206
<b>Leasehold Assets</b>				
Motor Vehicles	25,331	14,800	(25,331)	14,800
Total	49,996	15,219	(25,331)	39,884

**12.2.1 Accumulated Depreciation**

	Balance As At 01.04.2014 Rs.'000	Charge for the year Rs.'000	Disposals / Transfers Rs.'000	Balance As At 31.03.2015 Rs.'000
<b>Freehold Assets</b>				
Motor Vehicles	9,999	-	-	9,999
Office Equipment	217	229	-	446
Fixtures and Fittings	585	589	-	1,174
Furniture and Fittings	884	884	-	1,768
Computer Equipment	2,259	2,315	-	4,574
<b>Leasehold Assets</b>				
Motor Vehicles	18,833	4,499	(21,487)	1,845
Total Depreciation	32,777	8,516	(21,487)	19,806
<b>12.2.3 Net Carrying Value as at 31.03.2014</b>				17,219
Net Carrying Value as at 31.03.2015				20,078

**13 INTANGIBLE ASSETS**

	GROUP		COMPANY	
	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000
<b>13.1 Computer Software</b>				
<b>Cost</b>				
Balance as at the beginning of the year	88,508	74,529	30,471	29,651
Additions/Transfers during the year	-	13,979	-	820
On Disposal of Subsidiary	(22,133)	-	-	-
Balance as at end of the year	66,375	88,508	30,471	30,471
<b>13.1.1 In the Course of Construction</b>				
Balance as at the beginning of the year	-	5,405	-	-
Transferred during the year	-	(5,405)	-	-
Balance as at end of the year	-	-	-	-
<b>13.1.2 Amortisation</b>				
Balance as at the beginning of the year	46,680	35,838	13,777	7,737
Amortisation for the year	5,928	10,842	5,553	6,040
On Disposal of Subsidiary	(8,193)	-	-	-
Balance as at end of the year	44,415	46,680	19,330	13,777
Net Carrying Value	21,960	41,828	11,141	16,694

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**13 INTANGIBLE ASSETS (Contd.)**

	GROUP		COMPANY	
	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000
<b>13.2 Goodwill</b>				
Balance as at the beginning of the year	105,443	105,443	-	-
Balance as at end of the year	105,443	105,443	-	-
Total Net Carrying Value	127,403	147,271	11,141	16,694

**14 INVESTMENT PROPERTIES**

	GROUP		COMPANY	
	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000
Balance at the beginning of the year	98,353	32,935	-	-
On Disposal of Subsidiary	(98,353)	-	-	-
On Acquisition during the year	-	65,418	-	-
Balance as at end of the year	-	98,353	-	-

**15 LONG TERM INVESTMENTS**

	GROUP		COMPANY	
	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000
Investments in Subsidiaries (Note 15.1)	-	-	327,522	1,362,614
Total Investments	-	-	327,522	1,362,614

	COMPANY			
	2015 Effective Holding %	Rs.'000	2014 Effective Holding %	Rs.'000

**15.1 Investments in Subsidiaries**

Asia Securities (Private) Limited	-	-	100%	382,750
Asia Growth Fund 1 (Private) Limited	100%	10,050	100%	10,050
Asia Fort Sri Lanka Direct Investment Fund Limited	100%	5,001	100%	5,001
Asia Apparel Trading (Private) Limited	100%	4,000	100%	4,000
Asia Wealth Management Co (Private) Limited	100%	25,000	100%	25,000
Asia Capital Technologies (Private) Limited	100%	32,000	100%	32,000
Asia Asset Finance PLC	-	-	89.88%	688,946
Asia Digital Entertainment (Private) Limited	100%	4,088	100%	4,088
Asia Tea Packaging (Private) Limited	100%	86,787	100%	86,787
River House (Private) Limited	89%	80,000	89%	80,000
Taprobane Resorts (Private) Limited	66%	101,551	66%	101,551
Asia Capital Private Equity (Private) Limited	100%	-	100%	-
Wadduwa Resorts (Private) Limited	73.76%	139,139	73.76%	139,139
		487,616		1,559,312
Less: Provision for fall in value of investments		(160,094)		(196,698)
Total Investments in Subsidiaries		327,522		1,362,614

**15.2 Provision for impairment**

Balance as at the beginning of the year	-	-	196,698	218,122
Charge for the year	-	-	-	146,044
Reversal for the year	-	-	(36,604)	(167,468)
Balance as at the end of the year	-	-	160,094	196,698

NOTES TO THE FINANCIAL STATEMENTS | CONTD.

For the year ended 31 March

**16 LOANS GIVEN TO ESOP**

	GROUP		COMPANY	
	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000
Balance at the beginning of the year	3,414	3,414	3,414	3,414
Loan given during the year	-	-	-	-
Settlement during the year	-	-	-	-
Balance at the end of the year	3,414	3,414	3,414	3,414
Receivable within one year	3,414	3,414	3,414	3,414
Receivable after one year	-	-	-	-

**17 LONG TERM DEPOSITS AND ADVANCES**

	GROUP		COMPANY	
	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000
Deposit with the Colombo Stock Exchange	-	9,500	-	-
Rent Deposit	9,899	8,398	9,899	8,398
Advances given during the period	20,667	1,241	1,241	1,241
	30,566	19,139	11,140	9,639
Less: Provision for Impairment	(1,241)	-	(1,241)	(1,241)
	29,325	19,139	9,899	8,398

	GROUP		COMPANY	
	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000

**18 INVENTORIES**

Vehicle Stock	-	8,928	-	-
Food and Beverages	10,537	7,982	-	-
Films Stock	267,224	296,827	-	-
Tea Stock	2,757	5,440	-	-
	280,518	319,177	-	-

	GROUP		COMPANY	
	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000

**19 LOANS & RECEIVABLES**

Commercial Papers-Asia Fort Asset Management (Private) Limited	18,860	18,860	18,860	18,860
Others	-	90,957	-	-
Investments in Fixed Deposits	116,970	45,028	116,970	45,005
Investments in Reverse Repurchase Agreements	40,967	235,199	41,254	170,635
	176,797	390,044	177,084	234,500
Less: Provision for Impairment	(18,860)	(18,860)	(18,860)	(18,860)
	157,937	371,184	158,224	215,640

**20 FINANCIAL ASSETS AVAILABLE FOR SALE**

	GROUP		COMPANY	
	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000
<b>Non current</b>				
Non -Quoted	10,000	10,000		
<b>Current</b>				
Non-Quoted (Note 20.1)	-	8,079	-	-
Reversal/(Provision) for Impairment	-	(7,500)	-	-
Total	-	579	-	-

**20.1 Investments in Equity Securities - Non Quoted  
GROUP**

	No. of Shares	Carrying Value 2015 Rs. '000	No. of Shares	Carrying Value 2014 Rs. '000
Asia Pacific Golf Course Limited	-	-	4	1,000
Siedles T V Industries Limited	-	-	2,000	28
Finance House Consortium (Private) Limited	-	-	20,000	200
Pure Beverages Co Limited	-	-	709	44
Credit Information Bureau (CRIB)	-	-	67	307
Platinum Reality Investments (Private) Limited	-	-	25,000	6,500
Total	-	-	-	8,079

**21 FAIR VALUE THROUGH PROFIT & LOSS**

	GROUP		COMPANY	
	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000
Quoted (Note 21.1 & 21.2)	251,731	124,774	251,731	43,765
Provision for Impairment	-	-	-	-
	251,731	124,774	251,731	43,765

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**20 FAIR VALUE THROUGH PROFIT & LOSS (Contd.)**

**21.1 Investments in Equity Securities - Quoted**

	GROUP 2015		GROUP 2014	
	No. of Shares	Market Value Rs.'000	No. of Shares	Market Value Rs.'000
<b>Bank, Finance and Insurance</b>				
Commercial Bank of Ceylon PLC- Voting	-	-	47,526	5,846
Commercial Bank of Ceylon PLC- Non Voting	-	-	35,832	3,476
Asia Capital PLC	-	-	116,400	1,979
Asia Asset Finance PLC	157,331,395	251,731	-	-
Overseas Reality (Ceylon) PLC	-	-	88,609	1,816
Chilaw Finance PLC	-	-	3,295,707	67,891
		251,731		81,008
<b>Diversified Holdings</b>				
John Keells Holdings PLC	-	-	15	5
Hemas Holding PLC	-	-	100	4
		-		9
<b>Manufacturing</b>				
Lanka Wall Tile PLC	-	-	300,000	18,450
		-		18,450
<b>Beverage, Food and Tobacco</b>				
Bairaha Farms PLC	-	-	35,100	5,167
		-		5,167
<b>Units</b>				
Ceybank Century Growth Fund	-	-	200,000	12,279
Eagle Growth Fund	-	-	100,000	7,861
		-		20,140
<b>Grand Total</b>		251,731		124,774



**21.2 Investments in Equity Securities - Quoted**

	COMPANY			
	2015 No. of Shares	Market Value Rs.'000	2014 No. of Shares	Market Value Rs.'000
<b>Bank, Finance &amp; Insurance</b>				
Asia Asset Finance PLC	157,331,395	251,731	-	-
		251,731	-	-
<b>Diversified Holdings</b>				
John Keells Holdings PLC	-	-	15	5
Hemas Holdings PLC	-	-	100	3
		-	-	8
<b>Manufacturing</b>				
Lanka Walltiles PLC	-	-	300,000	18,450
		-		18,450
<b>Food &amp; Beverages</b>				
Bairaha Farms PLC	-	-	35,100	5,167
		-		5,167
<b>Units</b>				
Ceybank Century Growth Fund	-	-	200,000	12,279
Eagle Growth Fund	-	-	100,000	7,861
		-		20,140
Grand Total		251,731		43,765

**22 SHORT TERM LENDINGS**

	GROUP		COMPANY	
	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000
Asia Couture (Private) Limited	336,837	336,837	336,837	336,837
Less: Provision for Impairment	(336,837)	(336,837)	(336,837)	(336,837)
	-	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS | CONTD.

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**23 TRADE AND OTHER RECEIVABLES**

	GROUP		COMPANY	
	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000
<b>Non Current</b>				
Loans and Advances	645,587	1,463,832	-	-
Disposal of Subsidiary	(645,587)	-	-	-
	-	1,463,832	-	-
<b>Current</b>				
Trade Debtors	122,662	291,388	11,765	11,765
Less: Provision for Impairment	(12,964)	(55,223)	(11,765)	(11,765)
	109,698	236,165	-	-
Loans and Advances	-	1,431,615	-	-
Staff Loan (Note 23.1)	268	637	268	257
Advances and Prepayments	26,058	122,721	6,142	3,582
Deposits	329	3,558	-	-
Other Debtors	174,509	185,162	153,369	80,045
Receivable from Asia Fort Asset Management (Private) Limited	51,546	51,546	51,546	51,546
	362,408	2,011,284	211,325	135,430
Less: Provision for Impairment	(133,351)	(185,805)	(115,675)	(104,773)
	229,057	1,845,599	95,650	30,657
	229,057	3,309,431	95,650	37,082

**23.1 Staff Loan**

	GROUP		COMPANY	
	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000
Balance at the beginning of the year	637	567	257	312
Disposal of Subsidiary	(380)	-	-	-
Loans granted during the year	11	196	11	-
Repayments during the year	-	(126)	-	(55)
Balance at the end of the year	268	637	268	257

**24 AMOUNTS DUE FROM RELATED PARTIES**

	Relationship	GROUP		COMPANY	
		2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000
Asia Apparel Trading (Private) Limited	Subsidiary	4,710	4,710	4,710	4,710
Asia Growth Fund 1 (Private) Limited	Subsidiary	-	-	117,408	117,204
Asia Fort Sri Lanka Direct Investment Fund Limited	Subsidiary	-	-	7,937	-
Asia Capital Technologies (Private) Limited	Subsidiary	-	-	14,447	7,931
Asia Wealth Management Co. (Private) Limited	Subsidiary	-	-	7,060	22,030
Asia Leisure Holdings (Private) Limited	Subsidiary	-	-	96,794	34,766
Asia Couture (Private) Limited	Subsidiary	18,856	18,856	18,856	18,856
Asia Digital Entertainment (Private) Limited	Subsidiary	-	-	377,558	375,102
Asia Leisure (Private) Limited	Subsidiary	-	-	105,825	94,634
Asia Tea Packaging (Private) Limited	Subsidiary	-	-	60,784	61,535
Asia Capital Private Equity (Private) Limited	Subsidiary	-	-	31,262	31,224
Wadduwa Resorts (Private) Limited	Subsidiary	-	-	192,996	147,211
Balapitiya Resorts (Private) Limited	Subsidiary	-	-	119,906	60,226
River House (Private) Limited	Subsidiary	-	-	5,076	5,054
Asia Investment 2 (Private) Limited	Subsidiary	-	63	59,769	63
Galle Beach Hotel (Private) Limited	Subsidiary	-	-	218,652	216,053
		23,566	23,629	1,439,039	1,196,599
<b>Less: Provision for Bad &amp; Doubtful Debts</b>					
Asia Apparel Trading (Private) Limited		(4,710)	(4,710)	(4,710)	(4,710)
Asia Growth Fund 1 (Private) Limited		-	-	(26,556)	(26,556)
Asia Couture (Private) Limited		(18,856)	(18,856)	(18,856)	(18,856)
Asia Wealth Management Co. (Private) Limited		-	-	(7,060)	-
		(23,566)	(23,566)	(57,182)	(50,122)
		-	63	1,381,857	1,146,477

**25 CASH AND CASH EQUIVALENTS**

	GROUP		COMPANY	
	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000
<b>Favourable Balances</b>				
Cash in Hand & at Bank	57,809	367,169	18,074	5,087
	57,809	367,169	18,074	5,087
<b>Unfavourable Balances</b>				
Bank Overdrafts	(19,978)	(383,782)	(4,379)	(257,049)
Cash and Cash Equivalents for the Cash Flow Purpose	37,831	(16,613)	13,695	(251,962)

**26 STATED CAPITAL**

	2015		2014	
	No of Shares	Value Rs.'000	No of Shares	Value Rs.'000
Ordinary Shares	131,329,995	1,498,498	110,000,000	1,114,558
	131,329,995	1,498,498	110,000,000	1,114,558

The Company issued 21,329,995 no of Ordinary shares through private placement on 10th June 2014.

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27 DEFERRED TAXATION

	GROUP		COMPANY	
	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000
Balance at the beginning of the year	(88,627)	(84,860)	-	-
Provision/(reversal) made during the year	-	(4,713)	-	-
On Revaluation Surplus	-	946	-	-
On Disposal of Subsidiary	88,627	-	-	-
Balance at the end of the year	-	(88,627)	-	-

	GROUP			
	2015 Rs.'000 Temporary Differences	2014 Rs.'000 Temporary Tax Effect	2014 Rs.'000 Temporary Differences	Rs.'000 Temporary Tax Effect
On Temporary differences of Property, Plant and Equipment	(20,036)	(5,610)	(6,439)	(1,803)
On Retirement Gratuity	19,188	5,372	20,527	5,748
On Tax Losses carried forward	1,860,722	521,002	2,742,778	767,978
	1,859,874	520,764	2,756,866	771,923

	COMPANY			
	2015 Rs.'000 Temporary Differences	Rs.'000 Temporary Tax Effect	2014 Rs.'000 Temporary Differences	Rs.'000 Temporary Tax Effect
On Temporary differences of Property, Plant and Equipment	(9,162)	(2,565)	5,678	1,590
On Retirement Gratuity	11,453	3,207	6,321	1,770
On Tax Losses carried forward	571,457	160,008	576,632	161,456
	573,748	160,650	588,588	164,816

Note: **Group**  
Deferred tax arising from the temporary differences have not been recognised other than Asia Asset Finance PLC due to the uncertainty of available future taxable profit for utilisation of such tax losses.

**Company**  
Deferred tax arising from the temporary differences have not been recognised due to the uncertainty of available future taxable profit for utilisation of such tax losses.

**28 RETIREMENT BENEFIT OBLIGATIONS - GRATUITY**

	GROUP		COMPANY	
	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000
Balance at the beginning of the year	30,190	34,438	6,321	9,278
On Disposal of Subsidiary	(18,975)	-	-	-
Interest for the year	1,632	2,433	800	1,340
Provision made during the year	3,198	5,778	1,200	523
(Gain)/Loss arising from changes in assumptions or (over)/under provision in the previous year	3,143	(9,136)	3,132	(4,820)
Payments made during the year	-	(3,323)	-	-
Balance at the end of the year	19,188	30,190	11,453	6,321

The employee benefit liability of the Group is calculated based on a internally developed model.

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

	2015	2014
Rate of Interest	9.5%	11%
Rate of Salary Increase	10%	10%
Labour Turnover	5%	5%
Retirement Age	60	60

**28.1 Sensitivity of Assumptions Employed in the Valuation**

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variable held constant in the employment benefit liability measurement.

The sensitivity of the Total Comprehensive Income and Statement of Financial Position is the effect of the assumed changes in discount rate and salary increment rate on total Comprehensive Income and employment benefit obligation for the year.

	Sensitivity Effect on Total Comprehensive Income Increase/ (Reduction) Rs.'000	Employment Benefit Obligation Increase/(Reduction) in the Liability Rs.'000
<b>Group</b>		
Increase in Discounts Rate (1%)	826	(826)
Decrease in Discount Rate (1%)	(605)	605
Increase in Salary Increment Rate (1%)	(906)	906
Decrease in salary Increment Rate (1%)	812	(812)
<b>Company</b>		
Increase in Discounts Rate (1%)	602	(602)
Decrease in Discount Rate (1%)	(688)	688
Increase in Salary Increment Rate (1%)	(694)	694
Decrease in salary Increment Rate (1%)	618	(618)

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**29 NON - INTEREST BEARING BORROWINGS**

	GROUP		COMPANY	
	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000
Balance at the beginning of the year	132,615	132,856	132,615	132,856
Loan obtained during the year	-	-	-	-
Installments paid during the year	(21,604)	(241)	(21,604)	(241)
Balance at the end of the year	111,011	132,615	111,011	132,615
Amount repayable within one year	111,011	132,615	111,011	132,615
Amount repayable After one year	-	-	-	-

**30 INTEREST BEARING BORROWINGS**

	GROUP		COMPANY	
	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000
Direct Borrowing	288	12,412	288	12,412
Preference Loan Facility	1,336,261	1,302,999	1,336,261	1,302,999
Borrowing Under Commercial Papers	56,453	45,902	56,453	114,973
Borrowing Under Repurchase Agreement	-	-	552	121,459
Lease Creditor	616,093	298,684	37,838	10,029
Refundable Deposit	-	-	-	5,147
	2,009,095	1,659,997	1,431,392	1,567,019
Amount repayable within one year	139,420	121,189	59,771	258,675
Amount repayable after one year	1,869,675	1,538,808	1,371,621	1,308,344
	2,009,095	1,659,997	1,431,392	1,567,019

**31 TRADE AND OTHER PAYABLES**

	GROUP		COMPANY	
	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000
<b>Non Current</b>				
Deposits from Customers	-	649,272	-	-
	-	649,272	-	-
<b>Current</b>				
Trade Creditors	24,638	211,218	-	-
Deposits from Customers	-	2,386,089	-	-
Sundry Creditors including Accrued Expenses	80,526	108,110	36,550	24,804
	105,164	2,705,417	-	-
	105,164	3,354,689	36,550	24,804

**32 AMOUNTS DUE TO RELATED PARTIES**

	Relationship	GROUP		COMPANY	
		2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000
Asia Securities (Private) Limited	Subsidiary	-	-	-	176,702
Asia Fort Sri Lanka Direct investment Fund Limited	Subsidiary	-	-	-	17,607
Asia Capital Technologies (Private) Limited	Subsidiary	-	862	-	-
		-	862	-	194,309

**33 DISPOSAL OF SUBSIDIARY**

During the year ended 31st March 2015 the Group disposed it's control stake in Asia Asset Finance PLC and entire holding in Subsidiaries Asia Securities (Pvt) Ltd. respectively.

	Asia Asset Finance PLC Rs.'000	Asia Securities (Pvt) Ltd. Rs.'000
<b>Group</b>		
Consideration Received	266,813	413,599
Share of Net Assets of the Subsidiary as at Disposal Date/Cost of Investment	(232,839)	(315,484)
Profit on Disposal of Subsidiary	33,974	98,115

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34 SUMMARISED FINANCIAL INFORMATION OF SUBSIDIARIES

	Assets			Liabilities			Equity			Revenue			Profit/(Loss) after Tax			Total Comprehensive Income/(Expense)		
	2015	2014	2015	2015	2014	2015	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	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	Rs.'000	Rs.'000
Asia Growth Fund (Pvt) Ltd	94,565	94,565	117,625	117,385	(23,061)	(22,820)	-	-	(241)	(282)	(241)	(282)	(241)	(282)	(241)	(282)	(241)	(282)
Asia fort Sri Lanka Direct investment fund Ltd	18,610	47,585	8,980	38,691	9,630	8,894	-	-	736	(1,301)	736	(1,301)	736	(1,301)	736	(1,301)	736	(1,301)
Asia Capital private equity (Pvt) Ltd	26,268	26,268	31,441	31,349	(5,173)	(5,081)	-	-	(92)	(233)	(92)	(233)	(92)	(233)	(92)	(233)	(92)	(233)
Asia capital Technologies (Pvt) Ltd	14,355	14,699	16,360	12,869	(2,005)	1,830	8,690	3,218	(4,245)	(8,344)	(4,245)	(8,344)	(4,245)	(8,344)	(4,245)	(8,344)	(4,245)	(8,261)
Asia Digital Entertainment (Pvt) Ltd	289,297	323,918	377,762	383,188	(88,465)	(59,270)	3,000	8,447	(17,731)	(17,085)	(17,731)	(17,085)	(17,731)	(17,085)	(17,731)	(17,085)	(17,731)	(17,085)
Asia Wealth Management (Pvt) Ltd	15,204	41,277	9,760	37,363	5,444	3,914	-	-	(1,865)	(11,443)	(1,865)	(11,443)	(1,865)	(11,443)	(1,865)	(11,443)	(1,865)	(11,443)
Galle Beach Hotel (Pvt) Ltd	217,316	214,047	219,723	214,768	(2,407)	(721)	-	-	(1,685)	(821)	(1,685)	(821)	(1,685)	(821)	(1,685)	(821)	(1,685)	(821)
Asia leisure Holding (Pvt) Ltd	215,832	207,687	109,897	81,175	105,935	126,512	14,358	9,319	(12,289)	(7,001)	(12,273)	(7,001)	(12,273)	(7,001)	(12,273)	(7,001)	(12,273)	(6,818)
Asia Leisure (Pvt) Ltd	135,496	140,899	230,344	221,691	(94,848)	(80,792)	57,454	48,206	(14,431)	(43,078)	(14,402)	(43,078)	(14,402)	(43,078)	(14,402)	(43,078)	(14,402)	(42,710)
Balapatiya Resorts (Pvt) Ltd	487,749	479,045	274,183	171,500	213,566	307,545	97,708	35,936	(58,868)	(28,085)	(58,871)	(28,085)	(58,871)	(28,085)	(58,871)	(28,085)	(58,871)	(28,085)
Wadduwa Resorts (Pvt) Ltd	580,497	274,421	278,259	200,887	302,238	73,534	27,846	-	(81,647)	(4,302)	(81,647)	(4,302)	(81,647)	(4,302)	(81,647)	(4,302)	(81,647)	(4,302)
Asia Tea Packaging (Pvt) Ltd	49,317	93,641	60,379	95,592	(11,062)	(1,951)	-	445	(8,775)	(11,925)	(8,775)	(11,925)	(8,775)	(11,925)	(8,775)	(11,925)	(8,775)	(11,660)
River house (Pvt) Ltd	95,650	95,651	7,225	7,204	88,425	88,447	-	-	(21)	(543)	(21)	(543)	(21)	(543)	(21)	(543)	(21)	(543)
Asia Investment 2 (Pvt) Ltd	59,567	-	59,839	-	(272)	-	-	-	(272)	-	(272)	-	(272)	-	(272)	-	(272)	-
Asia Leisure Travels (Pvt) Ltd	9,484	-	6,695	-	2,789	-	39,600	-	(214)	-	(214)	-	(214)	-	(214)	-	(214)	-

34.1 Non Controlling Interest (NCI) in Subsidiaries

	% of Ownership held by NCI			% of Voting Rights held By NCI			Share of Loss of NCI for the year ended			Share of total Comprehensive Income/(Loss)			Non Controlling Interest as at				
	2015	2014	2015	2015	2014	2015	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	
	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	
Balapatiya Resorts (Pvt) Ltd	34	34	34	34	(9,549)	(9,549)	(20,015)	(9,549)	(20,015)	(9,549)	(20,015)	(9,549)	(20,015)	(9,549)	(20,015)	(9,549)	41,997
Wadduwa Resorts (Pvt) Ltd	26.24	26.24	26.24	26.24	(1,129)	(1,129)	(21,424)	(1,129)	(21,424)	(1,129)	(21,424)	(1,129)	(21,424)	(1,129)	(21,424)	(1,129)	19,295



**35 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	
				2015 Rs.000	2014 Rs.000
<b>(a) Transactions with Subsidiaries/Sub-Subsidiaries</b>					
Asia Growth Fund 1 (Private) Limited	Subsidiary	Mr. J.H.P.Ratnayake	Reimbursement of Expenses (net)	(203)	(238)
		Mr. S.A.Abeyesinhe			
Asia Fort Sri Lanka Direct Investment Fund Limited	Subsidiary	Mr. J.H.P.Ratnayake	Interest Expense on Commercial Papers	2,128	3,580
		Mr. S.A.Abeyesinhe	Transfer of long term Loans	25,843	-
			Reimbursement of Expenses (net)	(1,829)	(1,894)
Asia Capital Technologies (Private) Limited	Subsidiary	Mr. S.A.Abeyesinhe	Reimbursement of Expenses (net)	8,048	8,044
			CDAX Online Trade & Maintenance Charges	-	(930)
			Intercompany Fund Transfers	950	586
Asia Wealth Management Company (Private) Limited	Subsidiary	Mr. S.A.Abeyesinhe	Reimbursement of Expenses (net)	(8,436)	(11,367)
			Intercompany Fund Transfers	(3,630)	(2,146)
			Settlement of Liabilities	27,034	-
Asia Leisure Holdings (Private) Limited	Subsidiary	Mr. S.A.Abeyesinhe	Reimbursement of Expenses (net)	-	(714)
			Intercompany Fund Transfers	(74,785)	(31,387)
			Interest on intercompany funds	175	4,617
			Interest payment for Asia Leisure Holdings Loan	12,933	8,621
Asia Leisure (Private) Limited	Subsidiary	Mr. S.A.Abeyesinhe	Interest on intercompany funds	(3,737)	(6,963)
Asia Capital Private Equity Private Ltd	Subsidiary	Mr. S.A.Abeyesinhe	Reimbursement of Expenses (net)	(7,453)	(4,055)
			Intercompany Fund Transfers (net)	38	-

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Name of the Related Party	Nature of the Relationship	Name of the Common Director	Details of the Transactions/ Balances	Value of the Transactions	
				2015 Rs.000	2014 Rs.000
Formally Known as Asia Investment 3 (Pvt) Ltd.			Reimbursement of Expenses (net)	-	232
Asia Digital Entertainment (Pvt) Ltd.	Subsidiary	Mr. S.A.Abeyesinhe (Resigned w.e.f 5/8/2014)	Intercompany Fund Transfers	(3,400)	(450)
			Reimbursement of Expenses	5,857	(340)
Asia Tea Packaging (Pvt) Ltd.	Subsidiary		Intercompany Fund Transfers	(397)	4,205
			Interest on intercompany funds	-	(6,706)
			Reimbursement of Expenses (Net)	353	(4,243)
Balapitiya Resorts (Pvt) Ltd.	Subsidiary	Mr. S.A.Abeyesinhe	Intercompany Fund Transfers	77,936	(6,213)
		Mr. T. Tanaka	Reimbursement of Expenses	-	(15,229)
			Initial incorporation of the Balapitiya Resort	-	(3,166)
			Interest on Loan	(18,256)	-
River House (Pvt) Ltd.	Subsidiary	Mr. S.A.Abeyesinhe	Reimbursement of Expenses	(21)	(993)
Wadduwa Resorts (Pvt) Ltd.	Subsidiary	Mr. S.A.Abeyesinhe	Intercompany Fund Transfers	60,022	(103,348)
		Mr. T. Tanaka Mr. Y. Watanabe	Interest paid for Loan taken from Asia Assets Finance PLC	(14,236)	(15,757)
			Reimbursement of Expenses	-	(82,037)
Asia Investment 2 (Pvt) Ltd.	Subsidiary	Mr. S.A.Abeyesinhe Mr. V. Siva Jr	Reimbursement of Expenses	(59,706)	(58)
Galle Beach (Pvt) Ltd.	Subsidiary	Mr. S.A.Abeyesinhe Mr. V. Siva Jr	Reimbursement of Expenses	(3,955)	(1,291)
Formerly Known as Asia Investment 4 (Pvt) Ltd.					

Name of the Related Party	Nature of the Relationship	Name of the Common Director	Details of the Transactions/ Balances	Value of the Transactions	
				2015 Rs.000	2014 Rs.000
<b>(b) Transactions with Other Related Parties</b>					
P.R. Secretarial Services (Pvt) Ltd.	Common Directors	Mr. J.H.P.Ratnayake	Secretarial Fees	(389)	(260)
Asia Tea Packaging (Pvt) Ltd.	Common Directors	Mr. S.A.Abeyesinhe (Resigned w.e.f 05/08/2014)	Reimbursement of Expenses	-	862
Asia Leisure Holdings (Pvt) Ltd.	Common Directors	Mr. S.A.Abeyesinhe	Back Office Maintenance Charges	407	-
Asia Asset Finance PLC			Investment Commercial Papers	-	(21,079)
			Interest expense on Commercial Paper	-	3,580
Asia Capital Private Equity (Pvt) Ltd.		Mr. S.A.Abeyesinhe	Interest fee fund transfer	12	12
Asia Leisure (Pvt) Ltd.	Common Director	Mr. S.A.Abeyesinhe	Reimbursement of Expenses	-	3,152
			Intercompany Fund Transfers	-	(2,800)
			Other Expenses	-	(16,988)
Asia Leisure Holdings (Pvt) Ltd.	Common Director	Mr. S.A.Abeyesinhe	Reimbursement of Expenses	5,270	11759
Wadduwa Resorts (Pvt) Ltd.					
Asia Leisure (Pvt) Ltd.	Common Director	Mr. S.A.Abeyesinhe	Reimbursement of Expenses	5774	-
			Intercompany Fund Transfers	1750	-
			Other Expenses	(460)	
Asia Capital Private Equity (Pvt) Ltd.	Common Director	Mr. S.A.Abeyesinhe	Intercompany Fund Transfers	-	18,317
Asia Leisure Holdings (Pvt) Ltd.	Common Director	Mr. S.A.Abeyesinhe	Intercompany Fund Transfers	(500)	-
Balapitiya Resorts (Pvt) Ltd.	Common Director	Mr. S.A.Abeyesinhe	Reimbursement of Expenses	(194)	-
			Intercompany Fund Transfers	(8,198)	-

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	GROUP		COMPANY	
	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000
(d) <b>Transactions with Key Management Personnel</b>				
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	61,079	89,955	43,648	32,809
Post Employment Benefit	-	2,512	-	-
	61,079	92,467	43,648	32,809

**36 COMMITMENTS AND CONTINGENCIES**

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

**36.1 Commitments**

**Company**

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

Name of the Company	Name of the Bank	Purpose	2015 Rs.'000	2014 Rs.'000
Balapitiya Resorts (Private) Ltd	Seylan Bank PLC	Constructions	200,000	200,000
Asia Leisure Holdings (Private ) Ltd	Seylan Bank PLC	Constructions	50,000	-
Wadduwa Resorts (Private) Ltd	Seylan Bank PLC	Constructions	325,000	-

**37 EVENTS AFTER THE REPORTING DATE**

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

**38. 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 of the following Company is unable to continue as going concern.

Asia Growth Fund 1 (Private) Limited has incurred a loss of Rs. 240,603/- during the financial year ended 31st March 2015 and accumulated loss of Rs. 23,110,876/- as at that date. The Company's current liabilities exceeded its current assets by Rs.117,603,583/- and total liabilities exceed total assets by Rs. 23,060,835/- 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 has incurred a net loss of Rs. 17,731,306/- during the financial year ended 31st March 2015 and accumulated losses of Rs. 92,884,595/- as at that date. The company's current liabilities exceeded its current assets by Rs 89,910,608/- as at the reporting date. These factors raise substantial doubts on the companies ability to continue as a going concern.

Asia Wealth Management (Private) Limited has incurred a net loss of Rs. 1,865,151/- during the financial year ended 31st March 2015 and accumulated losses of Rs. 30,324,666/- as at that date. The company's current liabilities exceeded its current assets by Rs 9,456,562/- as at the reporting date. These factors raise substantial doubts on the companies ability to continue as a going concern.

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

**39 ASSETS PLEDGED**

Name of the Lender	Nature of Facility	Facility Limit	Details of Assets Pledged	Balance as at 31st March 2015 Rs.'000	Balance as at 31st March 2014 Rs.'000
<b>Balapitiya Resorts (Private) Limited</b>					
Seylan Bank PLC	Long Term Loan	Rs. 200Mn	Shinagawa Land and Buildings located in Guruniwase Road, Balapitiya	176,000	200,000
<b>Wadduwa Resorts (Private) Limited</b>					
Seylan Bank PLC	Long Term Loan	Rs 325Mn	Taprobane Land and Buildings Located at No 325/16 ,Ratnayaka Road, Thalpitiya Wadduwa	325,000	-

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40 OPERATING SEGMENT	Investments		Stock Brokering		Deposit Mobilisation and Credit	
	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000
<b>Revenue</b>						
Total Gross Sales	871,462	235,245	194,777	102,384	354,353	732,367
Less : Inter segment sales/dividend	-	(210,485)	(834)	(834)	(13,252)	(39,816)
Net Segment Revenue	871,462	24,760	193,944	101,550	341,101	692,551
Segmental Operating Profit / (Loss)	(228,142)	(529,444)	15,343	(114,713)	2,188	1,165
Other Operating Income	49,076	6,776	341	29,213	40,630	41,742
<b>Operating Profit / (Loss) before Provision for</b>						
<b>Fall in Value of Investments</b>	(179,065)	(522,668)	15,684	(85,500)	42,818	42,907
Provision for Fall in Value of Investments	-	167,469	-	-	-	-
Operating Profit / (Loss)	(179,065)	(355,199)	15,684	(85,500)	42,818	42,907
Finance Cost	(96,307)	(148,501)	(2,217)	(5,286)	-	-
Finance Income	10,974	40,469	4,374	5,379	-	-
Profit / (Loss) Before Taxation	(264,399)	(463,231)	17,841	(85,407)	42,818	42,907
Income Taxation	(16,068)	(18,922)	9,902	11,327	(657)	3,319
Profit / (Loss) After Taxation	(280,467)	(482,153)	27,743	(74,080)	42,161	46,226
<b>Assets</b>						
Segment Assets	989,285	751,439	-	322,547	-	3,622,539
Deferred Tax Assets/(Liabilities)	-	-	-	-	-	88,627
Total Assets	989,285	751,439	-	322,547	-	3,711,166
<b>Liabilities</b>						
Segment Liabilities	37,323	9,898	-	198,451	-	3,119,429
Interest Bearing Borrowings	1,318,755	1,578,321	-	38,536	-	78,787
Total Liabilities	1,356,077	1,588,219	-	236,987	-	3,198,216
<b>Net Assets</b>						
Capital Expenditure	55,359	640	-	366	-	31,091
Depreciation	9,026	15,504	-	11,017	-	14,853

Leisure		Manufacturing		Services		Group	
2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000
236,967	150,681	-	445	8,690	4,102	1,666,249	1,224,340
-	-	-	-	(1,089)	-	(15,174)	(254,019)
236,967	115,800	-	445	7,601	4,102	1,651,075	970,321
(157,113)	(71,993)	(11,636)	(21,955)	(8,520)	(27,326)	(387,880)	(756,013)
11,569	7,747	6,632	20,382	1,609	167	109,857	105,861
(145,665)	(64,246)	(5,003)	(1,573)	(6,911)	(27,159)	(278,143)	(650,152)
				-	-	-	146,044
(145,665)	(64,246)	(5,003)	(1,573)	(6,911)	(27,159)	(278,143)	(504,108)
(15,365)	437	(3,248)	(2,236)	(1,746)	(728)	(118,883)	(157,512)
654	-	80	-	18	226	16,099	45,857
(160,376)	(63,809)	(8,172)	(24,658)	(8,639)	(27,661)	(380,927)	(615,763)
(277)	(288)	(14)	-	(566)	(726)	(7,680)	(6,992)
(160,653)	(64,097)	(8,186)	(24,658)	(9,206)	(28,387)	(388,607)	(622,755)
1,569,512	1,246,979	49,317	93,641	29,519	31,703	2,641,332	6,068,848
-	-	-	-	-	-	-	88,627
1,569,512	1,246,979	49,317	93,641	29,519	31,703	2,641,332	6,157,475
297,127	247,726	594	5,821	3,424	14,264	342,513	3,595,591
597,243	263,095	-	25,571	13,075	8,968	1,929,072	1,993,279
894,370	510,821	594	31,392	16,499	23,232	2,271,585	5,588,870
675,142	736,157	48,723	62,248	13,020	8,471	369,747	568,605
1,014,474	559,501	-	-	-	-	1,069,833	591,598
64,968	32,194	5,267	10,595	306	222	79,567	84,384

## NOTES TO THE FINANCIAL STATEMENTS | CONTD.

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### 41. FINANCIAL RISK MANAGEMENT

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

Credit risk  
Liquidity risk  
Market 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 and the Group's management of Capital. Further quantitative disclosures are included throughout these Consolidated Financial Statements.

#### Risk Management Framework

The Board of Directors has overall responsibilities for the establishment and oversight of the Group's 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 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.

#### 41.1 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.



Description	Group		Company	
	31st March 2015	31st March 2014	31st March 2015	31st March 2014
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Loans given to ESOP	3,414	3,414	3,414	3,414
Income Tax Receivable	1,534	7,337	-	1,877
Trade and Other Receivables	229,057	1,845,599	95,650	30,657
Amounts due from Related Parties	-	63	1,381,857	1,152,902
Cash and Cash Equivalents	57,809	367,169	18,074	5,087
	291,814	2,223,582	1,498,995	1,193,937

#### 41.2 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 its liabilities when due, under both normal and stressed condition, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group objective is to maintain a balance between Continuity of funding & flexibility through the use of bank overdrafts, bank loans, and finance lease. Access to sources

of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders. The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding of netting agreements.

	Group		Company	
	31st March 2015	31st March 2014	31st March 2015	31st March 2014
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Fair Value Through Profit & Loss	251,731	124,774	251,731	43,765
Trade and Other Receivables	229,057	1,845,599	95,650	30,657
Cash in Hand and at Bank	57,809	367,169	18,074	5,087
Total Liquidity Assets	538,597	2,337,542	365,455	79,509
Interest Bearing Borrowings - Current	139,420	121,189	59,771	253,527
Trade and Other Payables	105,164	2,705,417	36,550	29,954
Bank Overdrafts	19,978	383,782	4,379	257,049
Total Liabilities	264,562	3,210,388	100,700	540,530
Net(debt)/cash	274,034	(872,846)	264,755	(461,021)

NOTES TO THE FINANCIAL STATEMENTS | CONTD.

For the year ended 31 March

**41 FINANCIAL RISK MANAGEMENT (Contd.)**

**41.3 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 2015 Rs. '000	31st March 2014 Rs. '000	31st March 2015 Rs. '000	31st March 2014 Rs. '000
Long Term borrowings	1,371,621	1,308,344	1,371,621	1,308,344
Net borrowing-(Rs.)	1,371,621	1,308,344	1,371,621	1,308,344
Closing Exchange rate-(Rs.)	134.73	129.87	134.73	129.87
Net Borrowing (Functional Currency)	10,181	10,074	10,181	10,074
Increase Exchange rate in 3% (Rs.)	138.77	133.77	138.77	133.77
Impact to the PBT	(41,149)	(39,250)	(41,149)	(39,250)
Decrease Exchange rate in 3% (Rs.)	130.69	125.97	130.69	125.97
Impact to the PBT	41,149	39,250	41,149	39,250

(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 2015 Rs. '000	31st March 2014 Rs. '000	31st March 2015 Rs. '000	31st March 2014 Rs. '000
Fixed Rate Instruments				
Financial Assets				
Fixed Deposit	116,970	45,028	116,970	45,005
Staff Loan	268	637	268	257
Variable Rate Instruments				
Financial Assets				
Call Deposit	-	-	-	-
Reverse Repurchase Agreement	40,967	235,199	41,254	170,635
Financial Liabilities				
Reverse Repurchase Agreement	-	-	(553)	(121,459)
Bank Overdraft	(19,978)	(383,782)	(4,379)	(257,049)
	(20,989)	(148,583)	36,322	(207,873)

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

**42 FAIR VALUES**

**42.1 Fair Values verses carrying amounts**

The fair values of financial assets and liabilities together with the carrying amounts shown in the statement of Financial Position as at 31st march 2015, are as follows;

	Group		Company	
	Carrying amount Rs. '000	Fair value Rs. '000	Carrying amount Rs. '000	Fair value Rs. '000
<b>Assets carried at fair value</b>				
<b>Assets carried at amortized cost</b>				
Loans and Receivables	157,937	157,937	158,228	158,228
Long Term Deposits and Advances	29,325	29,325	9,899	9,899
Loan given to ESOP	3,414	3,414	3,414	3,414
Amount due from Related parties	-	-	1,381,856	1,381,856
Cash & Cash Equivalents	57,808	57,808	18,074	18,074
<b>Liabilities carried at amortized cost</b>				
Interest bearing Borrowings	2,009,095	2,009,095	1,431,392	1,561,871
Non Interest bearing Borrowings	111,011	111,011	111,011	111,011
Trade & Other Payable	105,164	105,164	36,549	36,549
Bank Overdraft	19,978	19,978	4,379	4,379

**42.2 Fair Value Hierarchy**

**42.2.1** The table below analyses Financial instruments carried at fair value, by valuation method. The different levels have been defined as follows

Group	Level 1 Rs '000	level 2 Rs '000	level 3 Rs '000	Total Rs '000
Fair value through profit & loss	251,731	-	-	251,731
Company	251,731	-	-	251,731
Fair value through profit & loss	251,731	-	-	251,731
	251,731	-	-	251,731

**42.2.1** The table below analyses Financial instruments carried at amortised cost, by valuation method. The different levels have been defined as follows

Group	Level 1 Rs '000	level 2 Rs '000	level 3 Rs '000	Total Rs '000
<b>Assets carried at amortized cost</b>				
Loans and Receivables	-	-	157,937	157,937
Long Term Deposits and Advances	-	-	29,325	29,325
Loan given to ESOP	-	-	3,414	3,414
Amount due from Related parties	-	-	-	-
Cash & Cash Equivalents	-	57,808	-	57,808
<b>Liabilities carried at amortized cost</b>				
Interest bearing Borrowings	-	-	2,009,095	2,009,095
Non Interest bearing Borrowings	-	-	111,011	111,011
Trade & Other Payable	-	-	105,164	105,164
Bank Overdraft	-	-	19,978	19,978

NOTES TO THE FINANCIAL STATEMENTS | CONTD.

For the year ended 31 March

**42.2.1** The table below analyses Financial instruments carried at amortised cost, by valuation method. The different levels have been defined as follows

Company	Level 1 Rs '000	level 2 Rs '000	level 3 Rs '000	Total Rs '000
<b>Assets carried at amortized cost</b>				
Loans and Receivables	-	-	158,228	158,228
Long Term Deposits and Advances	-	-	9,899	9,899
Loan given to ESOP	-	-	3,414	3,414
Amount due from Related parties	-	-	1,381,856	1,381,856
Cash & Cash Equivalents	-	18,074	-	18,074
<b>Liabilities carried at amortized cost</b>				
Interest bearing Borrowings	-	-	1,561,871	1,561,871
Non Interest bearing Borrowings	-	-	111,011	111,011
Trade & Other Payable	-	-	36,549	36,549
Bank Overdraft	-	-	4,379	4,379

**Sensitivity Analysis**

Sensitivity Analysis - Quoted and Un-Quoted Investments

The Company is exposed to changing share prices of the Colombo Stock Exchange and the sensitivity for the investment rate change of 1% is as follows.

	31st March 2015	
	-1% Rs '000	1% Rs '000
Quoted and Un-Quoted Investments	(2,518)	2,518

**1 Stock Exchange Listing**

The Issued Ordinary Shares of the Company are listed with the Colombo Stock Exchange  
 Ticker Symbol - ACAP.N0000  
 Market Sector - Diversified Holdings

**2 Market Price**

	31 March 2015 (Rs.Per Share)	31 March 2014 (Rs.Per Share)
Last Traded	8.70	16.95
Highest	17.80	33.20
Lowest	8.50	16.10

## TEN YEAR SUMMARY

For the year ended 31 March

Year ended 31st March	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>OPERATING RESULTS</b>											
Revenue	1,651,075	970,321	854,889	1,996,276	2,122,917	1,328,423	1,803,062	956,048	982,836	743,097	1,678,846
Profit/loss before Taxation	(380,927)	(615,763)	(747,918)	843,459	1,331,927	288,795	(395,559)	(354,876)	2229	(395,559)	267,032
Taxation	(7,680)	(6,992)	20,262	(146,226)	(180,912)	(66,435)	16,373	(16,125)	(33,034)	(54,346)	(17,875)
Profit/Loss after Taxation	(388,607)	(622,755)	(727,656)	697,232	1,151,015	222,360	(379,186)	(371,001)	(30,805)	(449,905)	249,157
Minority Interest	41,439	(2,007)	(4,684)	(158,517)	(162,997)	(12,600)	(65,681)	(60,641)	(186)	(247)	-
Profit(Loss) attributable to Shareholders	(347,168)	(624,762)	(722,972)	538,715	988,018	209,760	(444,867)	(431,642)	(30,991)	(450,152)	249,157
<b>ASSETS</b>											
Property, Plant & Equipment	1,492,604	1,290,956	839,044	680,994	680,993	328,038	94,001	94,979	75,843	88,400	168,288
Intangible Assets	127,403	147,271	149,539	108,675	-	78,143	55,455	49,076	150,088	150,088	150,088
Investment Property	-	98,353	32,935	42,935	-	67,039	12,023	12,731	13,438	14,145	-
Long Term Investment	-	-	-	-	-	372,210	337,053	433,991	739,732	511,324	411,020
Deferred Taxation	-	88,627	84,860	54,939	-	1,913	17,809	129	-	-	-
ESOP Loan	-	-	-	-	-	17,491	17,491	17,491	17,491	17,491	17,491
Other Non Current Assets	29,325	1,482,971	1,086,956	1,066,774	17,402	1,339,611	560,766	7,962	14,824	14,824	14,617
Current Assets	982,000	3,039,296	3,381,593	2,985,043	2,457,919	3,548,588	3,255,127	3,857,563	2,050,008	3,745,748	2,116,806
Total Assets	2,631,332	6,147,475	4,468,549	4,939,359	3,156,315	5,753,033	4,349,725	4,473,922	3,061,424	4,542,020	2,878,310
<b>EQUITY AND LIABILITIES</b>											
Stated Capital	1,498,498	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
Revaluation Reserve	43,634	45,779	45,867	-	27,560	8,709	10,437	5,970	-	-	-
Available For Sale Reserve	-	-	-	(4,154)	(6,343)	-	-	-	-	-	-
Capital Reserve	-	5,922	11,148	6,229	5,774	1,790	1,344	1,344	3,174	2,500	2,500
Exchange Equalisation Reserve	-	-	-	-	-	-	-	-	78,316	78,316	(48,467)
General Reserve	-	19,054	16,347	8,425	3,000	3,000	3,000	3,000	-	-	-
Accumulated Profits/(Loss)	(1,192,237)	(880,200)	(410,842)	(92,315)	20,474	(856,779)	(1,080,850)	(635,983)	66,604	89,701	131,722
Shareholders' Fund	349,895	305,113	777,078	1,032,744	1,165,023	271,278	48,489	488,889	1,276,452	1,298,875	1,214,113
Minority Interest	19,852	263,492	138,609	44,096	598,549	248,106	194,959	131,945	542	247	-
	369,747	568,605	915,687	1,076,840	1,763,572	519,384	243,448	620,834	1,276,994	1,299,122	1,214,113
Non-Current Liabilities	1,888,865	2,218,270	1,645,804	443,195	172,412	748,778	186,067	92,904	91,523	90,119	91,657
Current Liabilities	382,720	3,370,600	3,013,436	3,419,321	1,530,013	4,484,871	3,920,210	3,760,184	1,692,907	3,152,779	1,572,540
Total Liabilities	2,271,585	5,588,870	4,659,240	3,862,517	1,702,425	5,233,649	4,106,277	3,853,088	1,784,430	3,242,898	1,664,197
Total Equity & Liabilities	2,641,332	6,157,475	5,574,927	4,939,356	3,465,997	5,753,033	4,349,725	4,473,922	3,061,424	4,542,020	2,878,310

## 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 fulfill 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.

### 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.

## NOTICE OF ANNUAL GENERAL MEETING

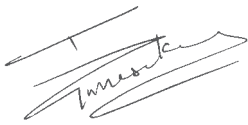
OF ASIA CAPITAL PLC FOR THE YEAR ENDED 31ST MARCH 2014/2015

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Asia Capital PLC will be held on 25th September 2015 at 10.00 a.m. at Sri Lanka Foundation, No. 100, Sri Lanka Padanam Mawatha, Independence Square, Colombo 07.

### AGENDA

- 1 To receive and consider the Report of the Directors and the Audited Financial Statements for the year ended 31st March 2015 and the Report of the Auditors thereon.
- 2 To re-elect Mr. R.J. Wickramasinghe who retires in terms of Article 98 of the Articles of Association of the Company and being eligible, offers himself for re-election as a Director of the Company under Article 99 of the Articles of Association of the Company.
- 3 To re-appoint Messrs KPMG Chartered Accountants as the Auditors to the Company for the ensuing year and to authorize the Directors to determine their remuneration.
- 4 To transact any other business of which due notice has been given.

BY ORDER OF THE BOARD



**Director/Secretaries**

Colombo,  
10th August 2015

Notes:

- \* A member is entitled to appoint a Proxy to attend and vote at this meeting on his/her behalf.
- \* A Proxy need not be a member of the Company.
- \* A member wishing to vote by Proxy may use the Form of Proxy enclosed.
- \* To be valid the completed Form of Proxy must be lodged at the Registered Office: No.21-01, West Tower, World Trade Center, Echelon Square, Colombo 01, Sri Lanka not less than 48 hours before the time appointed for the holding of the meeting
- \* Members/ Proxy Holders are kindly requested to bring along with them their National Identity Card or a similar form of accepted identity when attending the meeting.



# FORM OF PROXY

I/We .....of  
 .....  
 being a Member/Member\* of the above named Company, hereby appoint .....  
 .....of .....  
 ..... failing him/her\*

- 1 Mr. J.H.P. Ratnayeke or failing him
- 2 Mr. S.A. Abeyesinhe or failing him
- 3 Mr. V. Siva Jr. or failing him
- 4 Mr. A.D. Ross or failing him
- 5 Mr. R.J. Wickramasinghe or failing him
- 6 Mr. T. Tanaka or failing him
- 7 Mr. Z. Merchant or failing him
- 8 Mr. Y. Watanabe

As my/our\* Proxy to represent me/us\* and vote and speak for me/us\* on my/our\* behalf at the 22nd Annual General Meeting of Asia Capital PLC to be held on 25th September 2015 at 10.00 a.m. at Sri Lanka Foundation, No. 100, Sri Lanka Padanam Mawatha, Independence Square, Colombo 07 and at any poll which may be taken in consequence thereof at the aforesaid meeting and at any adjournment thereof.

I/WE INDICATE MY/OUR VOTE ON THE RESOLUTIONS BELOW AS FOLLOWS;

	For	Against
1 To receive and consider the Report of the Directors and the Audited Financial Statements for the year ended 31st March 2015 and the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2 To re-elect R.J. Wickramasinghe who retires in terms of Article 98 of the Articles of Association of the Company and being eligible, offers himself for re-election as a Director of the Company under Article 99 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
3 To re-appoint Messrs. KPMG, Chartered Accountants as the Auditors to the Company for the ensuing year and to authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>

Signed .....this.....  
 day of.....2015.....

.....  
 Signature Date

- Note:
- \*Please delete the inappropriate words
  - 1 Instructions for completion of Proxy noted below
  - 2 A proxy need not be a member of the Company
  - 3 Please mark "X" in appropriate cages, to indicate your instructions as to voting



# 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](http://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  
Balapitiya Resorts (Private) Limited  
Wadduwa Resorts (Private) Limited  
River House (Private) Limited  
Galle Beach (Private) Limited  
Galle Beach Hotel (Private) Limited

## BOARD OF DIRECTORS

J H P Ratnayeke (Chairman)  
S A Abeyesinhe (Group Chief Executive Officer)  
A D Ross  
V Siva Jr.  
R J Wickramasinghe  
Zaheer Merchant  
Toshiaki Tanaka  
Y Watanabe D O A 23/09/2014

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## AUDIT COMMITTEE

R J Wickramasinghe (Chairman)  
A D Ross  
V Siva Jr.

## REMUNERATION COMMITTEE

R J Wickramasinghe (Chairman)  
V Siva Jr.  
A D Ross

## NOMINATION COMMITTEE

R J Wickramasinghe (Chairman)  
V Siva Jr.  
A D Ross  
S A Abeyesinhe

## 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 Markar Mawatha,  
Colombo 3

## INTERNAL AUDITORS

PricewaterhouseCoopers  
100, Braybrooke Place, Colombo 2.

## LAWYERS

Paul Ratnayeke 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

[WWW.ASIACAPITAL.LK](http://WWW.ASIACAPITAL.LK)