



where we are.

Because we've never
been satisfied with
'good enough'.

ASIA
CAPITAL
PLC



our portfolio

securities

leisure

finance

investments

diversified business

“Having commenced the process of consolidating core group competencies in the previous year, efforts in 2013 yet again remained strongly aligned to the overall objective of augmenting group synergies to impact positively across all Asia Capital PLC (ACAP) business pillars...”

what we do

We at Asia Capital provides various financial services to institutional and individual customers primarily in Sri Lanka as well as overseas. The company's products and services for institutions comprise investment banking, equity capital markets, debt capital markets, asset management, equity securities trading, fixed income securities trading, investment research, asset leasing, project finance, and advisory services. Its services for individuals include wealth management, fund management, stock broking and asset management.

where we are

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where we are

chairman's statement

Dear Shareholder

Having taken over at the helm of your company in 2013, I must say it has been an insightful year for all of us at Asia Capital PLC (ACAP). In retrospect, 2013 was a year that signified change for ACAP, leading up to an inevitable transition which saw us challenge convention in favour of a more forward thinking approach supportive of progressive growth for the future. It is thus with a deep sense of accomplishment that I present to you, the annual report and the financial statements as at 31st March 2014 and take you through the key highlights of the year.

Change in Motion

As well articulated strategies continued to outline a steady 7.3% GDP growth for Sri Lanka's economy in 2013, we at ACAP felt it was time to realign our corporate vision and map out our future aspirations to keep pace with the country's long term growth trajectory.

As a first step, we reinforced the group's capital structure, resulting in the recapitalizing of equity holdings, where the previously issued share value of Rs. 10/- per share was revalued at Rs. 18/- per share, with effect from 03rd March 2014. While adding a considerable boost to the Net Asset Value of ACAP shares, the resultant increase of Rs. 384 Million arising from the recapitalization process has also pushed up the stated capital of the group to Rs. 1.5 Billion.

From a business perspective too, a number of changes were deemed necessary, as we sought to tap into the current growth opportunities in the country, in particular the prospects emerging in the tourism and leisure sector. Having ventured into the leisure

industry a few years ago, the investments we have made in the sector have continued to thrive, on the back of Sri Lanka's growing popularity as an international travel and leisure destination. As such, employing a greater effort to develop the ACAP leisure arm was an obvious decision, which I feel was a timely move that would provide the impetus for unprecedented growth in the years ahead. Having clearly understood the market potential in this area, I believe enhancing our visibility at strategic destinations across the country, remains crucial to securing our presence in the local leisure industry. This would entail a sizable commitment to augment our room inventory and feature our brand at selected destinations in Sri Lanka.

Promise for the Future

In developing our leisure brand we have always employed a highly selective strategy, where our primary focus thus far has been to develop key properties along the southern coastal belt. Continuing along the same lines, we propose to further augment our portfolio in the years ahead. In doing so, we hope to cultivate our unique brand proposition by leveraging on the strength of our existing offerings. Moreover, we would also look at pursuing suitable foreign collaborators as equity partners who share our vision for progress.

With the campaign to deepen our exposure in the leisure sector being the main thrust of our medium term plans, we have additionally mapped out suitable strategies that justify the development of our other business interests as well. On the investment banking side, we are committed to play an active role in exploring the diversity of the segment, in particular the corporate finance space, as we strive to reengineer ourselves

as a multi-functional investment banking unit ideally positioned to complement the progressive development of the national economy. On the other hand, given the docile stock market environment, it is likely that the group would remain only passive participants in the stock broking sector, until such time a conducive environment develops to compel aggressive involvement in developing our prospects in that space.

Having thus outlined the group's strategic focus for the foreseeable future, I am confident that these well laid out plans would be instrumental in delivering both short term and medium term expectations of the Asia Capital group.

To conclude, I would like to take this opportunity to thank my predecessor, Mr. Manohan Nanayakkara who resigned as Chairman of Asia Capital PLC effect from 31st August 2013. I take this opportunity to express my heartfelt gratitude to Mr. Nanayakkara for his untiring efforts to ensure the success of the group at all times in the past. I look forward to working together with the entire team in ensuring continued success of Asia Capital PLC in the years ahead.



J H P Ratnayake
Chairman

21 November 2014

“With the campaign to deepen our exposure in the leisure sector being the main thrust of our medium term plans, we have additionally mapped out suitable strategies that justify the development of our other business interests as well.”

where we are

group ceo's review

Key Macro-economic highlights for 2013

On the back of the gradual uptick in the global economic climate seen in during 2013, Sri Lanka's economy too rallied well to conclude the year with a robust GDP growth of 7.3%. Denoted by these signs of healthy growth and stable mid-single digit inflation levels, the country's GDP per capita reached an unprecedented USD 3,280 by end December 2013. While all sectors performed well throughout 2013, a notable recovery was evident in the agriculture sector, the result of favourable weather conditions that prevailed for much of the year. As seen in the past few years, yet again the construction sector continued to thrive, buoyed largely by massive government sponsored infrastructure undertakings across the island.

Meanwhile, with the realization of the desired policy objectives of the previous year, the CBSL stepped up efforts to further ease the monetary policy regime as a means of boosting investments and accelerating the country's growth prospects in the long term. Among the key measures introduced in this regard was the reduction in the key policy interest rates aimed at inciting the private sector credit appetite, while also creating a framework conducive for progressive nation-wide development in the year ahead.

Group Overview

Having commenced the process of consolidating core group competencies in the previous year, efforts in 2013 yet again remained strongly aligned to the overall objective of augmenting group synergies to impact positively across all Asia Capital PLC (ACAP) business pillars. Efforts in this regard were underscored by the need to strengthen both equity and debt parameters and

improve the overall debt-equity ratio for the group. It was deemed that restructuring ACAP's basic funding model, in this manner, would help derive a more agile business blueprint that would be a catalyst of future growth for ACAP.

In reshaping the basic funding premise, ACAP remained inclined towards a more equity-based approach, where 2014 the group equity holdings were recapitalized (add) and resulted a 384mn increase in the stated capital. Meanwhile, parallel efforts were also initiated to redress the group debt position, with a view to moderating the debt-equity ratio and securing a stable IRR. As such, in this year too, ACAP continued to assess the likelihood of divesting from selected finance company positions. While solidifying the group's underlying financial landscape, it is believed that such prudent divestitures would not only release ACAP's unwarranted debt burden but also corroborate with the most recent stipulates of the central bank regulatory framework for greater stability and transparency of financial institutions. However, regardless of these considerations no divestments were made during 2013, where from a business standpoint ACAP continued to focus on strengthening the value proposition of all existing assets, thereby enhancing the long term viability of each undertaking to justify a more credible debt management paradigm in the longer term.

From a performance perspective, amidst yet another transitional year, the group did satisfactorily well. Denoted by a 7% growth in the topline, the ACAP group recorded a 14% reduction in the group loss from Rs. 727 Million in the previous year to Rs.622 Million as at 31st March 2014. Moreover, the deployment of prudent cost management initiatives during the year resulted in a marked reduction the operational costs of the group.

Leisure Sector

Asia Leisure Management, ACAP's leisure arm moved steadily forward during 2013 particularly as growth in the national leisure industry continued to outpace all expectations for the third consecutive year. Having established a measurable presence in Sri Lanka's leisure arena in the past few years, Asia Leisure Management continued to make bold strides in promoting its own unique brand concept vis-à-vis a portfolio of highly selective boutique offerings.

Among the key highlights for the year was the opening of Shinagawa Beach in Balapitiya in December 2013, a 26 room upscale property launched to coincide with the 2013/14 international travel season. A tie up between Teoria Investment Ltd and Asia Capital PLC with an investment outlay of US\$ 3.5 million, the property adds to the existing portfolio of hotels, namely Tamarind Hill in Galle and River House in Balapitiya and brings the total room tally under management to 43 by end March 2014.

Meanwhile, amidst the distinctive global trend for exclusive upscale boutique offerings, growing the room inventory is now seen as a key priority area that would ideally complement the future aspirations of the ACAP leisure arm. Consequently, the targeted capacity was revised from the previously estimated 160 rooms to 300 keys by end 2017. It is deemed that this indeed an achievable target for Asia Leisure Management, particularly given the completion of the Taprobana, Wadduwa, a 27 room luxury beach-front boutique hotel, opened in September 2014, in addition to the proposed development of a 100 room property in Galle, due to be opened in December 2016.

Finance Sector

Demonstrating a satisfactory performance for the year, the ACAP finance sector continued to leverage on shifts in market interest rates to record growth in all key performance indicators. While the year proved to be somewhat challenging given the excess liquidity levels in the market, careful scrutiny of market movements helped the finance sector secure a better than expected results for 2013. Meanwhile, prompted by the CBSL regulations encouraging greater consolidation among financial institutions, the ACAP finance sector sought to negotiate strategic partnerships that would not only secure the company's asset base but also initiate a healthier debt-equity balance in the longer term.

Stock Broking Sector

Following a relatively sluggish start to the year, the performance of the ACAP Stock Broking arm showed promising results in the latter half of the financial year. The country's stock markets rebounded well in December 2013 in the lead up to a buoyant market conditions seen in the first quarter of 2014. Stock Broking arm was thus able to secure a notable reduction in the sector losses from Rs. 134 Million in the previous year to Rs. 84 Million as at 31st March 2014.

Looking Ahead

As the group's strategic thrust shifts in favour of the leisure sector ACAP seeks to re-engineer a more relevant business model that would not only caption existing competencies but also stimulate new strengths to help develop all key business pillars and drive the future aspirations of the group.

where we are

group ceo's review (contd.)

Meanwhile, the heightened focus on developing the leisure arm would tantamount to both short term and medium term commitments by ACAP to enhance the current room inventory. With the expansion drive well underway and much of the financial commitment already made for a number of pipeline projects, the leisure management arm is on course to accomplish the set deliverables in terms of room capacity by 2017. Moreover, it is likely that in seeking to better manage properties under the leisure sector, a possible rebranding exercise would be initiated to consolidate all properties under a single umbrella. Such measures would undoubtedly be associated with further capital raising strategies that would yet again reconstitute the composition of the group's equity holdings in the years ahead.

On the finance side, a fresh outlook for the immediate future would spotlight the development of the investment banking segment of the business, in anticipation of the prolific number of foreign direct investments that are likely to materialize as a consequence of the Five Hubs Programme launched by the government under the MahindaChintana – Vision for the Future initiative. With maritime, aviation, commercial & tourism, knowledge and energy sectors being the core areas outlined under the government's development agenda, the seemingly endless demand the investment banking solutions will see ACAP take proactive steps to reinforce the corporate finance arm in the immediate future. In doing so, the group expects to strengthen core competencies while improving resources of the unit in readiness for the future. Moving forward, from an investment point of view, the group aims to either remain passive investors in the business or alternatively pursue more lucrative merger options with other institutions in the finance cluster. While ensuring the overall health of each unit under the finance business pillar, it is believed that such moves would

also improve internal governance and reporting mechanisms to better interpret the new CBSL regulations for financial institutions.

With regard to the Stock Broking arm, the group expects to maintain its established presence while investigating the possibility of diversifying interests into related business segments, where strategic equity partnerships or business tie-ups with stakeholders who have a vested interest in Sri Lanka's securities industry would be sought. While complementing the group expansion goals, equity based tie –ups of this nature are deemed to limit ACAP's capital outlay while supporting the long term debt management strategies of the group.

Appreciations

In conclusion, I wish to thank the Board of Directors for their continued support and wise counsel at all times. I also wish to express my gratitude to all the employees of the ACAP group for the strength and the dedication with which they have approached the challenges of their respective businesses. While thanking all investors and other business partners for their faith and confidence in all group activities, I wish to also express my sincere appreciation to all shareholders of the ACAP group for their continued support throughout the year. I seek your valued patronage to secure the future success of Asia Capital PLC in the years ahead.



S A Abeyesinhe
Director / CEO

21 November 2014

the board of directors

J H P Ratnayeke

Chairman

H L L M Nanayakkara - Resigned

Chairman/Managing Director

D Muthukumarana - Ceased

Independent Non Executive Director

F X R Pereira - Ceased

Independent Non Executive Director

A D Ross

Independent Non Executive Director

R J Wickramasinghe

Independent Non Executive Director

V Siva Jr

Non Executive Director

S A Abeyesinhe

Director / Group Chief Executive Officer

Zaheer Merchant

Independent Non Executive Director

Toshiaki Tanaka

Non Executive Director

Y Watanabe

Non Executive Director

where we are

the board of directors (contd.)

J H P Ratnayeke

Chairman

D. O. A. as Chairman 07/03/2014

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.

H L L M Nanayakkara

Chairman/Managing Director

D. O. R. 31/08/2013

Mr. Manohan Nanayakkara was the Chairman/Managing Director of Asia

Capital PLC and the Managing Director of Asia Securities Private Limited. He sat on the Board of all associate and subsidiary companies of Asia Capital PLC until 31st August 2013.

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

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

He was the Project Specialist who designed and managed the Capital Market Project of USAID which provides assistance for the privatisation and

establishment of the Securities and Exchange Commission of Sri Lanka (SEC), and the development of the Colombo Stock Exchange (CSE).

D Muthukumarana

D. O. R. 25/09/2013

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

He held senior top management positions in reputed commercial banks in the country.

F X R Pereira

D. O. R. 25/09/2013

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

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

Mr. Pereira has held Directorates in several high ranking Sri Lankan organisations throughout his career. Among them being Lankem Ceylon Limited., where he served as Director Finance & Company Secretary.

A D Ross

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

Mr. Ross has over 30 years of experience in Accountancy and Finance. He is the Managing Director of Baker Tilly Hong Kong Limited (Certified Public

Accountants), a member of the Asia Pacific Regional Board of Baker Tilly International, the Finance Director of Windy City International Limited (the operator of the Dan Ryan's Restaurant Group) and an Independent Executive Director on the board of Global Tech (Holdings) Limited, which is listed on the Hong Kong Stock Exchange.

R J Wickramasinghe

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

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

V Siva Jr

Mr. Valentine is the Managing Partner of a boutique corporate finance firm based out of Kuala Lumpur which he founded in 2005. The firm specialises in

structuring large project financing deals and cross border financing. The firm also collaborates closely with regional private equity firms in securing bridge financing. He also has vast experience in Strategic Consulting with past engagements with many large conglomerates in Kuala Lumpur and Indonesia. He was also the former Group Corporate Planner of a public listed company on the Kuala Lumpur Stock Exchange.

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

S A Abeyesinhe

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

where we are

the board of directors (contd.)

(Private) Limited, Asia Leisure (Private) Limited, Asia Tea Packaging (Private) Limited, and Asia Wealth Management Company (Private) Limited.

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

Zaheer Merchant

D. O. A. 03/04/2013

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

D. O. A. 03/04/2013

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

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.

corporate structure

STOCK BROKING

Asia Securities (Private) Limited

Directors

J H P Ratnayake (Chairman)
 H L L M Nanayakkara (MD) - D.O.R.
 31/08/2013
 M S I Marikkar (CEO)
 P N B Wijekoon
 S A Abeyesinhe
 S Subaulla
 M A M Niyaz - D.O.R. 28/06/2013
 C.I. Hapugoda - D.O.A 18/12/2013

Alternate Directors

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

Shareholding of Asia Capital PLC

99.99%

Auditors

KPMG

INFORMATION TECHNOLOGY

Asia Capital Technologies (Private) Limited

Directors

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

Shareholding of Asia Capital PLC

100%

Auditors

Amarasekara & Co

FINANCIAL SERVICES

Asia Wealth Management Company (Private) Limited

Directors

H L L M Nanayakkara (Chairman) - D.O.R.
 31/08/2013
 S A Abeyesinhe
 P N Jansen
 S Weerasinghe - D.O.R 31/07/2014

Shareholding of Asia Capital PLC

99.99%

Auditors

Amarasekara & Co

Asia Asset Finance PLC

Directors

H L L M Nanayakkara (Chairman/MD)
 R J A Gunawardena (CEO)
 S A Abeyesinhe (Non Executive)
 W J A Fernando (Non Executive
 Independent) D.O.R. 10/12/2013
 C Ramachandra (Non Executive
 Independent)
 N De Silva (Non Executive Independent)
 D.O.R. 10/12/2013
 D P Pieris (Non Executive)
 V Siva Jr (Non Executive) - D.O.A.
 27/08/2013
 R A T P Perera (Non Executive) - D.O.A
 24/12/2013

Alternate Director

D P Pieris (Alternate Director to H L L M
 Nanayakkara) - D.O.R. 08/04/2013
 S T Hettige (Alternate for Mr. V Siva Jr)
 D.O.A. 27/11/2013
 S Weerasinghe (Alternate Director for
 Mr. S A Abeyesinhe) - D.O.A. 27/02/2014
 - D.O.R. 09/10/2014

Shareholding of Asia Capital PLC

72.73%

Auditors

Ernst & Young

where we are

corporate structure (contd.)

MANUFACTURING

Asia Tea Packaging (Private) Limited

Directors

H L L M Nanayakkara (Chairman) - D.O.R.
15/10/2013
S A Abeyesinhe D.O.R 06/08/2014
P N Jansen
R.A.T.P. Perera - D.O.A. 05/08/2014

Shareholding of Asia Capital PLC

100%

Auditors

Sunil Gamage & Company

VENTURE CAPITAL

Asia Fort Sri Lanka Direct Investment Fund Limited

Directors

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

Alternate Director

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

Shareholding of Asia Capital PLC

100%

Auditors

KPMG

Asia Growth Fund 1 (Private) Limited

Directors

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

Shareholding of Asia Capital PLC

100%

Auditors

KPMG

Asia Capital Private Equity (Private) Limited

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

Directors

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

Shareholding of Asia Capital PLC

100%

Auditors

Sunil Gamage & Company

Asia Investment 2 (Private) Limited

Directors

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

Shareholding of Asia Capital PLC

100%

Auditors

Sunil Gamage & Company

LEISURE

Asia Leisure Holdings (Private) Limited

Directors

H L L M Nanayakkara (Chairman) - D.O.R.
31/08/2013

S A Abeyesinhe

P N Jansen

M S D Galagedara

N S A Ratwatte Abeysekera - D.O.A.
31/07/2013

R.M.Morris - D.O.A 24/02/2014

Shareholding of Asia Capital PLC

100% through Asia Growth Fund 1
(Private) Limited

Auditors

A C M Ifhaam & Company

Asia Leisure (Private) Limited

Directors

H L L M Nanayakkara (Chairman) - D.O.R.
31/08/2013

S A Abeyesinhe

P N Jansen

M S D Galagedara

R.M. Morris - D.O.A 24/02/2014

Shareholding of Asia Capital PLC

100% through Asia Leisure Holdings (Pvt) Ltd

Auditors

A C M Ifhaam & Company

Balapitiya Resorts (Private) Limited

(Formally known as Taprobane Resorts
(Pvt) Ltd.)

Directors

H L L M Nanayakkara – D.O.R.
31/08/2013

S A Abeyesinhe

P N Jansen

S Weerasinghe - D.O.R. 19/05/2014

C I Hapugoda

S Shinagawa

S Ohki

T Tanaka

R.M. Morris – D.O.A 29/05/2014

S.Ohtsu– D.O.A 29/05/2014

Shareholding of Asia Capital PLC

66%

Auditors

Sunil Gamage & Company

Wadduwa Resorts (Private) Limited

Directors

H L L M Nanayakkara – D.O.R.
31/08/2013

S A Abeyesinhe

P N Jansen

S Weerasinghe - D.O.R. 19/05/2014

S Hamaguchi

O Miyoshi

T Tanaka

Y Watanabe

R.M. Morris – D.O.A 29/05/2014

Alternate Directors

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

R.M. Morris (Alternate for Y Watanabe)

Shareholding of Asia Capital PLC

73.76%

Auditors

Sunil Gamage & Company

where we are

corporate structure (contd.)

River House (Private) Limited

Directors

H L L M Nanayakkara - D.O.R.

31/08/2013

S A Abeyesinhe

P N Jansen

Shareholding of Asia Capital PLC

100%

Auditors

Sunil Gamage & Company

Galle Beach (Private) Limited

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

Directors

H L L M Nanayakkara - D.O.R.

31/08/2013

S A Abeyesinhe

V Siva Jr - D.O.A. 10/09/2013

T P Perera - D.O.A. 10/09/2013

Shareholding of Asia Capital PLC

100%

Auditors

Sunil Gamage & Company

Galle Beach Hotel (Private) Limited

Directors

H L L M Nanayakkara - D.O.R.

31/08/2013

S A Abeyesinhe

P N Jansen

Shareholding of Asia Capital PLC

100% through Asia Capital Private Equity
(Pvt) Ltd

Auditors

Sunil Gamage & Company

ENTERTAINMENT

Asia Digital Entertainment (Private) Limited

Directors

H L L M Nanayakkara (Chairman) - D.O.R.

31/08/2013

S A Abeyesinhe - D.O.R. 05/08/2014

P N Jansen

V Siva Jr - D.O.A. 10/09/2013

T P Perera - D.O.A. 23/09/2013

Alternate Director

R J A Gunawardena (Alternate Director
to Mr. H L L M Nanayakkara) - D.O.R.

31/08/2013

Shareholding of Asia Capital PLC

100%

Auditors

Sunil Gamage & Company

TRAVEL

Asia Leisure Travels (Private) Limited

Directors

S.A. Abeyesinhe - D.O.A 01/07/2014

R.M Morris - D.O.A 02/06/2014

D. Rathnayake - D.O.A 02/06/2014

R.A.T.P.Perera - D.O.A 02/06/2014

S.Gunawijeya - D.O.A 04/07/2014

M. Senda - D.O.A 04/07/2014

S. Hettige - D.O.A 02/07/2014

Shareholding of Asia Capital PLC

89% through Asia Leisure Holdings
(Private) Limited

Auditors

Sunil Gamage & Company

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governance
transparent

where we are

risk management

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

Risk Management System

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

paradigm. The ACAP risk management system comprises of the following key components.

Risk Policy Manual

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

Internal Control System

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

Risk Management Committee

The ACAP risk management committee consists of a high profile team including members of the Board, Head of Departments and senior staff representing that encapsulates the diversity of the

group. The scope of activities carried out by the committee include:

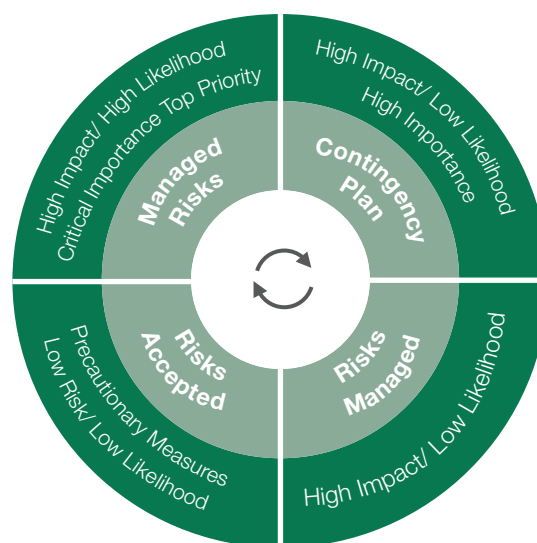
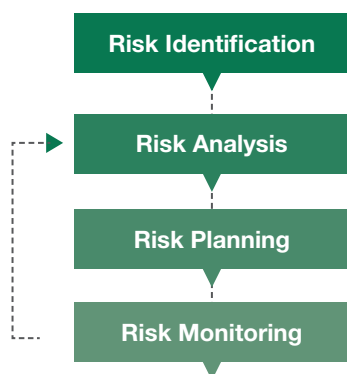
- Determining the risks faced by the ACAP group based on various criteria set out in the Risk Policy Manual
- Reviewing the risk profile of the company
- Assessing the risk appetite towards specific risks or risk management practices
- Formulating and implementation of control measures to achieve the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

ACAP Risk Management Process

PHASE 1 - Risk Identification

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

relevance and timeliness and to provide the committee with a starting point to address any renewed risks that the group may encounter.



PHASE 2 - Risk Analysis

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

PHASE 3 - Risk Planning

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

where we are

risk management (contd.)

Risk Category	Elements of Risk	Risk Control Strategy
RISK CATEGORY	<ul style="list-style-type: none"> • Inability to implement selected strategies or plans • Not achieving business objectives • Inappropriate or adverse decision making • Lack of responsiveness to industry changes • Ill - timed investments in capital ventures • Failure to optimise risk / return formula through business strategies 	<ul style="list-style-type: none"> • The Risk Management committee has recommended a 5 year strategic plan, revised annually. • Comprehensive budgeting and variance analysis done at company and SBU level
COMPETITION RISK	<p>Internal Risks</p> <ul style="list-style-type: none"> • Over reliance on existing products • Failure to adopt new technology • Inability to introduce new products and deviate from the market <p>External Risks</p> <ul style="list-style-type: none"> • Introduction of new products by competitors • Adverse promotional campaigns 	<ul style="list-style-type: none"> • Oracle BI, a comprehensive new Management Information system has been implemented in order to analyse data and information that would provide ACAP with a competitive edge • Direct competitor analysis is carried out on a quarterly basis and Key Performance Indicators are analysed and compared industry wide
LIQUIDITY RISK	<ul style="list-style-type: none"> • Non-availability of adequate working capital requirements • Lack of liquid resources to secure a viable business opportunity • Inability to meet regulatory cash reserves 	<ul style="list-style-type: none"> • Continuous review of group working capital requirements • Strict management and control of funding • Continuous monitoring and control of debtors and creditors mismatch
MARKET RISK	<ul style="list-style-type: none"> • Adverse financial impact on the company resulting from the fluctuation of interest rates • Currency Fluctuations • Variations in equity and commodity prices • Volatile property values 	<ul style="list-style-type: none"> • In accordance with the risk management committee recommendations, the research division monitors economic indicators • Findings are presented to the strategic planning committee along with recommendations on strategies that negate any adverse effects

Risk Category	Elements of Risk	Risk Control Strategy
CREDIT RISK	<ul style="list-style-type: none"> • Partial or full default of obligations by Asia Capital counterparties 	<ul style="list-style-type: none"> • Regular review of counterparty exposure limits and eliminating excessive exposure to one party • Formulation of solid legally binding agreements for all contracts with third parties • Ensure proper Security/Collateral /back ground checks prior to granting loans to third parties • Maintaining strong relationships with creditors
IT RISK	<ul style="list-style-type: none"> • System failures • System errors and breakdowns • Unauthorised system access • Improper use of information • Non-availability of required IT platforms or inadequate IT support 	<ul style="list-style-type: none"> • The comprehensive group IT policy is outlined in the IT security policy manual • Asia Capital has appointed an IT security, risk and infrastructure manager to overlook the IT risk management function • At present the group had invested in a data center at SLT IDC and a disaster recovery solution was also implemented using Oracle Golden Gate Replication software
SOCIAL AND POLITICAL RISK	<ul style="list-style-type: none"> • Impact of political instability and social unrest that affects the day-to-day operations 	

where we are

risk management (contd.)

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

PHASE 4 - Risk Monitoring

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

corporate governance

	Reference to SEC & ICASL Code, CSE Listing Rules	Compliance	Details of Compliance
1. COMPANY			
A.1 Directors (The Board)	A.1/7.10.1(a), 7.10.2(a) and 7.10.3(c-d)	Compliant	<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"> I Company strategy and business plan II Financial reporting and internal controls III Financial performance IV Dividend policy V Changes to capital structure VI Constitution and performance of the Board Committees VII Regulatory compliance
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

where we are

corporate governance (contd.)

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			
<p>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</p>			
Role of Chairman	A.3.1	Complied	The Chairman should ensure Board proceedings are conducted in a proper manner
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
A.5 Board Balance			
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	<p>Each non executive director has submitted his/her declaration to CSE.</p> <p>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)</p>

where we are

corporate governance (contd.)

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
A.6 Supply Information			
Obligation of the Management to provide appropriate and timely information	A.6.1	Complied	The Group has a state-of-art management information system to process and monitor the performance of the Group 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 to be tabled one week prior to board Meeting
A.7 Appointment to the Board			
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 36 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 35 of this Annual Report
A.8 Re-election			
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
A.9 Appraisal of Board performance			
Appraisals of the Board and the subcommittees	A9.1,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 state how such performance evaluations have been conducted.
A.10 Disclosure of information in respect of Directors			
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 10 to 12 of this Annual Report. Director's interests in contracts are indicated in Note 33 of the Financial Statements of this Annual Report. Names of the Chairmen and the members of the Boards Committees are provided on page 36 and in the inner back cover of this Annual Report

where we are

corporate governance (contd.)

A.11 Appraisal of Chief Executive			
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. DIRECTORS' REMUNERATION			
B.1/ 7.10.5 Remuneration Procedure			
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 two (2) independent non-executive directors and one (01) non-executive director. Mr R.J Wickramasinghe is the Chairman of the Committee. The details of the Remuneration Committee's composition, policies and responsibilities are set out on page 43 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.
B.2 Level and Makeup of Remuneration			
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 Sechdule 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 fee are compared with the market rates.
B.3 / 7.10.5 (C) DISCLOSURE OF REMUNERATION			
Disclosure of remuneration policy and aggregate remuneration	B.3.1	Complied	Please refer Remuneration Committee Report
C. RELATIONS WITH SHAREHOLDERS			
C.1 Constructive use of Annual General Meeting			
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.

where we are

corporate governance (contd.)

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.
C.2 COMMUNICATION WITH SHAREHOLDERS			
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
C.3 MAJOR TRANSACTIONS			
Disclosures of Major transactions	C.3.1	Complied	
D. ACCOUNTABILITY AND AUDIT			
D.1 Financial Reporting			
Board responsibility to present the financial statements	D.1.1	Complied	The Board presents a balanced and understandable assessment 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 Annual Report of the Directors on page 34
Statement by the Directors and the Auditors	D.1.3	Complied	Please refer the Statement of Directors Responsibility on page 41 and 45.
Management discussion and analysis	D.1.4	Complied	Please refer Management Discussion and Analysis on page 6 to 8.
Declaration by the Board as to whether the business is a going concern	D.1.5	Complied	Please refer to Annual Report of the Directors on page 35.
Requirement for an Extraordinary General meeting in a situation of serious loss of capital	D.1.6	Not Applicable	
D.2 Internal Control			
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.

where we are

corporate governance (contd.)

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 42.
Terms of Reference of the Audit Committee	D.3.3	Complied	Please refer to the Audit Committee Report on page 42.
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 42.
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 04 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 23 to 33.
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.
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
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.

where we are

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 2014.

Principal Activities

Review of Operations

The Chairman's Review on pages 04 to 05 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 06 to 08 in this report.

Financial Results

For the year ended 31st March

	GROUP		COMPANY	
	2014 Rs.'000	2013 Rs.'000	2014 Rs.'000	2013 Rs.'000
Profit /(loss) for the year before taxation	(615,763)	(747,918)	(376,597)	(95,203)
Income Taxation	(6,992)	20,262	(14,726)	157
Profit/(loss) for the Year After Taxation	(622,755)	(727,656)	(391,324)	(95,046)
Non-Controlling interest	(2,007)	(4,684)	-	-
Profit/Loss Attributable to Equity Holders of the Parent Company	(620,748)	(722,972)	(391,324)	(95,046)
Profit/(Loss) Brought Forward from Previous Year	(410,842)	(92,315)	(56,462)	39,221

Financial Statements

The Directors are of the view that the Financial Statements of both Company and the Group duly certified by the Chief Financial Officer and approved by two Directors which are appearing on pages 47 to 101 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 45 to 46

Accounting Policies

The accounting policies adopted in the preparation of Financial Statements are given in pages 54 to 64.

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 70 to 72.

Stated Capital

The stated Capital of the Company as at 31st March 2014 was Rs. 1,114,558,000/- (110,000,000 shares)

Donations

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

Capital Commitments

There were no material capital expenditure commitments other than those disclosed in Note 34 on page 92 of the Financial Statements.

Provisions

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

Provision for the Taxation

The provision for the taxation is computed at the rates disclosed in Note 10 on pages 67 to 68 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 2014 are set out in Notes 34 and on page 92 of the Financial Statements.

Risk Management and Internal Control

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

Going Concern

The Board of Directors 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. H.L.L.M. Nanayakkara (resigned from effect on 31st August 2013) - Chairman/ Managing Director

Mr. J.H.P. Ratnayeke - Deputy Chairman

Mr. F.X.R. Pereira (ceased to be a Director on 25th September 2013)

Mr. A.D.Ross

Mr. Valentine Siva Jr.

Mr. D. Muthukumarana (ceased to be a Director on 25th September 2013)

Mr. R.J. Wickramasinghe

Mr. S.A. Abeyesinhe

Ms. D. P. Pieris (resigned with effect on 8th April 2013)

Mr. S.A. Abeyesinhe (Alternate Director to Mr. Valentine Siva Jr)

Mr. S.A. Abeyesinhe (Alternate Director to Mr. J.H.P. Ratnayeke)

Appointments during the year

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

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

Resignations during the year

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

Ms. D. P. Pieris ceased to hold office on 8th April 2013. As a result her office as an Alternate Director to Mr. H.L.L.M. Nanayakkara also ceased from that day.

Mr. F.X.R. Pereira and Mr. D. Muthukumarana ceased to be Directors of the Board with effect from 25th September 2013.

Appointments after the conclusion of the year

Mr. Y Watanabe was appointed with effect from 23rd September 2014.

Directors who held office as at the end of the Accounting period-31st March 2014

Mr. J.H.P. Ratnayeke - Chairman

Mr. A.D.Ross - Director

Mr. Valentine Siva Jr. - Director

Mr. R.J. Wickramasinghe - Director

Mr. S.A. Abeyesinhe - Director

Mr. Toshiaki Tanaka - Director

Mr. Zaheer Merchant - Director

Mr. S.A. Abeyesinhe - [Alternate Director to Mr. Valentine Siva Jr.]

Mr. S.A. Abeyesinhe - [Alternate Director to Mr. J.H.P. Ratnayeke]

of the Seven (07) Directors, Mr. A.D. Ross, Mr. Zaheer Merchant and Mr. R. J. Wickramasinghe are non-executive, independent Directors.

Mr. J.H.P. Ratnayeke, Mr. Valentine Siva Jr., Mr. Toshiaki Tanaka are non-executive Directors. Mr. S. A. Abeyesinhe is an executive director.

where we are

annual report of the board of directors on the affairs of the company (contd.)

Directors retiring (at the Annual General Meeting)

- (1) Mr. Valentine Siva Jr. retires by rotation in accordance with Article 98 of the Articles of Association of the Company and being eligible, offers himself for re-election under Article 99 of the Articles of Association.
- (2) Mr. Y. Watanabe who was appointed to office on 23rd September 2014 will cease to be a Director and will be eligible for re-election at the AGM according to article 103 of the Articles of Association of the Company.

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 - Chairman
Mr. A.D.Ross - Member
Mr. Valentine Siva Jr. - Member

Remuneration Committee

Mr. R.J. Wickramasinghe - Chairman
Mr. Valentine Siva Jr. - Member
Mr. A.D.Ross - Member

Nominations Committee

Mr. R.J. Wickramasinghe - Chairman
Mr. Valentine Siva Jr. - Member
Mr. A.D.Ross - Member
S. A. Abeyesinhe - Member

Related Party Transaction Committee

Mr. R.J. Wickramasinghe - Chairman
Mr. Valentine Siva Jr. - Member
Mr. A.D.Ross - Member

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 09 on page 66 of the Financial Statements.

Name	No. of Shares as at 31st March 2014	No. of Shares as at 31st March 2013
J. H. P. Ratnayake/ 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	-	-

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 33 on pages 86 to 92 of the Financial Statements.

Shareholders Information

The distribution and analysis of shareholdings were as follows;

	As at 31st March 2014			As at 31st March 2013		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1 - 1,000	5,437	782,210	0.7111	5,624	830,917	0.7554
1,001 - 10,000	563	1,384,431	1.2585	568	1,382,753	1.2570
10,001 - 100,000	46	1,135,290	1.0321	43	998,309	0.9076
100,001 - 1,000,000	3	1,059,668	0.9633	3	1,059,668	0.9633
1,000,001 & over	4	105,638,401	96.035	4	105,728,353	96.117
Total	6,053	110,000,000	99.999990	6,242	110,000,000	99.999980

	As at 31st March 2014			As at 31st March 2013		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
Resident	5,991	9,812,534	8.9204	6,172	7,765,152	7.0592
Non-Resident	62	100,187,466	91.0795	70	102,234,848	92.9407
Total	6,053	110,000,000	99.9999	6,242	110,000,000	99.999

	As at 31st March 2014			As at 31st March 2013		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
Individual	5,937	97,460,229	88.6002	6,115	99,396,507	90.3605
Institutional	116	12,539,771	11.3997	127	10,603,493	9.6394
Total	6,053	110,000,000	99.9999	6,242	110,000,000	99.999

where we are

annual report of the board of directors on the affairs of the company (contd.)

20 Largest holders of equity

	Name	As at 31st March 2014		As at 31st March 2013	
		No.of Shares	%	No.of Shares	%
1	MR. VIJAYESWARAN S. VIJAYARATNAM	94,039,467	85.49	96,039,747	87.31
2	FAST GAIN INTERNATIONAL LIMITED	5,489,914	4.99	5,523,966	5.02
3	SEYLAN BANK PLC/ HINIDUMA LIYANAGE LAKPRIYA MANOHAN NANAYAKKARA	4,083,580	3.71	2,139,200	1.94
4	P.W. CORPORATE SEECRETARIAL (PVT) LTD- TRUSTEES TO ESOP	2,025,440	1.84	2,025,440	1.84
5	ASIAN ALLIANCE INSURANCE PLC (LIFE FUND)	543,268	0.49	543,268	0.49
6	MR. TOSHIAKI TANAKA	400,000	0.36	400,000	0.36
7	ASIA ASSET FINANCE PLC	116,400	0.11	116,400	0.11
8	MR. HAMISH WINSTON MCDONALD WOODWARD	98,300	0.09	98,300	0.09
9	MR.CALISTUS NIMALANATHAN PAKIANATHAN	69,518	0.06	42,500	0.04
10	ANGLO AMALGAMATED (PTY) LIMITED	67,000	0.06	67,000	0.06
11	MRS. MANJULA MORARJI UDESHI	55,880	0.05	55,880	0.05
12	GNANAM IMPORTS (PVT) LTD	54,218	0.05	-	-
13	MR. ANUSHMAN RAJARATNAM	50,000	0.05	50,000	0.05
14	MR. WANNAKUWATTEWADUGE ANANDA FERNANDO	44,000	0.04	44,000	0.04
15	MS. SABIHA ABDUL HUSEN RAJKOTWALA	42,000	0.04	42,000	0.04
16	MR. AMIR LUKMANJEE	39,212	0.04	-	-
17	MRS. DAYANGANI PRIYANTHI PIERIS	38,000	0.03	40,000	0.04
18	MR. SHAHUL HAMEED NOOR MOHAMED	37,500	0.03	37,500	0.03
19	MR. KANAGASINGAM KULARATNAM	34,300	0.03	34,300	0.03
20	MR. RANIL HUGH FERNANDO	29,496	0.03	30,000	0.03

Public Shareholding

The percentage of public shareholding as at the 31st of March 2014 was 12%.

Annual General Meeting

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

Auditors

The Financial Statements for the year ended 31st March 2014 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 / CEO



P R Secretarial Service (Private) Limited
Secretaries

21 November 2014

where we are

chief executive officer's and chief financial officer's responsibility statement

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

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

order that the financial statements reflect in a true and fair manner, the form and substance of transactions, and reasonably present the Company's state of affairs.

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

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

The Audit Committee of your Company meets periodically with the Internal Auditors and the Independent Auditors to review the manner in which these auditors are performing their responsibilities and

to discuss auditing, internal control and financial reporting issues. To ensure complete independence, the independent auditors and the internal auditors have full and free access to the members of the audit committee to discuss any matter of substance.

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



S A Abeyesinhe

Director/Group Chief Executive Officer



Thusitha Perera

Group Chief Financial Officer

21 November 2014

statement of directors' responsibilities

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

In the circumstances, the Directors of the Company state below their responsibilities in relation to the Financial Statements of the Company and its subsidiaries and associates for the year ended 31st March, 2014. These differ from the Auditors responsibilities, which are set out in their report given on pages 45 and 46. The Board of Directors have a responsibility to ensure that the Company and its subsidiary and associates are maintaining sufficient accounting policies to ensure the accuracy and reliability of financial statements. The Directors have a general responsibility to take steps to safeguard the assets of the Company.

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

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

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

The Directors are responsible for providing the auditors with every opportunity to carry out the necessary audit work in enabling them to present their report. The Directors have adopted the 'going concern basis' in preparing the Financial Statements. Having reviewed the Group's business plans, the Directors are satisfied that the Company has adequate resources to continue in operation. The Directors confirm that to the best of their knowledge all taxes and levies payable by the Group, all contributions, levies and taxes payable on behalf of and in respect of the employees and all other statutory obligations including retirement gratuities as were due as at the Reporting date have been either duly paid or appropriately provided for in the financial statements.



S A Abeyesinhe

Director/Group Chief Executive Officer



R J Wickramasinghe

Director

21 November 2014

where we are

audit committee report

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

Up to 25th September 2013

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

The Committee was reconstituted effective 26th September 2013 as follows:

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

Mr. R J Wickramasinghe, FCMA, FCCA 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, Hongkong.

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

21 November 2014

remuneration committee report

Remuneration Committee consisted as follows:

Up to 25th September 2013

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

The Committee was reconstituted effective 26th September 2013 as follows:

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

The Chairman and CEO 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 of 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

21 November 2014

where we are

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financial information
strategic

independent auditors' report



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(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 statement of financial position as at 31st March 2014, the statements of comprehensive income, changes in equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes set out on pages 47 to 101 of the Annual Report.

Management's Responsibility for the Financial Statements

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

Scope of Audit and Basis of Opinion

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

audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

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

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion - Company

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended 31st March 2014 and the financial statements give a true and fair view of the financial position of the Company as at 31st March 2014 and of its financial performance and its cash flow for the year then ended in accordance with Sri Lanka Accounting Standards.

Opinion - Group

1. The Group has adopted the revaluation model in accordance with LKAS 16 "Property, Plant and Equipment" for the subsequent

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
Principals - S.R.I. Perera ACMA, LLB, Attorney-at-Law, H.S. Goonewardene ACA

where we are

independent auditors' report (contd.)

measurement of Office Equipment, Fixtures and Fittings, Computer Equipment, Hotel Equipment, Plant and Equipment and Computer Equipment under Finance Leases as at 31st March 2014 as disclosed in Note 3.2.1.1.1 to the consolidated financial statements. However, Asia Asset Finance PLC, a subsidiary of the Group, has not subsequently measured the fair value of Office Equipment, Fixtures and Fittings, Computer Equipment, Plant and Equipment and Computer Equipment under Finance Leases as at 31st March 2014. The effect on the consolidated financial statements due to this non-compliance with the Group accounting policy cannot be quantified in the absence of sufficient and appropriate audit evidence.

In our opinion, except for the effects of matter discussed above, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries dealt with thereby as at 31st March 2014 and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Without further qualifying our opinion, we draw attention to Note 36 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 and Note 41 to the consolidated financial statements in relation to the qualification of independent Auditors' Report pertaining to the financial year ended 31st March 2013 on lease, hire purchase, loans and fixed deposits balances including related interest income and interest expense and the steps taken by the management to reconcile such balances in the current financial year ended 31st March 2014.

Report on Other Legal and Regulatory Requirements

These financial statements also comply with the requirements of Section 151(2) to 153(7) of the Companies Act No. 07 of 2007.

The logo for KPMG, consisting of the letters 'KPMG' in a stylized, handwritten font.

Chartered Accountants

21st November 2014

Colombo

statement of comprehensive income

For the year ended 31st March	Note	GROUP		COMPANY	
		2014 Rs.'000	2013 Rs.'000	2014 Rs.'000	2013 Rs.'000
Revenue	5	970,321	854,889	226,798	581,901
Cost of Sales		(505,027)	(465,333)	(178,942)	(176,448)
Gross Profit		465,294	389,556	47,856	405,453
Other Operating Income	6	105,861	54,535	171,824	393
Selling and Distribution Expenses		(108,623)	(136,952)	(55,516)	(120,523)
Administrative Expenses		(806,550)	(742,960)	(178,131)	(167,783)
Other Operating Expenses		(135,203)	(198,814)	(240,493)	(153,689)
Provision for Impairment of Receivables	7	(29,887)	(25,973)	(1,241)	-
Net Finance Costs	8	(106,655)	(87,310)	(120,896)	(59,054)
Loss Before Taxation	9	(615,763)	(747,918)	(376,598)	(95,203)
Income Taxation	10	(6,992)	20,262	(14,726)	157
Loss for the year		(622,755)	(727,656)	(391,323)	(95,046)
Attributable to					
Equity Holders of the Parent Company		(620,748)	(722,972)	(391,323)	(95,046)
Non-Controlling Interests		(2,007)	(4,684)	-	-
		(622,755)	(727,656)	(391,323)	(95,046)
Basic Loss Per Share (Rs.)	11	(5.66)	(6.62)	(3.57)	(0.86)
Statement of other Comprehensive Income					
Loss for the Year		(622,755)	(727,656)	(391,323)	(95,046)
Other Comprehensive Income					
Actuarial gain on defined Benefit Obligations		8,940	736	4,820	(638)
Tax Effect on Actuarial Gain on Retirement Benefit Obligations		(925)	-	(1,349)	-
Revaluation Surplus on Property, Plant and Equipment		(88)	46,809	-	5,905
Deferred Taxation on Revaluation Surplus		-	(942)	-	-
Other Comprehensive Income for the year, net of tax		7,927	46,603	3,471	5,267
Total Comprehensive Loss for the year		(614,828)	(681,053)	(387,852)	(89,779)
Attributable to					
Equity Holders of the Parent Company		(612,821)	(676,369)	(387,852)	(89,779)
Non-Controlling Interests		(2,007)	(4,684)	-	-
Total Comprehensive Loss for the year		(614,828)	(681,053)	(387,852)	(89,779)

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 47 to 101.

where we are

statement of financial position

as at 31st March	Note	GROUP		COMPANY	
		2014 Rs.'000	2013 Rs.'000	2014 Rs.'000	2013 Rs.'000
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	12	1,290,956	839,044	17,219	27,072
Intangible Assets	13	147,271	149,539	16,694	21,914
Investment Properties	14	98,353	32,935	-	-
Investments in Subsidiaries	15	-	-	1,362,614	1,509,274
Available for Sale Financial Assets	20	10,001	-	-	-
Long Term Deposits and Advances	17	19,139	19,246	8,398	9,746
Trade and Other Receivables	23	1,463,832	1,067,710	-	-
Deferred Taxation	27	88,627	84,860	-	-
		3,118,179	2,193,334	1,404,925	1,568,006
Current Assets					
Inventories	18	319,177	292,263	-	-
Loans and Receivable	19	371,184	992,835	215,640	740,666
Financial Assets Available For Sale	20	579	579	-	-
Financial Assets - Fair Value Through Profit and Loss	21	124,774	47,381	43,765	40,607
Loans given to ESOP	16	3,414	3,414	3,414	3,414
Income Tax Receivable		7,337	23,056	1,877	15,638
Trade and Other Receivables	23	1,845,599	1,740,707	30,657	33,494
Amounts due from Related Parties	24	63	58	1,152,902	686,275
Cash and Cash Equivalents	25	367,169	281,300	5,087	9,222
		3,039,296	3,381,593	1,453,342	1,529,317
Total Assets		6,157,475	5,574,927	2,858,267	3,097,323
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	26	1,114,558	1,114,558	1,114,558	1,114,558
Revaluation Reserve		45,779	45,867	5,905	5,905
Capital Reserves		5,922	11,148	-	-
General Reserve		19,054	16,347	-	-
Accumulated Losses		(880,200)	(410,842)	(444,313)	(56,463)
Shareholders' Fund		305,113	777,078	676,150	1,064,000
Non-controlling Interests		263,492	138,609	-	-
Total Equity		568,605	915,687	676,150	1,064,000
Non-Current Liabilities					
Retirement Benefit Obligations	28	30,190	34,438	6,321	9,278
Interest Bearing Borrowings - Non Current	30	1,538,808	851,402	1,308,344	769,507
Trade and Other Payables	31	649,272	759,964	-	-
		2,218,270	1,645,804	1,314,665	778,785

as at 31st March	Note	GROUP		COMPANY	
		2014 Rs.'000	2013 Rs.'000	2014 Rs.'000	2013 Rs.'000
Current Liabilities					
Non - Interest Bearing Borrowings- Current	29	132,615	132,856	132,615	132,856
Interest Bearing Borrowings - Current	30	121,189	520,329	258,675	652,727
Debentures		10	10	-	-
Trade and Other Payables	31	2,705,417	2,156,846	24,804	70,002
Amounts due to Related Parties	32	862	-	194,309	293,279
Income Tax Payable		26,725	46,223	-	-
Bank Overdrafts	25	383,782	157,172	257,049	105,674
		3,370,600	3,013,436	867,452	1,254,538
Total Liabilities		5,588,870	4,659,240	2,182,118	2,033,323
Total Equity and Liabilities		6,157,475	5,574,927	2,858,267	3,097,323
Net Assets Per Share (Rs.)		5.17	7.06	6.15	9.67

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 47 to 101.

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

21 November 2014

Colombo.



S A Abeyesinhe

Director / CEO

where we are

statement of cash flow

For the year ended 31st March

	GROUP		COMPANY	
	2014 Rs.'000	2013 Rs.'000	2014 Rs.'000	2013 Rs.'000
CASH FLOW FROM OPERATING ACTIVITIES				
Loss before income Tax Expense	(615,763)	(747,918)	(376,598)	(95,203)
Adjustments for;				
Provision for Retiring Benefit Obligation	8,211	9,091	1,863	3,671
Depreciation on Property, Plant and Equipment	87,408	77,418	10,308	10,674
Amortisation on Intangible Assets	10,842	10,126	6,040	5,930
Gain/loss on Translation of Foreign Currency	-	13,918	27,409	13,918
Revaluation Loss	-	9,774	-	9,774
(Profit) / Loss on Disposal Property, Plant and Equipment	(23,350)	9,647	-	-
Profit on Disposal of Subsidiary	-	(373,727)	-	(373,727)
Unrealised Capital Gain/Loss	-	2,538	-	2,538
Provision for Impairment of Receivables	29,887	25,973	-	5,000
Reversal of Impairment of Investment in Subsidiaries	-	-	(167,468)	-
Provision for Impairment of Investment in Subsidiaries	-	-	146,043	-
Provision for Long Term Deposits & Advances	-	-	1,241	-
Interest Income	(45,857)	(50,675)	(59,753)	(87,719)
Interest Expenses	152,512	137,985	180,648	146,773
Operating loss before working capital changes	(396,110)	(875,850)	(230,266)	(358,371)
(Increase)/decrease in Inventories	(26,914)	(12,613)	-	-
(Increase)/decrease in Loans & Receivable	621,651	(719,623)	525,026	(514,128)
(Increase)/decrease in Financial Assets Available For Sale	-	37,193	-	-
(Increase)/decrease in Fair Value Through Profit & Loss	(77,393)	51,467	(3,158)	32,380
(Increase)/decrease in Trade and Other Receivables	(501,014)	123,372	2,837	135,761
(Increase)/decrease in Amount due from Related Parties	(5)	(58)	(466,626)	207,012
Increase /(decrease) in Trade and Other Payables	437,879	358,728	(45,198)	69,039
Increase /(decrease) in Amount due to Related Parties	(862)	-	(98,970)	(12,677)
Cash generated from/ (used) in operations	57,232	(1,037,384)	(316,355)	(440,984)
Gratuity paid	(3,322)	(175)	-	-
Income tax paid	(10,680)	(9,984)	(1,293)	(561)
Net cash from (used in) operating activities	43,230	(1,047,543)	(317,648)	(441,545)
CASH FLOW FROM INVESTING ACTIVITIES				
Acquisition of Property, Plant & Equipment	(825,460)	(198,148)	(455)	(86)
Acquisition of Intangible Assets	(13,979)	(50,993)	(820)	-
Acquisition of Investment Properties	(65,418)	-	-	-

For the year ended 31st March

	GROUP		COMPANY	
	2014 Rs.'000	2013 Rs.'000	2014 Rs.'000	2013 Rs.'000
Disposal of Investment Properties	-	10,000	-	-
Increase in Interest in Subsidiaries	-	95,610	-	(400,420)
Investments in Associates	-	-	-	-
Net Proceeds from Disposal of Subsidiary	210,485	515,640	210,485	469,338
Proceeds from Disposal of Property, Plant and Equipment	23,487	19,623	-	-
Proceeds from Disposal of Long Term Investments	-	43,655	-	32,095
Interest Received	45,857	50,675	59,753	87,719
Long Term Advances	107	-	107	-
Net cash flows from (used in) investing activities	(624,921)	486,062	269,070	188,646
CASH FLOW FROM FINANCING ACTIVITIES				
Net Proceeds from /Repayment of Other Loans	1,039,666	783,448	473,660	715,496
Net Proceeds from /Repayment of Amounts Payable under Re-purchase Agreement	(16,556)	(90,873)	7,140	6,889
Net Proceeds from /Repayment of Commercial Papers	(429,648)	315,919	(407,084)	5,277
Interest paid	(152,512)	(137,985)	(180,648)	(146,773)
Net cash flows from/(used in) financing activities	440,950	870,509	(106,932)	580,889
Net increase/(decrease) in cash & cash equivalents	(140,741)	309,028	(155,510)	327,990
Cash and cash equivalents at the beginning of the year	124,128	(184,900)	(96,452)	(424,442)
Cash and cash equivalents at the end of the year	(16,613)	124,128	(251,962)	(96,452)

The Financial Statements are to be read in conjunction with the accounting policies and related notes, which are set out on pages 47 to 101.

Figures in brackets indicate deductions.

where we are

statements of changes in equity

For the year ended 31st March

GROUP

	Attributable to Owners of the Company							Non-controlling Interest	Total Attributable to Equity Holders
	Stated Capital	Revaluation Reserve	Available for Sale Reserve	Capital Reserve	General Reserve	Accumulated Losses	Total		
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000		
Balance as at 31st March 2012	1,114,558	-	(4,154)	6,229	8,425	(92,315)	1,032,744	44,096	1,076,840
Transferred to Reserves	-	-	-	4,919	7,922	(12,841)	-	-	-
Adjustment on Disposal and Change in Holding of Subsidiary without a change in control	-	-	-	-	-	416,550	416,550	99,197	515,747
Loss for the year	-	-	-	-	-	(722,972)	(722,972)	(4,684)	(727,656)
Other Comprehensive Income for the year	-	45,867	4,154	-	-	736	50,757	-	50,757
Total Comprehensive Income for the year	-	45,867	4,154	-	-	(722,236)	(672,215)	(4,684)	(676,899)
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 Disposal and Change in Holding of Subsidiary without a change in control	-	-	-	-	-	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	-	(88)	-	-	-	8,015	7,927	-	7,927
Total Comprehensive Income for the year	-	(88)	-	-	-	(612,733)	(612,821)	-	(611,721)
Balance as at 31st March 2014	1,114,558	45,779	-	5,922	19,054	(880,200)	305,113	263,492	568,605

COMPANY

	Stated Capital	Revaluation Reserve	Available for Sale Reserve	Accumulated Losses	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 31st March 2012	1,114,558	-	(2,769)	39,222	1,151,010
Loss for the year	-	-	-	(95,046)	(95,046)
Other Comprehensive Income for the year	-	5,905	2,769	(638)	8,036
Total Comprehensive Income for the year	-	5,905	2,769	(95,684)	(87,010)
Balance as at 31st March 2013	1,114,558	5,905	-	(56,462)	1,064,000
Loss for the year	-	-	-	(391,323)	(391,323)
Other Comprehensive Income for the year	-	-	-	3,471	3,471
Total Comprehensive Income for the year	-	-	-	(387,852)	(387,852)
Balance as at 31st March 2014	1,114,558	5,905	-	(444,313)	676,150

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 47 to 101.

where we are

notes to the financial statements

1 REPORTING ENTITY

1.1 Domicile and Legal form

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

The Consolidated Financial Statements of Asia Capital PLC for the year ended 31st March 2014 comprise the Company and its subsidiaries (together referred to as the 'Group') and the Group's interests in Associates.

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

1.2 Principle Activities and Nature of Operations

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

During the year, the primary activity of the Company was to act as an investment holding company.

1.3 Parent and Ultimate Parent Enterprise

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

1.4 Financial Period

All Companies in the Group have a common financial year, which ends on 31st March.

1.5 Date of Authorisation for Issue

The Financial Statements were authorised for issue by the Board of Directors on 21 November 2014.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

The Consolidated Financial Statements have been prepared in accordance with the Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka and the Companies Act No. 7 of 2007.

2.2 Basis of Measurement

The Consolidated Financial Statements have been prepared on historical cost basis except where appropriate disclosures are made with regard to fair value under relevant notes. Assets and liabilities are grouped by nature and in an order that reflect their relative liquidity. The Financial Statements have been prepared on the assumption that the Company will continue as a going concern for the foreseeable future.

2.3 Responsibility for Financial Statements

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

2.4 Going Concern

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

2.5 Functional Currency and Presentation Currency

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

2.6 Use of Estimates and Judgements

The preparation of Financial Statements in conformity with Sri Lanka Accounting Standards (SLAS) requires management to make judgments, estimates and assumptions that affect the

application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying value of assets and liabilities those are not readily apparent from other sources. Actual results may differ from these estimates.

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

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

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these Consolidated Financial Statements, unless otherwise indicated.

3.1 Basis of Consolidation

3.1.1 Subsidiaries

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

The Financial Statements of the Group represents the Consolidation of the Financial Statements of the Company and its subsidiaries as mentioned below, in accordance with the

Companies Act No.7 of 2007, and the Sri Lanka Accounting Standards (LKAS) No 27 "Consolidated and Separate Financial Statements"

Asia Securities (Private) Limited

Asia Growth Fund 1 (Private) Limited

Asia Fort Sri Lanka Direct Investment Fund Limited

Asia Capital Technologies (Private) Limited

Asia Asset Finance PLC

Asia Apparel Trading (Private) Limited

Asia Leisure Holdings (Private) Limited

Balapitiya Resort (Private) Limited (Formerly known as Taprobane Resorts (pvt) Ltd)

Riverhouse (Private) Limited

Asia Capital Private Equity (Private) Limited

Wadduwa Resorts (Private) Limited

Asia Leisure (Private) Limited

Asia Wealth Management Company (Private) Limited

Asia Tea Packaging (Private) Limited

Asia Digital Entertainment (Private) Limited.

Galle Beach hotel (Private) limited.

Galle Beach (Private) Limited

3.1.2 Profit and losses

The total profits and losses of all subsidiaries are included in the Consolidated statement of Comprehensive income with the proportion of profit or loss after taxation pertaining to the minority shareholders of subsidiaries being deducted as " Non –controlling interest".

3.1.3 Assets and Liabilities

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

where we are

notes to the financial statements (contd.)

3.1.4 Intra Group Transactions

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

3.1.5 Acquisition and Disposal of Subsidiary

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

Changes in a Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions

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

3.1.6 Other Investments

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

3.1.7 Foreign Currency Translation

Transactions in foreign currencies are translated to Sri Lanka Rupees at the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Sri Lanka Rupees at the exchange rates at that date.

The foreign currency gain or loss on monetary items is the difference between the amortised cost in Sri Lanka Rupees 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 which are stated at historical cost denominated in foreign currencies are translated to Sri Lanka Rupees at the exchange rate at the dates of the transactions. Non monetary assets and liabilities that are stated at fair value, denominated in foreign currencies are translated to Sri Lanka Rupees at the exchange rate that the fair value was determined. Foreign exchange differences arising on translation are recognized in 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 that qualify for the recognition of an asset are initially measured at its cost.

3.2.1.1.1 Revaluation Model

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

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

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

3.2.1.1.2 Cost Model

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

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

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

3.2.1.2 Subsequent Costs/Replacement

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

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

3.2.1.3 Leased Assets

a) Finance Leases

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

b) Operating Leases

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

3.2.1.4 Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of each part of an item of Property, Plant and Equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Buildings and Improvements	5%-10%
Computer Equipment	10%-20%

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notes to the financial statements (contd.)

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

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized.

3.2.1.5 De-recognition

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

3.2.1.6 Capital Work In Progress

Capital expenses incurred during the year which are not completed as at the Reporting date are shown as capital work-in-progress, whilst the capital assets which have been completed during the year and put to use have been transferred to Property, Plant and Equipment if any.

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

3.2.2 Intangible Assets

3.2.2.1 Goodwill on Consolidation

The goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. The goodwill on acquisitions of subsidiaries is included in intangible assets. The separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. The impairment losses on the disposal of an entity include the carrying amount of goodwill relating to the subsidiary sold are recognized in the Statement of Comprehensive Income. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination.

3.2.2.2 Computer Software

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

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

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

3.2.3 Investment Properties

Investment property, comprising freehold land and buildings, is property held to earn rental income or for capital appreciation or both, is not occupied substantially for the production or supply of goods or services or for administrative purposes, and is not intended for sale in the ordinary course of business. Investment property is initially measured at its cost including related transaction costs and is thereafter carried at its cost less any accumulated depreciation and any accumulated impairment losses. The Group entities account for Investment Property using Cost Model as referred to in LKAS 40-“Investment Property”.

3.2.4 Financial Instruments

3.2.4.1 Non-derivative Financial Assets

The Company Group initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Group derecognizes 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.

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

The Group has the following non-derivative financial assets

- Loans and receivable
- Available –for sale financial assets.
- Fair Value through profit or loss financial assets.

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.

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

3.2.4.1.2 Loans and receivables

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

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

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

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notes to the financial statements (contd.)

3.2.4.1.3 Available-for-sale financial assets

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

Subsequent to initial recognition, they are measured at cost less accumulated impairment losses.

Impairment of Financial Assets

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

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

3.2.4.2 Non-derivative Financial Liabilities

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

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

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

3.2.5 Inventories

Vehicle Stock

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

Consumer Durables

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

Food and Beverages

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

Tea Stock

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

Films Stock

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

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

3.2.6 Impairment of Non financial Assets

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

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

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

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

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

3.3 Liabilities and Provisions

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

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

3.3.2.1 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 Company 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 Company adopted LKAS 19 "Employee Benefit" (Revised in 2013) with effect from 1st April 2013 in accordance with the transitional provisions in the standard and changed its basis for determining the income or expense related to defined benefit plans;

The Company had no impact as a result of the change in the standard as the Company recognized all the re-measurements of the net defined benefit liability in other comprehensive income previously as well.

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.

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notes to the financial statements (contd.)

b) Defined Contribution Plans

Employees Provident Fund and Employees Trust Fund

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

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

3.4 Revenue and Expenditures

3.4.1 Revenue

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

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

3.4.1.1 Revenue Recognition

Revenue is 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.

3.4.1.1.1 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.

3.4.1.1.2 Stock Broking

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

3.4.1.1.3 Deposit Mobilisation and Credit

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

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

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

3.4.1.1.5 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.

3.4.1.1.6 Dividend Income

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

3.4.1.1.7 Other Income and Gains

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

3.4.2 Expenditure Recognition

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

3.5 Taxation

3.5.1 Taxes on Income

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

3.5.2 Deferred Taxation

Deferred tax is recognized 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 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 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.

3.5.3 Economic Service Charge

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

3.5.4 VAT on Financial Services

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

3.6 Related Party Transactions

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

3.7 Earnings Per Share

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

where we are

notes to the financial statements (contd.)

3.8 Comparative Information

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

3.10 Events Occurring after the Reporting Period

All material events occurring after the reporting period have been considered and where appropriate adjustments or disclosures have been made in the Financial Statements.

3.11 Commitments & Contingencies

Commitments and contingencies as at the Statement of Financial Position date are disclosed in the Financial Statements.

3.11 Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of Group's other components. All operating segment results are reviewed regularly by the Group's operating decision maker to make decisions about the resources to each segment and to assess its performance and for which discrete financial information is available. Details of financial reporting by segment as required by the SLFRS 8-"Operating segments" are given in the Note 42 to the financial statements.

3.13 Cash Flow Statement

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

4. ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE AS REPORTING DATE

The Institute of Chartered Accountants of Sri Lanka has issued the following new Sri Lanka Accounting Standards which is not applicable for the current financial period. Accordingly these Standards have not been applied in preparing these financial statements.

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

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

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

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

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

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

The objective of this SLFRS is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. 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. The application of this standard has been currently deferred by the Chartered Accountants of Sri Lanka; consequently to the International Accounting Standard Board's (IASB) decision to defer the mandatory effective date of IFRS 9, However SLFRS 9 will be available for early adoption.

5. REVENUE	For the year ended 31st March	GROUP		COMPANY	
		2014 Rs.'000	2013 Rs.'000	2014 Rs.'000	2013 Rs.'000
5.1 Summary					
Gross Revenue		1,224,340	1,607,792	226,798	581,901
Less: Intra Group Transactions		(254,019)	(752,903)	-	-
		970,321	854,889	226,798	581,901
5.2 Segments					
Investments		24,760	54,507	226,798	581,901
Stock Brokering		101,550	82,980	-	-
Deposit Mobilisation and Credit		692,551	553,555	-	-
Leisure		150,681	115,800	-	-
Manufacturing		445	43,945	-	-
Services		334	4,102	-	-
		970,321	854,889	226,798	581,901
6 OTHER OPERATING INCOME					
For the year ended 31st March		2014 Rs.'000	2013 Rs.'000	2014 Rs.'000	2013 Rs.'000
Dividend Income		309	232	-	-
Gains on Disposal of Property, Plant and Equipment		23,350	9,647	-	-
Reversal for Provision for Impairment		-	-	167,468	-
Unrealised Capital Gain		3,158	-	3,158	-
Profit on Settled Contracts		29,704	6,127	-	-
Sundry Income		49,340	38,529	1,198	393
		105,861	54,535	171,824	393
7 Provision for Impairment					
For the year ended 31st March		2014 Rs.'000	2013 Rs.'000	2014 Rs.'000	2013 Rs.'000
Balance as at 1st April		590,403	564,430	521,116	521,116
Provision made by during the year		29,887	25,973	1,241	-
Balance as at 31st March (Note 7.1)		620,290	590,403	522,357	521,116

where we are

notes to the financial statements (contd.)

7.1	Provision for Impairment reflected in, For the year ended 31st March	GROUP		COMPANY	
		2014	2013	2014	2013
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
	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)	241,027	211,140	116,538	115,297
	Amounts due From Related Parties (Note 24)	23,566	23,566	50,122	50,122
		620,290	590,403	522,357	521,116
8	NET FINANCE COSTS				
	For the year ended 31st March				
		2014	2013	2014	2013
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
	Financing Income				
	Interest Income - Related Parties	-	-	21,897	87,719
	- Others	45,857	50,675	37,856	-
		45,857	50,675	59,753	87,719
	Financing Cost				
	Interest on Overdraft	(35,795)	(41,332)	(30,798)	(23,830)
	Interest on Other Borrowings - Related Parties	-	-	(21,128)	(23,035)
	- Others	(116,717)	(96,653)	(128,723)	(99,908)
		(152,512)	(137,985)	(180,649)	(146,773)
	Net Finance Cost	(106,655)	(87,310)	(120,896)	(59,054)
9	LOSS BEFORE TAXATION				
	For the year ended 31st March				
		2014	2013	2014	2013
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
	Loss Before Tax is stated after charging all expenses including the following :				
	Auditors Remuneration - Audit fees & Expenses	3,729	3,235	1,050	1,050
	- Non Audit Services	755	1,498	355	1,106
	Director's Emoluments	61,169	78,687	32,809	34,704
	Director's Fees	10,116	12,901	10,116	12,901
	Secretarial Fees	2,616	1,834	398	361
	Depreciation on Property Plant & Equipment	81,034	70,238	10,320	10,674
	Legal Fees	15,990	13,171	62	62
	Personnel Costs Includes;				
	Defined Benefit Plan - Gratuity	8,211	10,855	1,863	3,033

For the year ended 31st March	GROUP		COMPANY	
	2014	2013	2014	2013
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Defined Contribution Plan Costs - EPF and ETF	24,462	27,981	7,557	9,039
Staff Incentives	1,584	2,582		253
Other Staff Costs	228,698	237,618	54,355	66,488
Provision for Impairment of Investment in Subsidiaries	-	-	146,044	-
Provision for Long term Deposits & Advances	-	-	1,241	-
Bad Debts Write-off	-	7,643	135	5,000

10 INCOME TAX EXPENSES

For the year ended 31st March	GROUP		COMPANY	
	2014	2013	2014	2013
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Current Tax Expenses- (Note 10.1)	10,041	8,838	-	-
Current Tax Expenses- Total	10,041	8,838	-	-
Under/(Over) Provision in Respect of Prior Years	1,642	1,764	(16,075)	157
Deferred Taxation Charge/ (reversal) (Note 27)	(4,691)	(30,864)	1,349	-
	6,992	(20,262)	(14,726)	157

10.1 Reconciliation of Accounting (Loss) & Taxable Income

For the year ended 31st March	GROUP		COMPANY	
	2014	2013	2014	2013
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Accounting Loss before tax	(615,763)	(747,918)	(376,598)	(95,203)
Aggregate disallowed items	800,670	1,248,935	522,928	97,627
Aggregate allowable items	(297,687)	(330,039)	(10,659)	(10,893)
Exempted and other source of Income	-	-	(170,627)	-
Expenses not subject to tax	-	(128,341)		1,783
Tax Profit/(Loss) on Trade or Business	(112,780)	42,637	34,956	(6,687)
Other Taxable Income	167,184	5,927	-	-
Tax Losses Set off under section 32	(18,543)	(16,997)	-	-
Taxable Income/(Loss)	35,861	31,567	(34,956)	(6,687)
Income Tax @ 28%	10,041	8,838	-	-
Current tax expense	10,041	8,838	-	-

where we are

notes to the financial statements (contd.)

For the year ended 31 March	GROUP		COMPANY	
	2014 Rs.'000	2013 Rs.'000	2014 Rs.'000	2013 Rs.'000
10.1.1 Reconciliation of Accumulated Tax Losses				
Opening Balance	2,456,311	2,569,722	541,676	616,091
Over Provision in Respect of Prior Years		(96,414)	-	(81,112)
Loss for the Year	305,009	-	34,956	6,687
Loss Utilised during the year	(18,543)	(16,997)	-	-
	<u>2,742,778</u>	<u>2,456,311</u>	<u>576,622</u>	<u>541,666</u>
10.2 Subsidiary Companies				
Asia Securities (Private) Limited	979	201	-	-
Asia Leisure Holdings (Private) Limited	222	81	-	-
Asia Leisure (Private) Limited	46	67	-	-
Balapitiya Resorts (Private) Limited	21			
Asia Capital Technologies (Private) Limited	2	22	-	-
Asia Asset Finance PLC	7,855	7,467	-	-
Asia Wealth Management Company (Private) Limited	635	704	-	-
Asia Fort Sri Lanka Direct Investment Fund Limited	281	296	-	-
	<u>10,041</u>	<u>8,838</u>	<u>-</u>	<u>-</u>

10.3 Summary

Asia Securities (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. 979,057/- (2013 - Rs.201,090/-).

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.2,846,546 -(2013- 1,543,172/-)

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. 2,191,949/- (2013- Rs. 1,910,184/-).

Asia Asset Finance PLC

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. 7,715,277 and the accumulated tax losses carried forward to the year of assessment 2014/2015 is Rs.538,755,853 /- (2013/2014 - Rs.640,561,905/-).

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.1,644/- (2013-21,860) and the accumulated tax losses carried forward to the year of assessment 2014/2015 is Rs. 38,679,664/- (2013/2014 - Rs.23,125,926/-).

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. 635,257/- (2013 - 704,108/-).

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 222,189.The accumulated tax loss carried forward to the year of assessment 2014/2015 was 138,278,146 (2013/2014-133,477,910)

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 45,747 Tax losses carried forward to the year of assessment in 2014/15 is Rs 302,332,611 (2013/2014-238,625,496)

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 2014/2015 is 71,468,095/- (2013/2014 -65,813,128)

Balapitiya Resort (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 20,530/- and the tax loss carried forward to the year of assessment 2014/15 is 84,840,936/-.

where we are

notes to the financial statements (contd.)

11 BASIC LOSS PER SHARE

11.1 Basic Loss Per Share is calculated by dividing the profit 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	
	2014	2013	2014	2013
Loss after tax attributable to Ordinary Shareholders (Rs.)	(622,755)	(727,656)	(391,323)	(95,046)
Weighted Average number of Ordinary Shares outstanding during the Year	110,000	110,000	110,000	110,000
Basic Loss Per Share (Rs.)	(5.66)	(6.62)	(3.57)	(0.86)

12 PROPERTY, PLANT AND EQUIPMENT

12.1 Group

Cost / Valuation	Balance As At 01.04.2013 Rs.'000	Acquisition of Subsidiary Rs.'000	Additions Rs.'000	Disposals / Transfers Rs.'000	Disposal of Subsidiary Rs.'000	Adjustment due to Revaluation Rs.'000	Balance As At 31.03.2014 Rs.'000
Freehold Assets							
Land	257,855		214,206	-	-	-	472,061
Buildings and Improvements	121,031		238,556	(23,271)	-	-	336,316
Motor Vehicles	44,695	-	1,496	(572)	-	-	45,619
Office Equipment	69,966	-	11,679	(24,440)	-	(2,073)	55,132
Fixtures and Fittings	10,431	-	7,779	(164)	-	(35)	18,012
Furniture and Fittings	51,575	-	36,331	(1,598)	-	(3,502)	82,805
Computer Equipment	59,457	-	5,216	(1,577)	-	(4,091)	59,006
Plant and Machinery	17,034	-	18,798	(1,100)	-	-	34,732
Hotel Equipment	37,540	-	13,068	-	-	-	50,608
Leasehold Assets							
Motor Vehicles	43,249	-	25,959	(15,933)	-	-	53,275
Computer Equipment	1,830	-	-	-	-	-	1,830
Plant and Equipment	24,000	-	-	-	-	(18,000)	6,000
Total	738,663	-	573,088	(68,655)	-	(27,701)	1,215,396

12.1.1.1 In the Course of Construction

	Balance As At 01.04.2013 Rs.'000	Acquisition of Subsidiary Rs.'000	Incurred During the Year Rs.'000	Reclassified/ Transferred Rs.'000	Disposal of Subsidiary Rs.'000	Balance As At 31.03.2014 Rs.'000
Building Work in Progress	202,173	-	252,372	(239,076)	-	215,469

12.1.2 Accumulated Depreciation

	Balance As At 01.04.2013 Rs.'000	Acquisition of Subsidiary Rs.'000	Charge for the year Rs.'000	Disposals / Transfers Rs.'000	Disposal of Subsidiary Rs.'000	Adjustment due to Revaluation Rs.'000	Balance As At 31.03.2014 Rs.'000
Buildings and Improvements	20,405	-	15,051	(10,462)	-	-	24,994
Motor Vehicles	26,032	-	8,625	(5,699)	-	-	28,958
Office Equipment	16,861	-	11,265	(13,070)	-	(2,218)	12,838
Fixtures and Fittings	11	-	2,421	(31)	-	-	2,401
Furniture and Fittings	6,855	-	11,705	(379)	-	(3,461)	14,720
Computer Equipment	11,414	-	12,017	(567)	-	(3,246)	19,617
Plant and Machinery	-	-	2,555	(55)	-	-	2,500
Hotel Equipment	70	-	7,364	-	-	-	7,434
Leasehold Assets							
Motor Vehicles	20,143	-	10,995	(6,502)	-	-	24,636
Computer Equipments	-	-	610	-	-	-	610
Plant & Equipments	-	-	4,800	(3,600)	-	-	1,200
Total Depreciation	101,791	-	87,408	(40,365)	-	(8,925)	139,909
Net Carrying Value as at 31.03.2013							839,044
Net Carrying Value as at 31.03.2014							1,290,956

12.2 Company

	Balance As At 01.04.2013 Rs.'000	Additions Rs.'000	Disposals / Transfers Rs.'000	Adjustment due to Revaluation Rs.'000	Balance As At 31.03.2014 Rs.'000
Cost / Valuation					
Freehold Assets					
Motor Vehicles	10,021	-	-	-	10,021
Office Equipment	806	291	-	-	1,097
Fixtures and Fittings	2,924	21	-	-	2,945
Furniture and Fittings	3,778	-	(78)	-	3,700
Computer Equipment	6,681	221	-	-	6,902
Leasehold Assets					
Motor Vehicles	25,331	-	-	-	25,331
Total	49,541	533	(78)	-	49,996

where we are

notes to the financial statements (contd.)

12.2.1 Accumulated Depreciation

	Balance As At 01.04.2013 Rs.'000	Charge for the year Rs.'000	Disposals / Transfers Rs.'000	Balance As At 31.03.2014 Rs.'000
Freehold Assets				
Motor Vehicles	9,968	31	-	9,999
Office Equipment	-	217	-	217
Fixtures and Fittings	-	585	-	585
Furniture and Fittings	-	895	(12)	883
Computer Equipment	-	2,259	-	2,259
Leasehold Assets				
Motor Vehicles	12,501	6,333	-	18,834
Total Depreciation	22,469	10,320	(12)	32,777
Net Carrying Value as at 31.03.2013	-	-	-	27,072
Net Carrying Value as at 31.03.2014	-	-	-	17,219

13 INTANGIBLE ASSETS

As at 31st March	GROUP		COMPANY	
	2014 Rs.'000	2013 Rs.'000	2014 Rs.'000	2013 Rs.'000

13.1 Computer Software

Cost				
Balance as at 1st April	74,529	28,944	29,651	3,091
Additions during the year	13,979	45,585	820	26,560
Balance as at 31st March	88,508	74,529	30,471	29,651

13.1.1 In the Course of Construction

Balance as at 1st April	5,408	-	-	-
Incurred during the Year		5,405	-	-
Transferred during the Year	(5,408)	-	-	-
Balance as at 31st March	-	5,405	-	-

13.1.2 Amortisation	GROUP		COMPANY	
	2014 Rs.'000	2013 Rs.'000	2014 Rs.'000	2013 Rs.'000
As at 31st March				
Balance as at 1st April	35,838	25,715	7,737	1,807
Amortisation for the year	10,842	10,123	6,040	5,930
Balance as at 31st March	46,680	35,838	13,777	7,737
Net Carrying Value	41,828	44,096	16,694	21,914
13.2 Goodwill	GROUP		COMPANY	
	2014 Rs.'000	2013 Rs.'000	2014 Rs.'000	2013 Rs.'000
Balance as at 1st April	105,443	105,443	-	-
On Acquisition of Subsidiary	-	-	-	-
On Disposal of Subsidiary	-	-	-	-
Written off during the year	-	-	-	-
Balance as at 31st March	105,443	105,443	-	-
Total Net Carrying Value	147,271	149,539	16,694	21,914
14 INVESTMENT PROPERTIES	GROUP		COMPANY	
	2014 Rs.'000	2013 Rs.'000	2014 Rs.'000	2013 Rs.'000
Balance as at 1st April	32,935	42,935	-	-
On Acquisition during the year	65,418	-	-	-
On Disposals during the year	-	(10,000)	-	-
Balance as at 31st March	98,353	32,935	-	-

where we are

notes to the financial statements (contd.)

14.1 Investment Property

Location of the Land	Valuers Name and Report Date	GROUP			
		2014		2013	
		Fair Value Rs.	Cost Rs.	Fair Value Rs.	Cost Rs.
Asia Asset Finance PLC					
Lot 05, Dangahahena Land, Anamaduwa Road, Andigama.	D. Jayawardene (Incorporated Valuer) - valuation report dated 29 March 2014	9,650	1,250	4,080	1,250
Kekunegawatte Land, Wattededara Road, Maharagama.	D. Jayawardene (Incorporated Valuer) - valuation report dated 16 May 2012	18,305	15,453	17,732	15,453
Delgahawaththa Land, Walpitamulla, Dewalapola, Naiwala , Gampaha	D. Jayawardana (Incorporated Valuer) valuation report dated 12 May 2012	1,300	500	1,300	500
No 25/20, Kalyani Mawatha, Mabola, Wattala.	D. Jayawardene (Incorporated Valuer) - valuation report dated 29 March 2014	17,800	15,750	18,305	15,732
Lot no. 21 at Thumbowila West, Piliyandala.	D. Jayawardene (Incorporated Valuer) - valuation report dated 28 March 2014	3,000	1,800	-	-
Lot no. 01 at Andiambalama, Kimbulapitiya.	D. Jayawardene (Incorporated Valuer) - valuation report dated 05 December 2012	4,030	3,500	-	-
Lot no.2 in plan no.2411, Church Road, Balangoda.	L. U. R. Deheragoda (Incorporated Valuer) - valuation report dated 08 March 2014	60,100	60,100	-	-
		114,185	98,353	41,417	32,935

15 LONG TERM INVESTMENTS

For the year ended 31 March	GROUP		COMPANY	
	2014	2013	2014	2013
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Investments in Subsidiaries (Note 15.1)	-	-	1,362,614	1,509,274
Total Investments	-	-	1,362,614	1,509,274

15.1 Investments in Subsidiaries

As at 31st March	COMPANY			
	2014		2013	
	Effective Holding %	Rs.'000	Effective Holding %	Rs.'000
Non-Quoted				
Asia Securities (Private) Limited	100%	382,750	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

Investments in Subsidiaries (Contd.)

	2014		2013	
	Effective Holding %	Rs.'000	Effective Holding %	Rs.'000
Asia Digital (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
Balapitiya Resorts (Private) Limited (Formerly known as 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	76.97%	144,704
Galle Beach Hotel (Private) Limited	100%	-	-	-
Quoted				
Asia Asset Finance PLC	73%	688,946	89.88%	851,466
		1,559,312		1,727,397
Less : Provision for Impairment		(196,698)		(218,123)
Total Investments in Subsidiaries		1,362,614		1,509,274

15.2 Provision for Impairment

	2014	2013
	Rs.'000	Rs.'000
Balance as at 1st April	218,122	218,122
Charge for the year	146,044	-
Reversal for the year	(167,468)	-
Balance as at 31st March	(196,698)	218,122

16 LOANS GIVEN TO ESOP

As at 31st March	GROUP		COMPANY	
	2014 Rs.'000	2013 Rs.'000	2014 Rs.'000	2013 Rs.'000
Balance as at 1st April	3,414	17,491	3,414	17,491
Settlement During the year	-	(14,077)	-	(14,077)
Balance as at 31st March	3,414	3,414	3,414	3,414
Receivable within one year	3,414	3,414	3,414	3,414
Receivable after one year	-	-	-	-

where we are

notes to the financial statements (contd.)

17	LONG TERM DEPOSITS AND ADVANCES	GROUP		COMPANY	
		2014	2013	2014	2013
As at 31 March		Rs.'000	Rs.'000	Rs.'000	Rs.'000
	Deposit with the Colombo Stock Exchange	9,500	9,500	-	-
	Rent Deposit	8,398	8,505	8,398	8,505
	Advances given for development of software	1,241	1,241	1,241	1,241
		19,139	19,246	9,639	9,746
	Less Provision for Impairment	-	-	(1,241)	-
		19,139	19,246	8,398	9,746
18	INVENTORIES	GROUP		COMPANY	
		2014	2013	2014	2013
As at 31 March		Rs.'000	Rs.'000	Rs.'000	Rs.'000
	Vehicle Stock	8,928	8,755	-	-
	Food and Beverages	7,982	1,813	-	-
	Films Stock	296,827	276,142	-	-
	Tea Stock	5,440	5,553	-	-
		319,177	292,263	-	-
19	LOANS AND RECEIVABLES	GROUP		COMPANY	
		2014	2013	2014	2013
As at 31 March		Rs.'000	Rs.'000	Rs.'000	Rs.'000
	Commercial Papers- Asia Fort Asset Management (Private) Limited	18,860	18,860	18,860	18,860
	- Others	90,957	145,721	-	-
	Investments in Fixed Deposits	45,028	85,800	45,005	10
	Investments in Call Deposits	-	430,000	-	430,000
	Bank Guarantee	-	42,488	-	42,488
	Investments in Reverse Repurchase Agreements	235,199	288,826	170,635	268,168
		390,044	1,011,695	234,500	759,526
	Provision for Impairment	(18,860)	(18,860)	(18,860)	(18,860)
		371,184	992,835	215,640	740,666

20 FINANCIAL ASSETS AVAILABLE FOR SALE

As at 31 March	GROUP		COMPANY	
	2014 Rs.'000	2013 Rs.'000	2014 Rs.'000	2013 Rs.'000
Non current				
Non-Quoted	10,001	-	-	-
	10,001	-	-	-
Current				
Non-Quoted (Note 20.1)	8,079	8,079	-	-
Provision for Impairment	(7,500)	(7,500)	-	-
	579	579	-	-
	10,580	579	-	-

20.1 Investments in Equity Securities - Non Quoted

GROUP	No. of Shares	Carrying Value 2014 Rs. '000	No. of Shares	Carrying Value 2013 Rs. '000
	Asia Pacific Golf Course Limited	4	1,000	4
Siedles T V Industries Limited	2,000	28	2,000	28
Finance House Consortium (Private) Limited	20,000	200	20,000	200
Pure Beverages Co Limited	709	44	709	44
Credit Information Bureau (CRIB)	67	307	67	307
		1,579		1,579
Platinum Reality Investments (Private) Limited	25,000	6,500	25,000	6,500
Total		8,079		8,079

21 FAIR VALUE THROUGH PROFIT AND LOSS

As at 31st March	GROUP		COMPANY	
	2014 Rs.'000	2013 Rs.'000	2014 Rs.'000	2013 Rs.'000
Quoted (Note 21.1 & 21.2)	124,774	47,381	43,765	40,607
	124,774	47,381	43,765	40,607

where we are

notes to the financial statements (contd.)

21.1 Investments in Equity Securities - Quoted

	GROUP 2014		GROUP 2013	
	No. of Shares	Market Value Rs. '000	No. of Shares	Market Value Rs. '000
Bank, Finance and Insurance				
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	116,400	2,653
Overseas Reality (ceylon) Plc	88,609	1,816	-	-
Chilaw Finance PLC	3,295,707	67,891	-	-
		81,008		2,653
Diversified Holdings				
John Keells Holdings PLC	15	5	15	5
Hemas Holding PLC	100	4	100	3
		9		8
Manufacturing				
Lanka Ceramics PLC	-	-	63,400	4,121
Lanka Wall Tile PLC	300,000	18,450	300,000	16,770
		18,450		20,891
Beverage, Food and Tobacco				
Bairaha Farms PLC	35,100	5,167	35,100	5,254
		5,167		5,254
Units				
Ceybank Century Growth Fund	200,000	12,279	200,000	11,380
Eagle Growth Fund	100,000	7,861	100,000	7,195
		20,140		18,575
Grand Total		124,774		47,381

21.2 Investments in Equity Securities - Quoted

As at 31st March

	2014		2013	
	No. of Shares	Market Value Rs.'000	No. of Shares	Market Value Rs.'000
COMPANY				
Diversified Holdings				
John Keells Holdings PLC	15	5	15	5
Hemas Holdings PLC	100	3	100	3
		8		8
Hotels and Travels				
Taj Lanka Hotels PLC	4	-	4	-
		-		-
Manufacturing				
Lanka Walltiles PLC	300,000	18,450	300,000	16,770
		18,450		16,770
Food & Beverages				
Bairaha Farms PLC	35,100	5,167	35,100	5,254
		5,167		5,254
Units				
Ceybank Century Growth Fund	200,000	12,279	200,000	11,380
Eagle Growth Fund	100,000	7,861	100,000	7,195
		20,140		18,575
Grand Total		43,765		40,607

22 SHORT TERM LENDINGS

For the year ended 31st March

	GROUP		COMPANY	
	2014 Rs.'000	2013 Rs.'000	2014 Rs.'000	2013 Rs.'000
Asia Couture Limited	336,837	336,837	336,837	336,837
Less: Provision for Impairment	(336,837)	(336,837)	(336,837)	(336,837)
	-	-	-	-

where we are

notes to the financial statements (contd.)

23 TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2014 Rs.'000	2013 Rs.'000	2014 Rs.'000	2013 Rs.'000
Non Current				
Loans and Advances (Note 23.1)	1,463,832	1,067,710	-	-
	1,463,832	1,067,710	-	-
Current				
Trade Debtors	291,388	255,458	11,765	11,765
Less: Provision for Impairment	(55,223)	(40,710)	(11,765)	(11,765)
	236,165	214,748	-	-
Loans and Advances (Note 23.1)	1,431,615	1,344,037	-	-
Staff Loan (Note 23.2)	637	567	257	312
Advances and Prepayments	122,721	117,666	3,582	3,444
Deposits	3,558	5,443	-	-
Other Debtors	185,162	177,130	78,804	81,724
Receivable from Asia Fort Asset Management (Private) Limited	51,546	51,546	51,546	51,546
	2,011,284	1,911,137	134,189	137,026
Less: Provision for Impairment	(185,805)	(170,430)	(103,532)	(103,532)
	1,845,599	1,740,707	30,657	33,494
	3,309,431	2,808,417	30,657	33,494

23.1 Loans and Advances

	GROUP 2014		GROUP 2013	
	Asia Asset Finance PLC Rs.'000	Total Rs.'000	Asia Asset Finance PLC Rs.'000	Total Rs.'000
	Non Current			
Loans and Advances	818,246	818,246	539,234	539,234
Hire Purchase & lease Receivables	672,008	672,008	536,709	536,709
		-		-
Less: Less: Provision for Impairment	(26,422)	(26,422)	(8,233)	(8,233)
	1,463,832	1,463,832	1,067,710	1,067,710
Current				
Loans and Advances	1,233,519	1,233,519	805,578	805,578
Hire Purchase & lease Receivables	260,492	260,492	589,158	589,158
Less: Less: Provision for Impairment	(62,396)	(62,396)	(50,699)	(50,699)
	1,431,615	1,431,615	1,344,037	1,344,037
	2,895,447	2,895,447	2,411,747	2,411,747

23.2 Staff Loan

As at 31st March	GROUP		COMPANY	
	2014 Rs.'000	2013 Rs.'000	2014 Rs.'000	2013 Rs.'000
Balance as at 1st April	567	661	312	328
Loans granted during the year	196	290	-	-
Less - Repayments	(126)	(384)	(55)	(16)
Balance as at 31st March	637	567	257	312

24 AMOUNTS DUE FROM RELATED PARTIES

As at 31st March	Relationship	GROUP		COMPANY	
		2014 Rs.'000	2013 Rs.'000	2014 Rs.'000	2013 Rs.'000
Asia Apparel Trading (Private) Limited	Subsidiary	4,710	4,710	4,710	4,710
Asia Growth Fund 1 (Private) Limited	Subsidiary	-	-	117,204	116,967
Asia Capital Technologies (Private) Limited	Subsidiary	-	-	7,931	232
Asia Asset Finance Limited	Subsidiary	-	-	6,425	9,695
Asia Wealth Management Co. (Private) Limited	Subsidiary	-	-	22,030	8,992
Asia Leisure Holdings (Private) Limited	Subsidiary	-	-	34,766	6,674
Asia Couture (Private) Limited	Subsidiary	18,856	18,856	18,856	18,856
Asia Digital Entertainment (Private) Limited	Subsidiary	-	-	375,102	374,311
Asia Leisure (Private) Limited	Subsidiary	-	-	94,634	83,616
Asia Tea Packaging (Private) Limited	Subsidiary	-	-	61,535	41,616
Asia Capital Private Equity (Private) Limited	Subsidiary	-	-	31,224	30,992
Wadduwa Resorts (Private) Limited	Subsidiary	-	-	147,211	-
Taprobane Resorts (Private) Limited	Subsidiary	-	-	60,226	35,617
River House (Private) Limited	Subsidiary	-	-	5,055	4,061
Asia Investment 2 (Private) Limited	Subsidiary	63	4	63	4
Galle beach Hotel (Pvt) Ltd	Subsidiary	-	-	214,697	-
Galle beach (Private) Limited	Subsidiary	-	-	1,357	-
Asia Investment 4 (Private) Limited	Subsidiary	-	54	-	54
		23,629	23,624	1,203,025	736,397
Less: Provision for Impairment					
Asia Apparel Trading (Private) Limited		(4,711)	(4,711)	(4,711)	(4,711)
Asia Growth Fund 1 (Private) Limited		-	-	(26,556)	(26,556)
Asia Couture (Private) Limited		(18,855)	(18,855)	(18,855)	(18,855)
		(23,566)	(23,566)	(50,122)	(50,122)
		63	58	1,152,902	686,275

where we are

notes to the financial statements (contd.)

25	CASH AND CASH EQUIVALENTS	GROUP		COMPANY	
		2014	2013	2014	2013
As at 31st March		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Favourable Balances					
Cash in Hand & at Bank		367,169	281,300	5,087	9,222
		367,169	281,300	5,087	9,222
Unfavourable Balances					
Bank Overdrafts		(383,782)	(157,172)	(257,049)	(105,674)
Cash and Cash Equivalents for the Cash Flow Purpose		(16,613)	124,128	(251,962)	(96,452)

26	STATED CAPITAL	COMPANY			
		2014	Value	2013	Value
As at 31st March		No of Shares	Rs.'000	No of Shares	Rs.'000
Ordinary Shares		110,000,000	1,114,558	110,000,000	1,114,558
		110,000,000	1,114,558	110,000,000	1,114,558

27	DEFERRED TAXATION	GROUP		COMPANY	
		2014	2013	2014	2013
As at 31st March		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 1st April		(84,860)	(54,939)	-	-
Comprehensive Income (Note 10)		-	-	1,349	-
Other Comprehensive Income		-	-	(1,349)	-
Provision/(reversal) made during the Year		(4,713)	(30,864)	-	-
On Revaluation Surplus		946	943	-	-
Balance as at 31 st March		(88,627)	(84,860)	-	-

GROUP	2014		2013	
	Temporary Differences	Temporary Tax Effect	Temporary Differences	Temporary Tax Effect
On Temporary differences of Property, Plant and Equipment	(6,439)	(1,803)	(44,100)	(12,497)
On Retirement Gratuity	20,527	5,747	20,609	5,855
On Tax Losses carried forward	432,933	121,222	320,558	91,503
	447,021	125,166	297,067	84,861

COMPANY	2014		2013	
	Temporary Differences	Temporary Tax Effect	Temporary Differences	Temporary Tax Effect
On Temporary differences of Property, Plant and Equipment	5,678	1,590	(17,234)	(4,825)
On Retirement Gratuity	6,321	1,770	9,278	2,598
On Tax Losses carried forward	576,589	161,445	541,677	151,670
	588,588	164,805	533,721	149,443

Group

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

Company

"Due to uncertainty of availability of future taxable profit for utilisation of tax losses, the recognition of deferred tax asset has been limited only upto deferred liability as at the reporting date. Therefore, the unrecognised deferred tax asset of the Company is Rs.164 Mn (2012- Rs.172Mn).

28 RETIREMENT BENEFIT OBLIGATIONS - GRATUITY

As at 31st March	GROUP		COMPANY	
	2014 Rs.'000	2013 Rs.'000	2014 Rs.'000	2013 Rs.'000
Balance as at 1st April	34,438	25,522	9,278	5,607
Transfer of Liability	-	(818)	-	-
Recognized in Profit or Loss				
Interest for the Year	2,433	1,982	1,340	601
Provision made during the Year	5,778	8,873	523	2,432
Recognized in Other Comprehensive Income				
Actuarial gains for the year	(9,136)	(946)	(4,820)	638
Payments made during the Year	(3,322)	(175)	-	-
Balance as at 31st March	30,190	34,438	6,321	9,278

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

Discount Rate - 11% Salary Increment Rate - 8% Staff Turnover - 5% Retirement Age - 55 Years
Mortality - 67 / 70Mortality Table (Institute of Actuaries Landon)

The employee benefit liability of all other companies in the group are calculated based on a internally developed model.

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

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

where we are

notes to the financial statements (contd.)

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 variables 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 to total Comprehensive Income and employment benefit obligation for the year.

Group	Sensitivity Effect on	
	Total Comprehensive Income Increase/ (Reduction)	Employment Benefit Obligation Increase/ (Reduction) in the Liability
	Rs.'000	Rs.'000
Increase in Discount Rate (1%)	1,290	(1,290)
Decrease in Discount Rate (1%)	(1,460)	1,460
Increase in Salary Increment Rate (1%)	(1,687)	1,687
Decrease in Salary Increment Rate (1%)	1,526	(1,526)
Company	Sensitivity Effect on	
	Total Comprehensive Income Increase/ (Reduction)	Employment Benefit Obligation Increase/ (Reduction) in the Liability
	Rs.'000	Rs.'000
Increase in Discount 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)

29 NON - INTEREST BEARING BORROWINGS

	GROUP		COMPANY	
	2014 Rs.'000	2013 Rs.'000	2014 Rs.'000	2013 Rs.'000
Balance at the beginning of the year	132,856	144,670	132,856	144,670
Loan obtained during the year	-	-	-	-
Installments paid during the year	(241)	(11,814)	(241)	(11,814)
Balance at the end of the year	132,615	132,856	132,615	132,856
Amount repayable within one year	132,615	132,856	132,615	132,856
Amount repayable After one year	-	-	-	-

30 INTEREST BEARING BORROWINGS

	GROUP		COMPANY	
	2014 Rs.'000	2013 Rs.'000	2014 Rs.'000	2013 Rs.'000
Direct Borrowing	12,412	11,767	12,412	11,767
Preference facility Loan	1,302,999	759,478	1,302,999	759,478
Borrowing Under Commercial Papers	45,902	475,168	114,973	522,058
Borrowing Under Repurchase Agreement	-	16,556	121,459	114,318
Lease Creditor	298,684	108,762	10,029	14,613
Refundable Deposit	-	-	5,147	-
	1,659,997	1,371,731	1,567,019	1,422,234
Amount repayable within one year	121,189	520,329	258,675	652,727
Amount repayable after one year	1,538,808	851,402	1,308,344	769,507
	1,659,997	1,371,731	1,567,019	1,422,234

31 TRADE AND OTHER PAYABLES

For the year ended 31st March	GROUP		COMPANY	
	2014 Rs.'000	2013 Rs.'000	2014 Rs.'000	2013 Rs.'000
Non Current				
Deposits from Customers	649,272	759,964	-	-
	649,272	759,964	-	-
Current				
Trade Creditors	211,218	184,510	-	-
Deposits from Customers	2,386,089	1,831,201	-	-
Sundry Creditors including Accrued Expenses	108,110	141,135	24,804	70,002
	2,705,417	2,156,846	24,804	70,002
	3,354,689	2,916,810	24,804	70,002

where we are

notes to the financial statements (contd.)

32 AMOUNTS DUE TO RELATED PARTIES

	Relationship	GROUP		COMPANY	
		2014 Rs.'000	2013 Rs.'000	2014 Rs.'000	2013 Rs.'000
Asia Securities (Private) Limited	Subsidiary	-	-	176,702	254,939
Asia Fort Sri Lanka Direct investment (Private) Limited	Subsidiary	-	-	17,607	15,922
Asia Capital Technologies (Private) Limited	Subsidiary	862	-	-	-
Wadduwa Resorts (Private) Limited	Subsidiary	-	-	-	22,418
		862	-	194,309	293,279

33 RELATED PARTY DISCLOSURE

As at 31st March

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		
				2014 Rs.000	2013 Rs.000	
(a) Transactions with Subsidiaries/Sub-Subsidiaries						
Asia Securities (Pvt) Ltd	Subsidiary	Mr.H.L.L.M. Nanayakkara (Resigned w.e.f 31/08/2013)	Interest Free Fund Transfer	146,429	368,288	
			Reimbursement of Expenses	10,621	2,964	
			Mr.J.H.P.Rathnayake	Brokerage Income	834	684
			Mr.S.A.Abeysinghe	Cost of BI Project transferred to ASL	-	(18,556)
				CDAX online and back office charges	(930)	(1,064)
				Call deposit interest income	(106)	
		Settlement of Intercompany Current account	(234,250)	(121,187)		
Asia Growth Fund 1 (Private) Limited	Subsidiary	Mr.H.L.L.M. Nanayakkara (Resigned w.e.f 31/08/2013)	Reimbursement of Expenses (net)	(238)	(182)	
			Mr.J.H.P.Rathnayake			
			Mr.S.A.Abeysinghe			
Asia Fort Sri Lanka Direct Investment Fund Limited	Subsidiary	Mr.H.L.L.M. Nanayakkara (Resigned w.e.f 31/08/2013)	Intercompany Fund Transfers(net)		1,306	
			Mr.J.H.P.Rathnayake	Interest on Intercompany Funds	3,580	8,052
			Mr.S.A.Abeysinghe	Reimbursement of Expenses (net)	(1,895)	(4)
				Set off the commercial paper liability of AAF PLC		(80,000)
				Set off the Dividend Payable against Current account		(193,991)

Name of the Related Party	Nature of the Relationship	Name of the Common Director	Details of the Transactions/ Balances	Value of the Transactions	
				2014 Rs.000	2013 Rs.000
Asia Capital Technologies (Private) Limited	Subsidiary	Mr.H.L.L.M. Nanayakkara (Resigned w.e.f 31/08/2013)	Reimbursement of Expenses (net)	8,044	239
		Mr.S.A.Abeysinghe	CDAX Online Trade & Maintenance Charges	(930)	(1,064)
			Intercompany Fund Transfers	586	3,029
			Refund of Expenses		(5)
Asia Asset Finance PLC	Subsidiary	Mr.H.L.L.M. Nanayakkara	Reimbursement of Expenses (net)	4	820
		Mr. V. Siva Jr.	Settlement of Expenses	-	(1,620)
		Mr.S.A.Abeysinghe	Rentals due on operating lease	(1,112)	(1,213)
			Short term borrowing from AAF	-	97,327
			Short term borrowing from AAF-Interest Expense	-	9,507
			Short term borrowing from AAF-Interest Payable	-	435
			Contract Settled through C/A	-	(3,532)
Asia Wealth Management Company (Private) Limited	Subsidiary	Mr. H.L.L.M. Nanayakkara (Resigned w.e.f 31/08/2013)	Reimbursement of Expenses (net)	(11,367)	(4,203)
		Mr. S.A.Abeysinghe	Intercompany Fund Transfers Settlement of Liabilities	(2,146)	(2,277) (68)
Asia Leisure Holdings (Private) Limited	Subsidiary	Mr.H.L.L.M. Nanayakkara (Resigned w.e.f 31/08/2013)	Reimbursement of Expenses (net)	(714)	-
		Mr.S.A.Abeysinghe	Intercompany Fund Transfers	(31,387)	(52,009)
			Settlement of Liabilities	-	(356)
			Interest on intercompany funds	(4,618)	(11,016)
			Loan Paid on behalf of ALH	-	(5,949)
			Loan Charge through current account	-	40,000
			Intercompany balance settlement due to investment in Taprobane Resort	-	153,865
			Intercompany balance settlement due to investment in River House	-	80,000
	Interest payment for ALH loan	8,621	15,174		
Asia Leisure (Private) Limited	Subsidiary	Mr.H.L.L.M. Nanayakkara (Resigned w.e.f 31/08/2013)	Intercompany Fund Transfers	-	(27,389)

where we are

notes to the financial statements (contd.)

Name of the Related Party	Nature of the Relationship	Name of the Common Director	Details of the Transactions/ Balances	Value of the Transactions	
				2014 Rs.000	2013 Rs.000
		Mr.S.A.Abeysinghe	Interest on intercompany funds	(6,963)	(5,746)
			Reimbursement of Expenses (net)	(4,055)	(1,489)
Asia Capital Private Equity Private Ltd (Formally Known as Asia Investment 3 (Private)Limited)	Subsidiary	Mr.H.L.L.M. Nanayakkara (Resigned w.e.f 31/08/2013)	Intercompany Fund Transfers (net)	-	(234,736)
		Mr.S.A.Abeysinghe	Interest on intercompany funds	-	10,135
		Mr. T. Tanaka	Reimbursement of Expenses (net)	232	7,131
			Purchased Consideration of Acquisition of Wadduwa Resort	-	(188,000)
			Sale Proceed received to ACPE from Japan Capital	-	247,755
Asia Digital Entertainment (Private) Limited	Subsidiary	Mr.H.L.L.M. Nanayakkara (Resigned w.e.f 31/08/2013)	Intercompany Fund Transfers	(450)	(15,003)
		Mr.S.A.Abeysinghe (Resigned w.e.f 03/08/2014)	Interest on intercompany funds		(49,399)
		Mr. V. Siva Jr.	Reimbursement of Expenses	(340)	(8,006)
			Fixed Assets transferred to ACL	-	46
			Proceeds of sale of Fixed assets	-	4,000
			Investment in Film Production	-	(12,819)
Asia Tea Packaging (Private) Limited	Subsidiary	Mr. H.L.L.M. Nanayakkara (Resigned w.e.f 15/10/2013)	Intercompany Fund Transfers	4,205	(12,104)
		Mr.S.A.Abeysinghe (Resigned w.e.f 06/08/2014)	Interest on intercompany funds	(6,706)	(4,229)
			Current Account Settlement	(4,243)	2,866
Balapitiya Resorts (Pvt) Ltd.	Subsidiary	Mr. S.A.Abeysinghe	Intercompany Fund Transfers	(6,213)	(23,608)
		Mr. T. Tanaka	Reimbursement of Expenses	(15,229)	(12,009)
			Initial incorporation of the Taprobane Resort	(3,166)	(0)
River House (Pvt) Ltd	Subsidiary	Mr. S.A.Abeysinghe	Reimbursement of Expenses	(993)	(4,061)

Name of the Related Party	Nature of the Relationship	Name of the Common Director	Details of the Transactions/ Balances	Value of the Transactions	
				2014 Rs.000	2013 Rs.000
Wadduwa Resorts (Pvt) Ltd	Subsidiary	Mr. S.A.Abeysinghe Mr. T. Tanaka Mr. Y. Watanabe	Intercompany Fund Transfers	(103,349)	(7,324)
			Loan Taken From Asia Asset Finance PLC	-	40,000
			Interest paid for Loan taken from Asia Asset Finance PLC	15,757	7,183
			Reimbursement of Expenses	(82,037)	(17,441)
Asia Investment 2 (Pvt) Ltd	Subsidiary	Mr. S.A.Abeysinghe Mr. V. Siva Jr.	Reimbursement of Expenses	(58)	(4)
Galle Beach (Private) Ltd (Formerly Known as Asia Investment 4 (Pvt) Ltd)	Subsidiary	Mr. S.A.Abeysinghe Mr. V. Siva Jr.	Reimbursement of Expenses	(1,291)	(54)
(b) Transactions with Other Related Parties					
P.R. Secretarial Services (Private) Limited	Common Directors	Mr.J.H.P.Rathnayake	Secretarial Fees	(260)	(260)
(c) Transactions with other Related Parties by the Group					
Asia Securities (Private) Limited					
Asia Capital Technologies (Private) Limited	Common Directors	Mr.H.L.L.M. Nanayakkara (Resigned w.e.f 31/08/2013) Mr.S.A.Abeysinghe	CDAX online and back office charges	(930)	(1,064)
			Reimbursement of Expenses (net)	57	91
			Current Account Settlement	(98)	(4)
			Transfer of Fixed Assets		(15)
Asia Tea Packaging (Private) Limited	Common Directors	Mr.H.L.L.M. Nanayakkara (Resigned w.e.f 15/10/2013) Mr. S.A.Abeysinghe (Resigned w.e.f 06/08/2014)	Interest Free Fund Transfer	-	2,000
Asia Asset Finance PLC	Common Directors	Mr.H.L.L.M. Nanayakkara Mr. S.A.Abeysinghe	Brokerage Income	392	38
			Branch Rent Expenses	(292)	(462)
			Branch Rent Settlement	-	120

where we are

notes to the financial statements (contd.)

Name of the Related Party	Nature of the Relationship	Name of the Common Director	Details of the Transactions/ Balances	Value of the Transactions	
				2014 Rs.000	2013 Rs.000
Asia Wealth Management Company (Private) Limited	Common Directors	Mr.H.L.L.M. Nanayakkara	Reimbursement of Expenses	1924	6,084
		(Resigned w.e.f 31/08/2013)	Interest Free Fund Transfers	-	800
		Mr.J.H P. Ratnayake	Transfer of Liabilities	-	(818)
		Mr. S.A.Abeysinghe	Trade Loss Payable	-	250
Paul Ratnayake Associates	Common Directors	Mr.J.H.P Ratnayake	Legal Fees	(128)	(1,060)
P.R Secretarial Services (Private) Limited	Common Directors	Mr.J.H.P.Ratnayake	Secretarial Fees	(857)	(97)
Asia Leisure (Private) Limited	Common Directors	Mr.H.L.L.M. Nanayakkara	Reimbursement of Expenses	2,142	666
		Mr. S.A.Abeysinghe	Settlement of Current Account	(1,347)	(40)
Asia Digital Entertainment (Private) Limited	Common Directors	Mr.H.L.L.M. Nanayakkara	Interest free Fund transfer	7	-
		(Resigned w.e.f 31/08/2013)			
		Mr. S.A.Abeysinghe	Settlement of Current Account	(500)	-
		(Resigned w.e.f 05/08/2014)	Transfer of Fixed Assets	-	(9)
			Reimbursement of Expenses	-	140
Asia Capital Technologies (Private) Limited					
Asia Digital Entertainment (Private) Limited	Common Directors	Mr.H.L.L.M. Nanayakkara	Receivable from sale of ACT Fixed Asset	-	23
		(Resigned w.e.f 31/08/2013)			
		Mr. S.A.Abeysinghe			
		(Resigned w.e.f 05/08/2014)			
Asia Securities (Private) Limited	Common Directors	Mr.J.H P. Ratnayake	Reimbursement of Expenses	145	88
		Mr.H.L.L.M. Nanayakkara	Transfer of Fixed Assets	(98)	-
		(Resigned w.e.f 31/08/2013)			

Name of the Related Party	Nature of the Relationship	Name of the Common Director	Details of the Transactions/ Balances	Value of the Transactions	
				2014	2013
				Rs.000	Rs.000
Asia Tea packaging (Private) Ltd	Common Directors	Mr.H.L.L.M. Nanayakkara (Resigned w.e.f 15/10/2013) Mr. S.A.Abeysinghe (Resigned w.e.f 06/08/2014)		862	-
Asia Fort Sri Lanka Direct Investment Fund Limited					
Asia Asset Finance PLC		Mr.H.L.L.M. Nanayakkara (Resigned w.e.f 31/08/2013)	Investment Commercial Papers	(21,079)	-
		Mr. S.A.Abeysinghe	Interest expense on Commercial Papers	3580	-
Asia Leisure Holdings (Private) Limited					
Asia Leisure (Private) Limited		Mr.H.L.L.M. Nanayakkara (Resigned w.e.f 31/08/2013)	Reimbursement of Expenses	3,152	4,601
			Intercompany Fund Transfers	(2,800)	34
			Other Expenses	(16,988)	(19,216)
Balapitiya Resorts (Private) Limited (Formerly known as Taprobane Resorts (Pvt) Ltd.					
Asia Capital Private Equity (Private) Limited		Mr.H.L.L.M. Nanayakkara (Resigned w.e.f 31/08/2013)	Capital project Expenses incurred on behalf of the Company	-	7,371
Asia Leisure Holdings (Private) Limited	Common Director	Mr.H.L.L.M. Nanayakkara (Resigned w.e.f 31/08/2013)	Capital project Expenses incurred on behalf of the Company	-	52,637
		Mr. S.A.Abeysinghe	Reimbursement of expenses	11759	-
River House (Private) Limited					
Asia Capital Private Equity (Private) Limited		Mr.H.L.L.M. Nanayakkara (Resigned w.e.f 31/08/2013)	Reimbursement of Expenses	-	481
Asia Leisure Holdings (Private) Limited		Mr.H.L.L.M. Nanayakkara (Resigned w.e.f 31/08/2013) Mr. S.A.Abeysinghe	Capital project Expenses incurred on behalf of the Company	-	1658

where we are

notes to the financial statements (contd.)

(e) Transactions with Key Management Personnel

The key management personnel includes members of the Board of Directors of the Group companies

	GROUP		COMPANY	
	2014 Rs.'000	2013 Rs.'000	2014 Rs.'000	2013 Rs.'000
Compensation paid to Key Management Personnel				
Short Term Employee Benefits	89955	131,287	32,809	48,910
Post Employment Benefit	2512	530	-	-
	131,817	131,817	32,809	48,910

34 COMMITMENTS AND CONTINGENCIES

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

34.1 Commitments

Group

Name of the Company	Name of the Bank	Purpose	2014 Rs.'000	2013 Rs.'000
Asia Securities (Private) Limited	Hatton National Bank PLC	Secure the lease on machinery of Asia Tea Packaging (Private) Limited	12,693	930

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	2014	2013
Asia Securities (Private) Limited	Pan Asia Banking Corporation PLC	Margin Account	6,000	6,000
Asia Leisure Holding (Private) Limited	Seylan Bank PLC	Over Draft	37,815	-
Asia Assets Finance PLC	DFCC Vardhana Bank	Over Head	40,000	40,000
Balapitiya Resort (Private) Limited	Seylan Bank PLC	Capital Expenditure	200,000	-

34.1.1 Other Commitments by Subsidiaries

	2014 Rs.'000	2013 Rs.'000
Asia Assets Finance PLC		
Undrawn Commitments	11,047,403	34,398,921
Capital Commitments for Software	12,346,988	18,135,902
	23,394,391	52,534,823

Undrawn commitments are consists of facilities granted to customers where the Company reserves the right to unconditionally cancel or recall the facility at it's discretion.

34.2 Litigations against the Company and Group

According to the available information there are no litigations or claims against the Company or Group.

35 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.

36. GOING CONCERN

The Financial Statements 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 for the following companies are unable to continue as going concern.

Asia Growth Fund 1 (Private) Limited has incurred a loss of Rs. 281,764 during the financial year ended 31st March 2014 and accumulated loss of Rs. 22,870,273 as at that date. The Company's current liabilities exceeded its current assets by Rs.117,362,981 and total liabilities exceed total assets by Rs. 22,820,233 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 (Pvt) Ltd. has incurred a net loss of Rs 17,084,995 during the financial year ended 31st March 2014 and accumulated losses of Rs 63,653,357 as at that date. The company's current liabilities exceeded its current assets by Rs 61,441,376 as at the reporting date. These factors raise substantial doubts on the company's ability to continue as a going concern.

Asia Tea Packaging (Pvt) Ltd. has incurred a net loss of Rs.11,925,486 during the financial year ended 31st March 2014 and accumulated losses of Rs 90,501,412 as at that date. The company's current liabilities exceeded its current assets by

Rs 56,874,109 as at the reporting date. These factors raise substantial doubts on the company's ability to continue as a going concern.

Asia Capital Technologies (Pvt) Ltd. has incurred a net loss of Rs 8,260,459 during the financial year ended 31st March 2014 and accumulated losses of Rs 20,026,112 as at that date. The company's current liabilities exceeded its current assets by Rs 9,931,719 as at the reporting date. These factors raise substantial doubts on the company's ability to continue as a going concern.

Asia Wealth Management(Pvt) Ltd has incurred a net loss of Rs 11,442,627 during the financial year ended 31st March 2014 and accumulated losses of Rs 28,459,515 as at that date. The company's current liabilities exceeded its current assets by Rs 4,705,989 as at the reporting date. These factors raise substantial doubts on the company's ability to continue as a going concern.

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

where we are

notes to the financial statements (contd.)

37 ASSETS PLEDGED

Company

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

Name of the Company	Name of the Lender	Nature of Facility	Facility Limit	Details of Assets Pledged	Balance as at 31st March 2014 Rs.'000	Balance as at 31st March 2013 Rs.'000
Asia Capital PLC	Pan Asia Banking Corporation PLC	Overdraft Facility	Rs.179 Mn	157,600,000 Shares of Asia Asset PLC 300,000 Shares of Lanka Walties PLC 61,100 Shares of Biraha Farms PLC Wadduwa Land & building located in Wadduwa	178,287	98,474

Asia Securities (Private) Limited

Name of the Borrower	Name of the Lender	Nature of Facility	Facility Limit	Details of Assets Pledged	Balance as at 31st March 2014 Rs.'000	Balance as at 31st March 2013 Rs.'000
Asia Securities (Private) Limited	Pan Asia Banking Corporation PLC	Overdraft Facility	Rs.100Mn	Rs. 200m worth of debtors	37,822	39,995

Asia Leisure Holdings (Private) Limited

Name of the Lender	Nature of Facility	Facility Limit	Details of Assets Pledged	Balance as at 31st March 2014 Rs.'000	Balance as at 31st March 2013 Rs.'000
Seylan Bank PLC	Loan Term Loan	Rs. 200Mn.	Taprobane Land and Building located in Guruniwase Road, Balapitiya A – OR – 10P	200,000	52,359

Name of the Lender	Nature of Facility	Facility Limit	Details of Assets Pledged	Balance as at	Balance as at
				31st March 2014	31st March 2013
				Rs.'000	Rs.'000
Asia Tea Packaging (Private) Limited					
Hatton National Bank	Lease Facility	Rs.21Mn	2 Units Tea Bagging Machine	12704	16,602
Asia Asset Finance PLC	Hire Purchase	Rs.11.5Mn	Constanta Tea Bagging Machine	12,863	11,181
Asia Asset Finance PLC					
DFCC Vardhana Bank PLC	Working Capital requirement	Rs.40 Mn			

38 BUSINESS SEGMENT	Investments		Stock Brokering		Deposit Mobilisation and Credit		Leisure		Manufacturing		Services		Group	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Revenue														
Total Gross Sales	235,245	769,901	102,384	84,728	732,367	589,316	150,681	115,800	445	43,945	3,218	4,102	1,224,340	1,607,792
Less : Inter segment sales/dividend	(210,485)	(715,394)	(834)	(1,748)	(39,816)	(35,761)	-	-	-	-	(2,884)	-	(254,019)	(752,903)
Net segment Revenue	24,760	54,507	101,550	82,980	692,551	553,555	150,681	115,800	445	43,945	334	4,102	970,321	854,889
Segmental Operating Profit / (Loss)	(529,444)	(487,311)	(114,713)	(163,248)	1,165	7,783	(71,993)	(18,859)	(21,955)	(26,182)	(19,073)	(27,326)	(756,013)	(715,143)
Other Operating Income	6,776	15,269	29,213	1,651	41,742	37,484	7,747	(3,884)	20,382	3,848	-	167	105,861	54,535
Share of Profit/(Loss) of Associate companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Profit / (Loss) before Provision for														
Fall in Value of Investments	(522,668)	(472,042)	(85,500)	(161,597)	42,907	45,267	(64,246)	(22,743)	(1,572)	(22,334)	(19,073)	(27,159)	(650,152)	(660,608)
Provision for fall in value of investments	167,469	-	-	-	-	-	-	-	-	-	-	-	146,044	-
Operating Profit / (Loss)	(355,199)	(472,042)	(85,500)	(161,597)	42,907	45,267	(64,246)	(22,743)	(1,572)	(22,334)	(19,073)	(27,159)	(504,108)	(660,608)
Finance Cost	(148,501)	(115,522)	(5,286)	(18,505)	-	-	437	(904)	(2,236)	(2,326)	(1,925)	(728)	(157,512)	(137,985)
Finance Income	40,469	3,968	5,379	45,663	-	-	-	816	-	2	9	226	45,857	50,675

where we are

notes to the financial statements (contd.)

BUSINESS SEGMENT (Contd.)	Investments		Stock Brokering		Deposit Mobilisation and Credit		Leisure		Manufacturing		Services		Group	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	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
Profit Before Taxation	(463,232)	(583,596)	(85,407)	(134,439)	42,907	45,267	(63,809)	(22,831)	(3,808)	(24,658)	(20,989)	(27,661)	(615,763)	(747,918)
Income Taxation	(18,922)	(1,386)	11,327	6,128	3,319	16,394	(288)	(149)	-	-	(2,288)	(726)	(6,992)	20,262
Profit After Taxation	(482,154)	(584,981)	(74,079)	(128,311)	46,226	61,661	(64,098)	(22,980)	(3,808)	(24,658)	(23,277)	(28,387)	(622,755)	(727,656)
Assets														
Segment Assets	751,439	1,290,122	322,547	348,948	3,622,539	3,073,618	1,246,979	675,638	93,641	89,485	31,703	12,256	6,068,848	5,490,067
Deferred Tax Assets/(Liabilities)	-	-	-	5,463	88,627	77,715	-	-	-	-	-	-	1,683	88,627
Investment in Associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Assets	751,439	1,290,122	322,547	354,411	3,711,166	3,151,333	1,246,979	675,638	93,641	89,485	31,703	13,939	6,157,475	5,574,928
Liabilities														
Segment Liabilities	9,898	216,171	198,451	224,105	3,119,429	2,656,930	247,726	20,355	5,821	7,535	14,264	5,243	3,595,590	3,130,339
Interest Bearing Borrowings	1,578,321	1,387,117	38,536	50,663	78,787	2	263,095	63,303	25,571	27,818	8,968	-	1,993,279	1,528,903
Total Liabilities	1,588,219	1,603,288	236,987	274,768	3,198,217	2,656,932	510,821	83,658	31,393	35,353	23,232	5,243	5,588,869	4,659,242
Net Assets	(836,780)	(313,166)	85,559	79,643	512,950	494,401	736,157	591,980	62,248	54,132	8,471	8,696	568,605	915,686
Capital Expenditure	640	1,877	366	6,880	31,091	31,091	559,501	84,592	-	477	-	109	591,598	125,026
Depreciation	15,504	20,395	11,017	11,210	14,853	14,853	32,194	16,970	10,595	13,720	222	270	84,384	77,418

39. FINANCIAL RISK MANAGEMENT

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

Credit risk

Liquidity risk

Market Risk

Foreign currency risk

Interest rate risk

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

Risk Management Framework

The Board of Directors has overall responsibilities for the establishment and oversight of the Group's risk management framework. The Group risk management policies are established to identify and analyze 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.

39.1 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 2014	31st March 2013	31st March 2014	31st March 2013
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial Assets Available For Sale	579	579	-	-
Fair Value Through Profit & Loss	124,774	47,381	43,765	40,607
Other Financial Assets	-	-	-	-
Loans given to ESOP	3,414	3,414	3,414	3,414
Income Tax Receivable	7,337	23,056	1,876	15,638
Trade and Other Receivables	1,845,599	2,269,183	30,657	33,494
Amounts due from Related Parties	63	58	1,152,902	686,275
Cash and Cash Equivalents	367,169	281,300	5,087	9,222
	2,348,935	2,624,971	1,236,462	788,651

39.2 Liquidity Risk

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

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

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

where we are

notes to the financial statements (contd.)

	Group		Company	
	31st March 2014	31st March 2013	31st March 2014	31st March 2013
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Fair Value Through Profit & Loss	124773.77	47,381	43,765	40,607
Trade and Other Receivables	1,845,599	2,269,183	30,657	33,494
Cash in hand and at bank	367,169	281,300	5,087	9,222
Total liquidity Assets	2,337,542	2,597,864	79,626	83,323
Interest Bearing Borrowings - Current	121,189	520,329	253,527	650,727
Trade and Other Payables	2,705,417	2,156,846	29,954	70,002
Bank Overdrafts	383,782	157,172	257,049	105,674
Total Liabilities	3,210,388	2,834,347	540,530	828,403
Net(debt)/cash	(872,847)	(236,483)	540,530	745,080

Capital Management

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

As at 31st March

Debt/Equity	5.043	1.096	1.93	0.72
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39.3 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

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

	Group		Company	
	31st March 2014	31st March 2013	31st March 2014	31st March 2013
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Long Term borrowings	1,308,344	759,476	1,308,344	759,476
Net borrowing-(Rs.)		759,476		759,476
Closing Exchange rate-(Rs.)	129.87	128.47	129.87	128.47
Net Borrowing (Functional Currency)	10,074	5,912		5,912
Increase Exchange rate in 3% (Rs.)	133.77	132.32		132.32
Impact to the PBT	(39,250)	22,760		22,760
Decrease Exchange rate in 3% (Rs.)	125.97	124.62		124.62
Impact to the PBT	39,250	(22,760)		(22,760)

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. The exposure to the risk of changes in market interest rate relates primarily to the Group's long term debt obligations and investment with floating interest rates.

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

	Group		Company	
	31st March 2014	31st March 2013	31st March 2014	31st March 2013
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Fixed Rate Instruments				
Financial Assets				
Fixed Deposit	45,028	85,800	45,005	10
Staff Loan	637	567	257	312
Variable Rate Instruments				
Financial Assets				
Call Deposit	-	430,000	-	430,000
Reverse Repurchase Agreement	235,199	288,826	170,635	268,168
Financial Liabilities				
Reverse Repurchase Agreement	-	(16,556)	(121,459)	(114,318)
Bank Overdraft	(383,782)	(157,172)	(257,049)	(105,674)
	(148,583)	545,098	(207,872)	48,176

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

where we are

notes to the financial statements (contd.)

40 FAIR VALUES

40.1 Fair values versus 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 2014, are as follows;

	Group		Company	
	Carrying Amount Rs. '000	Fair Value Rs. '000	Carrying Amount Rs. '000	Fair Value Rs. '000
Assets carried at fair value				
Fair Value through profit or loss	124,774	124,774	43,765	43,765
Assets carried at amortized cost				
Loans and Receivables	371,184	371,184	215,640	215,640
Trade Receivables	3,309,431	3,095,559	30,654	30,654
Long Term Deposits and Advances	19,139	19,139	8,398	8,398
Loans given to ESOP	3,414	3,414	3,414	3,414
Amounts Due from Related Company	63	63	1,152,903	1,152,903
Cash and Cash Equivalents	367,169	367,169	5,087	5,087
Liabilities carried at amortized cost				
Interest bearing Borrowings	1,659,997	1,659,997	1,567,020	1,567,020
Non Interest bearing Borrowings	132,615	132,615	132,615	132,615
Trade and Other Payables	3,354,689	3,354,689	24,804	24,804
Amounts Due to Related Company	862	862	194,309	194,309
Bank Overdraft	383,782	383,782	257,049	257,049

40.2 Fair Value Hierachy

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

Group	Level 1	Level 2	Level 3	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Fair Value Through Profit and Loss	124,774	-	-	124,774
	124,774	-	-	124,774
Company				
Fair Value Through Profit and Loss	43,765	-	-	43,765
	43,765	-	-	43,765

Sensitivity Analysis

Sensitivity Analysis - Quoted and Unquoted Investments

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

	31st March 2014	
	-1%	1%
	Rs.'000	Rs.'000
Quoted and Unquoted Investments	(437,660)	437,660
	(437,660)	437,660

41. 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.

The independent auditors' report of Asia Asset Finance PLC report dated 7th November 2013 issued on the Company's financial year ended 31st March 2013 was qualified due to unreconciled differences between the loans, lease, hire purchase and fixed deposits balances as per sub ledger and the general ledger primarily owing to errors to errors in the implementation of the new operating and accounting systems. Accordingly, as at 31st March 2013, Loans, Leases and Hire Purchase Receivables and Fixed Deposits general ledger balances did not agree and exceeded the sub ledger balances by Rs. 57,416,050/- and Rs. 19,663,251/- respectively.

In the current financial year, management has taken several steps to reconcile the above difference and the necessary adjustments were incorporated in the general ledger and sub ledger.

where we are

share information

1 Stock Exchange Listing

The Issued Ordinary Shares of the Company are listed with the Colombo Stock Exchange

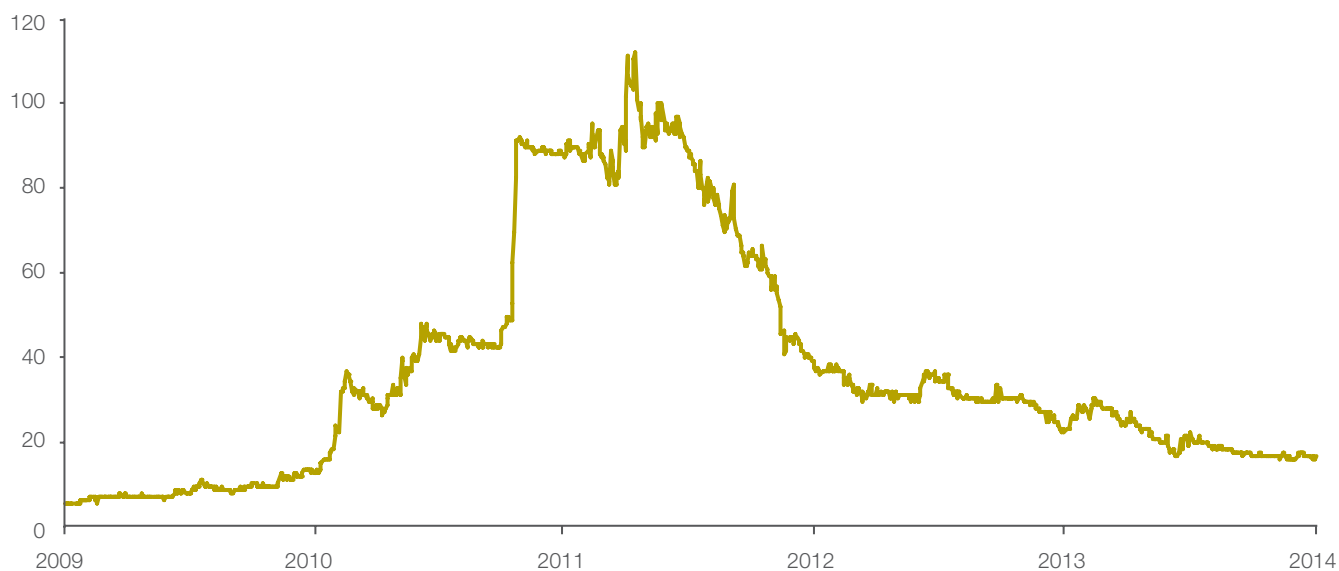
Ticker Symbol - ACAP.N0000

Market Sector - Diversified Holdings

2 Market Price

	31 March 2014 (Rs.Per Share)	31 March 2013 (Rs.Per Share)
Last Traded	16.95	22.8
Highest	33.20	32.0
Lowest	16.10	20.6

3 Share Price Performance



ten year summary

Year ended 31st March	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
OPERATING RESULTS										
Revenue	970,321	854,889	1,996,276	2,122,917	1328423	1803062	956048	982836	743097	1678846
Profit/loss before taxation	(615,763)	(747,918)	843,459	1,331,927	288795	-395559	-354876	2229	-395559	267032
Taxation	(6,992)	20,262	(146,226)	(180,912)	-66435	16373	-16125	-33034	-54346	-17875
Profit/Loss after Taxation	(622,755)	(727,656)	697,232	1,151,015	222,360	(379,186)	(371,001)	(30,805)	(449,905)	249,157
Minority Interest	(2,007)	(4,684)	(158,517)	(162,997)	-12600	-65681	-60641	-186	-247	-
Profit(Loss) attributable to Shareholders	(620,748)	(722,972)	538,715	988,018	209,760	(444,867)	(431,642)	(30,991)	(450,152)	249,157
ASSETS										
Property, Plant & Equipment	1,290,956	839,044	680,994	680,993	328,038	94,001	94,979	75,843	88,400	168,288
Intangible Assets	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	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	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	6,147,475	5,574,927	4,939,359	3,156,315	5,753,033	4,349,725	4,473,922	3,061,424	4,542,020	2,878,310
EQUITY AND LIABILITIES										
Stated Capital	1,114,558	1,114,558	1,114,558	1,114,558	1,114,558	1,114,558	1,114,558	1,114,558	1,114,558	1,114,558
Capital Redemption Reserve Fund	-	-	-	-	-	-	-	13,800	13,800	13,800
Revaluation Reserve	45,779	45,867	-	27,560	8,709	10,437	5,970	-	-	-
Available For Sale Reserve	-	-	(4,154)	(6,343)	-	-	-	-	-	-
Capital Reserve	5922	11148	6229	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)	(880,200)	(410,842)	(92,315)	20,474	(856,779)	(1,080,850)	(635,983)	66,604	89,701	131,722
Shareholders' Fund	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	263492	138609	44096	598,549	248,106	194,959	131,945	542	247	-
	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	2,218,270	1,645,804	443,195	172,412	748,778	186,067	92,904	91,523	90,119	91,657
Current Liabilities	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	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	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

where we are

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.

where we are

glossary (contd.)

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 the of current assets over current liabilities.

corporate information

Name

Asia Capital PLC

Legal Form

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

Company Registration Number

New No. PQ 119

Old No. N(PVS) 8282/PBS

Stock Exchange Listing

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

Registered Office

#21-01, West Tower, World Trade Center,
Echelon Square, Colombo 1, Sri Lanka.

Telephone : +94 11 5320000

Facsimile : +94 11 2331756

Website : www.asiacapital.lk

Subsidiaries

Asia Securities (Private) Limited

Asia Wealth Management Company (Private) Limited

Asia Capital Technologies (Private) Limited

Asia Fort Sri Lanka Direct Investment Fund Limited

Asia Growth Fund 1 (Private) Limited

Asia Asset Finance PLC

Asia Leisure Holdings (Private) Limited

Asia Leisure (Private) Limited

Asia Tea Packaging (Private) Limited

Asia Digital Entertainment (Private) Limited

Asia Capital Private Equity (Private) Limited

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 Ratnayake (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

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 Markara Mawatha,

Colombo 3

Internal Auditors

PricewaterhouseCoopers

100, Braybrooke Place, Colombo 2.

Lawyers

Paul Ratnayake Associates

59 Gregory's Road, Colombo 7

Bankers

Hongkong and Shanghai Banking Corporation Limited

Pan Asia Banking Corporation PLC

Hatton National Bank PLC

Seylan Bank PLC

Sampath Bank PLC

Commercial Bank of Ceylon PLC

Designed & produced by

emagewise

Printed by Printage (Pvt) Ltd

Digital Plates by Imageline (Pvt) Ltd

www.asiacapital.lk