
ASIA
CAPITAL
PLC



2009 Annual Report

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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 (Pvt) Ltd

Investor Access Asia (Pvt) Ltd

Asian Alliance Insurance PLC

Asia Fort Sri Lanka Direct Investment Fund Ltd

Asia Growth Fund 1 (Pvt) Ltd

Asia Asset Finance Ltd (Formerly known as Finance and Land Sales Ltd)

Asia Apparel Trading (Pvt) Ltd

Associates

Asia Siyaka Commodities (Pvt) Ltd

Board Of Directors

H.L.L.M.Nanayakkara (Chairman/Managing Director)
(appointed w.e.f. 18th March 2009, appointed Chairman w.e.f. 22nd May 2009)

S.H.Amarasekera (Chairman)

(resigned w.e.f. 15th May 2009)

J.H.P.Ratnayeke (Deputy Chairman)

(appointed Deputy Chairman w.e.f. 22nd May 2009)

A.C.Seneviratne (Chief Executive Officer)

J.M.Swaminathan *(resigned w.e.f. 14th May 2009)*

(Ms.) P.D.Ratna-Gopal *(resigned w.e.f. 1st June 2008)*

S.T.K.Sing *(resigned w.e.f. 18th February 2010)*

F.X.R.Pereira *(appointed w.e.f. 11th September 2009)*

A.D.Ross *(appointed w.e.f. 18th February 2010)*

Secretaries

P. R. Secretarial Services (Pvt) Ltd
59, Gregory's Road,
Colombo 7

Auditors

KPMG Ford, Rhodes, Thornton & Co.
32A, Sir Mohamed Macan Markar Mawatha,
Colombo 3

Lawyers

Paul Ratnayeke Associates
59, Gregory's Road,
Colombo 7

Bankers

Hongkong & Shanghai Banking Corporation Ltd
Hatton National Bank PLC
Bank of Ceylon
Seylan Bank PLC

Corporate Structure

Securities Trading

Asia Securities (Pvt) Ltd.

Business Activity: Securities Trading

Directors :

J. H. P. Ratnayake (Chairman)
D. D. Dedigama (Chief Executive Officer)
(appointed w.e.f. 22nd May 2008)
D. M. Wijayasinghe
(resigned w.e.f. 28th February 2010)
(Ms.) P. D. Ratna-Gopal (resigned w.e.f. 31st May 2008)
S. H. Amarasekera (resigned w.e.f. 15th May 2009)
P. N. B. Wijekoon
M. S. I. Marikar (resigned w.e.f. 13th July 2009 & appointed w.e.f. 3rd December 2009)
U. N. Sumanadeera (appointed w.e.f. 30th October 2007 & resigned w.e.f. 16th October 2009)
H. L. L. M. Nanayakkara (appointed w.e.f. 22nd October 2009)
D. A. S. Abeyesinhe (appointed w.e.f. 25th November 2009 & appointed Alternate Director to Mr. H. L. L. M. Nanayakkara w.e.f. 25th November 2009)
Holding : 100%
Auditors : KPMG Ford Rhodes Thornton & Co.

Investor Access Asia (Pvt) Ltd

Business Activity: Software Development

Directors :

(Dr.) S. Yaddhegige (Chairman) (nomination revoked w.e.f. 16th September 2008)
J. H. P. Ratnayake (Alternate Director to S. Yaddhegige) (nomination revoked w.e.f. 16th September 2008)
I. R. Wijesinghe
A. C. Seneviratne
(Ms.) P. D. Ratna-Gopal (resigned w.e.f. 1st June 2008)
(Prof.) L. R. Watawala (resigned w.e.f. 15th September 2008)
E. P. Perera (nomination revoked w.e.f. 16th September 2008)
D. M. Wijayasinghe (appointed w.e.f. 25th September 2008 & resigned w.e.f. 28th February 2010)
D. R. Shah (appointed w.e.f. 16th September 2008 & resigned w.e.f. 28th February 2010)
H. L. L. M. Nanayakkara (appointed w.e.f. 14th July 2009)
D. A. S. Abeyesinhe (appointed w.e.f. 11th March 2010)
T. C. Ranatunga (appointed w.e.f. 11th March 2010)
Holding : 100%
Auditors : Amerasekera & Co.

Insurance

Asian Alliance Insurance Company PLC.

Business Activity: General & Life Insurance

Directors :

(Dr.) S. Yaddhegige (Chairman) (vacation of office under Article 108 (f) of the Articles of Association w.e.f. 17th November 2008)
S. H. Amarasekera (Chairman) (appointed w.e.f. 24th September 2007, appointed Chairman w.e.f. 1 December 2008, resigned w.e.f. 15th May 2009)
J. H. P. Ratnayake (Chairman) (appointed Chairman w.e.f. 15th July 2009)
H. L. L. M. Nanayakkara (Deputy Chairman) (appointed w.e.f. 15th July 2009)
(Prof.) L. R. Watawala
L. N. De S. Wijeyeratne (resigned w.e.f. 15th February 2010)
A. C. Seneviratne (appointed w.e.f. 24th September 2007)
W. D. N. H. Perera (appointed w.e.f. 14th November 2007)
R. C. D. De Silva (resigned w.e.f. 14th August 2007 and re-appointed 15th February 2010)
K. D. D. Perera (appointed w.e.f. 24th September 2008 & resigned w.e.f. 24th March 2010)
R. G. Jasinghe (appointed w.e.f. 15th July 2009)
R. J. Wickremasinghe (appointed 15th February 2010)
Holding : 51.75%
Auditors : KPMG Ford Rhodes Thornton & Co.

Commodities Broking

Asia Siyaka Commodities (Pvt) Ltd

Business Activity: Commodities Broking

Directors :

A. R. Cooke (President/CEO)
N. A. De Mel
U. A. Sirisekera
L. Alawattagama
W. M. R. Iddawela
D. J. Wedande
(Dr.) S. Yaddhegige (resigned w.e.f. 30th November 2009)
J. H. P. Ratnayake
A. C. Seneviratne
E. P. Perera (resigned w.e.f. 08th August 2008)
S. H. Amarasekera (appointed w.e.f. 08th August 2008 & resigned w.e.f. 15th May 2009)
H. L. L. M. Nanayakkara (appointed w.e.f. 1st September 2009)
D. Muthukumarana (appointed w.e.f. 17th December 2009)
Holding: 40%
Auditors : H.L.B. Edirisinghe & Co.

Venture Capital

Asia Fort Sri Lanka Direct Investment Fund (Pvt) Ltd.

Business Activity: Venture Capital

Directors :

J. H. P. Ratnayake (Chairman)
A. C. Seneviratne
(Ms.) P. D. Ratna-Gopal (resigned w.e.f. 1st June 2008)
S. H. Amarasekera (resigned w.e.f. 15th May 2009)
E. P. Perera (resigned w.e.f. 22nd May 2009)
H. L. L. M. Nanayakkara (appointed w.e.f. 1st June 2009)
Holding : 100%
Auditors : KPMG Ford Rhodes Thornton & Co.

Asia Growth Fund 1 (Pvt) Ltd.

Business Activity: Venture Capital

Directors :

J. H. P. Ratnayake (Chairman)
H. L. L. M. Nanayakkara (appointed w.e.f. 27th May 2009)
A. C. Seneviratne (resigned w.e.f. 22nd May 2009)
S. H. Amarasekera (resigned w.e.f. 15th May 2009)
(Ms.) P. D. Ratna-Gopal (resigned w.e.f. 1st June 2008)
E. P. Perera (resigned w.e.f. 4th June 2009)
D. A. S. Abeyesinhe (appointed w.e.f. 11th March 2010)
Holding : 100%
Auditors : KPMG Ford Rhodes Thornton & Co.

Fund Based Activities

Asia Asset Finance Ltd

(formerly known as Finance and Land Sales Ltd.)

Business Activity: Finance House

Directors :

J. H. P. Ratnayake (Chairman) (resigned w.e.f. 31st July 2009)
W. Sellamuttu (disqualified as per Article 85(f) of the Articles of Association w.e.f. 11th September 2008)
A. C. Seneviratne (resigned w.e.f. 22nd May 2009)
D. M. Wijayasinghe (resigned w.e.f. 12th January 2010)
E. P. Perera (resigned w.e.f. 22nd May 2009)
U. N. Sumanadeera (resigned w.e.f. 31st August 2009)
H. L. L. M. Nanayakkara (appointed w.e.f. 17th March 2009)
A. J. Karunaratne (appointed w.e.f. 14th July 2009 & resigned w.e.f. 19th March 2010)
D. Muthukumarana (appointed w.e.f. 14th July 2009)
R. J. A. Gunawardena (appointed Alternate Director to H. L. L. M. Nanayakkara w.e.f. 7th December 2009 & appointed Director w.e.f. 24th December 2009)
P. M. B. Fernando (appointed w.e.f. 4th March 2010)
Holding : 98.64%
Auditors : Aiyar & Co.

Board of Directors

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

(appointed with effect from 18th March 2009, appointed Chairman with effect from 22nd May 2009)

Mr. Manohan Nanayakkara is the Chairman/Managing Director of Asia Capital PLC and the Managing Director of Asia Securities (Pvt) Ltd. He is also the Chairman of Asia Asset Finance Ltd, the Deputy Chairman of Asian Alliance Insurance PLC and a Director of Capital Reach Holdings Ltd and all of its subsidiaries. Additionally he sits on the boards of all associate and subsidiary companies of Asia Capital PLC.

Mr. Nanayakkara is a Director of Pradana Ltd, an independent investment management company.

Previously he was the Chief Operating Officer/Director of Asian Hotels and Properties Ltd; the General Manager of the Bureau for Infrastructure Investment (BI) and the Chief Executive Officer/Director of CF Venture Fund.

He is a Fellow Member of the Institute of Chartered Management Accountants (CIMA) and holds a Master of Science in Accounting (MSA) degree from James Madison University, Virginia, USA; a Master of Applied Finance (MAF) and Master of Business Administration (MBA) from Queensland University of Technology, Queensland, Australia.

He was the Project Specialist who designed and managed the Capital Market Project of U.S. Agency for International Development (USAID) which assisted the early privatisations; the establishment of the Securities and Exchange Commission of Sri Lanka (SEC); and the development of the Colombo Stock Exchange (CSE), in the early nineties.

S. H. Amarasekera (Chairman)

(resigned with effect from 15th May 2009)

Mr. Harsha Amarasekera is an Attorney-at-Law by profession, specializing in Commercial, Banking and Securities Law. He served as the Chairman of Asia Capital PLC. He also serves as an Independent Director in C.W.Mackie & Co. Ltd, Chemical Industries (Colombo) Ltd, Connaissance Holdings Ltd, Keells Food Products Ltd and Vallibel Power Erathna Ltd.

J. H. P. Ratnayeke (Deputy Chairman)

(appointed Deputy Chairman with effect from 22nd May 2009)

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 handling 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 has been awarded a Masters Degree in Law by the University of London.

Currently Mr. Ratnayeke holds directorships in several companies of which 8 are public quoted companies. He has also been elected/appointed as Chairman/Deputy Chairman to several of these companies.

At Paul Ratnayeke Associates, he specializes in corporate and commercial areas of law including mergers and acquisitions, aviation, insurance and maritime law.

A. C. Seneviratne (CEO)

Mr. Asanga Seneviratne currently serves as the CEO of Asia Capital PLC since 2002. He is also a Director of Investor Access Asia (Pvt) Ltd, promoter of the first real-time online securities trading system linked directly to the Colombo Stock Exchange.

P. D. Ratna-Gopal

(resigned with effect from 1st June 2008)

Appointed to the Board of Asia Capital PLC on 4th November 2004, Ms. Ratna-Gopal headed the Capital Markets team prior to this. She also served on the boards of Asia Securities (Pvt) Ltd and Investor Access Asia (Pvt) Ltd.

She previously worked at Indosuez Credit Agricole in Hong Kong, covering the Asian Markets in Equity Sales.

J. M. Swaminathan

(resigned with effect from 14th May 2009)

Mr. J. M. Swaminathan is an Attorney-at-Law and holds a Masters in Law as well as a Masters in Philosophy from the University of Colombo. He is a Partner of M/s. Julius

& Creasy. He is also a Lecturer and Examiner at the Sri Lanka Law College. He is a member of the Intellectual Property Commission of Sri Lanka, as well as the Company Law Advisory Commission of Sri Lanka. He is also a Director of several companies which include Lanka Aluminium Industries Ltd, Acme Aluminium Industries Ltd, Colonial Motors Ltd and LOLC Finance Ltd.

Dato' Seri Tiong King Sing, JP

(resigned with effect from 18th February 2010)

Dato' Seri Tiong King Sing, JP, is the Chief Executive Officer of Wijaya Baru Global Berhad, a company listed on the Main Board of Bursa Malaysia Securities Berhad. He holds a Masters Degree in Business Administration and Management as well as Political Science. He is also the President/Chief Executive Officer of Wijaya Baru Group of Companies.

Dato' Seri Tiong holds substantial shareholdings in various Public Listed Companies in Malaysia, namely Timberwell Berhad, NV Multi Corporation Berhad, Ralco Corporation Berhad, Cepat Wawasan Berhad and Online One Corporation Berhad.

Dato' Seri Tiong is presently a Member of Parliament of Malaysia and the Treasurer General and Youth Chief of Sarawak Progressive Democratic Party (one of the component parties of the Governing Coalition). Dato' Seri Tiong is also the Chairman of Barisan Nasional Backbenchers Club (a club consisting of Members of Parliament, Malaysia belonging to the Governing Coalition). He is also a patron of several charitable and non-profit making organizations, particularly in Sarawak, Malaysia.

F. X. R. Pereira

(appointed with effect from 11th September 2009)

Mr. F. X. Ranjit 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 (F.C.M.A) 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 1982-1983. 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 - 2003-2004.

Mr. Pereira has held directorates in several high ranking Sri Lankan organisations throughout his career, among them being Lankem Ceylon Ltd, where he served as Director Finance & Company Secretary from 1980 to December 1989, Finance Manager & Company Secretary of Lankem Developments Ltd, from 1977 to December 1989, Director Finance & Company Secretary of Sigiriya Village Ltd, Multistrech Ltd and Lankem Exports Ltd up to 1989, Finance Director of Richard Pieris & Co. Ltd from January – August 1990 and Director Finance & Administration of the Janasaviya Trust Fund from December 1990 to July 1995.

He currently serves on the Board of Infrastructure and Institution Development Consultancy (Pvt) Ltd, as Director Finance & Company Secretary and also practices as an independent Consultant to private sector organisations and for the IDA – World Bank; ADB and numerous other multilateral institutions.

A. D. Ross

(appointed with effect from 18th February 2010)

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), the Finance Director of Windy City International Limited (the operator of the Dan Ryan's Restaurants Group) and an Independent Executive Director on the board of Global Tech (Holdings) Limited, which is listed on the Hong Kong Stock Exchange.

Report of the Directors

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 2009.

Principal Activities

During the year the principal activities of the Group were stock brokering, corporate finance, asset management, treasury management, dealing and investing in securities, financial services and insurance.

During the year the primary activities of the Company were to act as an investment holding company and to engage in investment banking activities.

Review of Operations

The period under review was marked by a deep recession in the western hemisphere, which assumed crisis proportions in the second half of the year, even threatening to spiral into a full blown depression – thus, considerably damaging Sri Lanka's economic, industrial and financial sector performance. These conditions also caused severe systemic stresses in the banking and financial services industries, leading to the failure of several regulated and unregulated finance houses, compelling the Central Bank to intervene in order to prevent further contagion. Moreover, the climaxing of the military conflict in the Northern Province continued to weigh on business confidence and corporate performance. Against the above backdrop, spending on military and public sector expenditure also resulted in exorbitantly high interest rates, thus making the year probably the worst in recent economic history. From an operational standpoint for the Company and the Group, these conditions were clearly unfavourable and was the worst experienced in its entire history. But the fact that the Company and the Group emerged from these unprecedented macroeconomic stresses clearly reflects its resilience and the character of its staff at all levels.

Needless to say, against the backdrop of the aforementioned conditions, activity levels at almost all group companies declined during the year under review; but, it was creditable to note that Group Revenue, adjusted for the consolidation of Asian Alliance Insurance

PLC (which became a subsidiary of the Company midway during the previous financial year) declined only by 0.6% year-over-year to Rs. 378.1 million in the period. However, with the impact of the consolidation of Asian Alliance Insurance PLC for a full year, Group Revenue grew sharply by 88.6% over the previous year to Rs.1,803.1 million.

Whilst the core investment banking and securities trading businesses and subsidiary finance house, Asia Asset Finance Ltd underperformed due to the severely debilitating operating environment, Asian Alliance Insurance PLC benefitted from higher yields on its fixed income securities investment portfolio enabling Group Operating Profit (inclusive of share of profits of associate companies but before provisions, goodwill charges and adjustments for asset disposals) to reach a modest Rs. 28.5 million in the period under review in contrast to the loss of Rs. 29.5 million recorded in the previous year.

Meanwhile, the continued decline in asset values in financial markets necessitated a further provision of Rs. 172.4 million for fall in value of investments in the year under review (in addition to the provision of Rs. 292.4 million made in the previous year), whilst Rs. 101.7 million was provided for bad and doubtful debts (of which Rs. 98.2 million was at subsidiary Asia Asset Finance Ltd). As these provisions were lower than in the previous year, the Group Loss before Interest and Tax declined to Rs. 245.3 million (in contrast to Rs. 259.2 million last year, which also included a goodwill charge of Rs. 150.1 million on the first time consolidation of Asian Alliance Insurance PLC which was offset by a positive adjustment of Rs. 206.3 million on the disposal of the previously loss making apparel manufacturing subsidiary).

Nevertheless, with interest/finance costs rising sharply to Rs. 150.3 million during the year under review (from Rs. 95.7 million in the previous year) due to the spike in interest rates and higher levels of borrowings made to fund operations, the Group Loss before Tax increased to Rs. 395.6 million (from Rs. 354.9 million last year).

Although, there was a reversal of overprovision of tax, after deducting higher profits attributable to minorities, the Group Net Loss reached Rs. 444.9 million during the year under review, up from the loss of Rs. 431.6 million in the previous year. (of which Rs.98.9 million was at subsidiary Asia Asset finance Ltd).

Financial Statements

The Financial Statements of the Company are given in pages 16 to 52.

Auditor's Report

The Auditor's Report on the Financial Statements is given in pages 14 to 15

Accounting Policies

The accounting policies adopted in the preparation of Financial Statements are given in pages 21 to 25. There were no material changes in the Accounting Policies adopted.

Financial Results

	GROUP		COMPANY	
	2009 Rs.'000	2008 Rs.'000 (Restated)	2009 Rs.'000	2008 Rs.'000 (Restated)
<i>For the year ended 31st March</i>				
Profit/(loss) before adjustment on Disposal of Subsidiary	(359,559)	(561,128)	(360,105)	(526,662)
Adjustment on Disposal/ Acquisition of Subsidiary	-	206,252	-	4,000
Profit/(Loss) Before Tax	(344,107)	(354,876)	(360,105)	(522,662)
Income Tax Expense	16,373	(16,125)	(916)	-
Retained Profit/(Loss) after Taxation	(379,186)	(371,001)	(361,021)	(522,662)
Minority Interest	65,681	60,641	-	-
Profit/(Loss) attributable to Shareholders	(444,867)	(431,642)	-	-
Profit/(Loss) at the beginning of the Year	(635,983)	67,450	(654,157)	(131,495)
Dividend Payment	-	-	-	-
Adjustment/Transfers	-	(271,791)	-	-
Profit /(loss) at the end of the Year	(1,080,850)	(635,983)	(521,887)	(654,157)

Dividends

The Directors do not recommend a dividend for the year under review.

Property, Plant and Equipment

An analysis of the Property, Plant and Equipment of the Company is disclosed in Note 10 of the Financial Statements on pages 29 to 30.

Stated Capital

The stated Capital of the Company as at 31st March 2009 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 other than those disclosed in Note 32 on page 48 of the Financial Statements.

Provisions

The basis adopted for provisioning is disclosed in Accounting Policy No.1.4.4 on page 24 of the Financial Statements.

As at the date of the Report, the Directors are not aware of any circumstances, which would render inadequate the amounts provided for in the Financial Statements.

Provision for the Taxation

The provision for taxation is computed at the rates as disclosed in Note 7 on pages 27 to 28.

Report of the Directors *Contd.*

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 as at 31st March 2009 are set out in Notes 31 on page 48 of the Financial Statements.

Post Balance Sheet Events

In the opinion of the Directors, no item, transaction or event of an unusual nature has taken place between the financial year end and the date of the report that would materially affect the results of the Company or Group for the financial year in respect of which this report is made.

Corporate Governance and Internal Controls

The Board of Directors have acknowledged the responsibility to ensure good governance in conducting the business activities of the Company.

Going Concern

The financial statement is prepared on the assumption that the Company is a going concern as the Directors are confident that the financial position of the Company and Group will significantly improve in the near future and the Company will be able to negotiate banking facilities.

Directors during the Year

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

Mr. S. H. Amarasekera
Mr. H. L. L. M. Nanayakkara
Mr. J. H. P. Ratnayeke
Mr. A. C. Seneviratne
Dato' S. T. K. Sing
Ms. P. D. Ratna-Gopal
Mr. J. M. Swaminathan

Appointments

Mr. H. L. L. M. Nanayakkara was appointed with effect from 18th March 2009
Mr. F.X.R. Pereira was appointed with effect from 11th September 2009
Mr. A. D. Ross was appointed with effect from 18th February 2010

Resignations

Ms. P. D. Ratna-Gopal resigned with effect from 01st June 2008
Mr. S. H. Amarasekera resigned with effect from 15th May 2009
Mr. J. M. Swaminathan resigned with effect from 14th May 2009
Dato' S.T.K. Sing resigned with effect from 18th February 2010

Directors Retiring by Rotation

Mr. F. X. R. Pereira retires by rotation in accordance with Article 103 of the Articles of Association of the Company and being eligible, offers himself for re-election.

Mr. A. D. Ross retires by rotation in accordance with Article 103 of the Articles of Association of the Company and being eligible, offers himself for re-election.

Current Board of Directors

The Directors of the Company as at the reporting date are as follows;

Mr. H. L. L. M. Nanayakkara –Chairman/Managing Director
Mr. J .H. P. Ratnayeke – Deputy Chairman
Mr. A. C. Seneviratne – Chief Executive Officer
Mr. F. X. R. Pereira –Independent and Non - Executive Director
Mr. A. D. Ross - Independent and Non - Executive Director

Arrangement for Acquisition of Shares by Directors

The Company has provided an interest free loan of Rs.17.5 Million to the Employee Share Ownership Plan (ESOP) Trust. Directors and employees will be eligible in future to purchase ordinary shares of the Company pursuant to the Trust Deed of the Employee Share Ownership Plan Trust. No shares were allotted from the ESOP during the year.

Directors Remuneration and Other Benefits of Directors

Directors remuneration and other benefits of directors are stated in the Note 29 (e) on pages 47 of the Financial Statements.

Directors' Interest Register

In terms of the Companies Act No.07 of 2007 an Interest Register was maintained during the accounting period under review.

Directors' Interest In Transactions

None of the Directors had a direct or indirect interest in any transactions or proposed transactions with the Company other than as disclosed in Note 29 on pages 44 to 47 of the Financial Statements.

Name of Director	No. of Shares as at 31st March 2009	No. of Shares as at 31st March 2008
Mr. H. L. L. M. Nanayakkara	-	-
Mr. J. H. P. Ratnayake	85,030	85,030
Mr. S. H. Amarasekera	15,600	15,600
Mr. A. C. Seneviratne	81	81
Dato' S. T. K. Sing	32,984,200	32,984,200
Mr. F. X.R. Pereira	-	-
Mr. A. D. Ross	-	-

Shareholders

The distribution and analysis of shareholdings were as follows;

	As at 31st March 2009			As at 31st March 2008		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1 – 1,000	6,110	1,060,514	0.96%	6,134	1,077,268	0.98%
1,001 – 5,000	859	1,859,773	1.69%	896	1,949,689	1.77%
5,001 – 10,000	134	1,007,110	0.92%	131	965,630	0.88%
10,001 – 50,000	99	2,161,240	1.96%	103	2,361,750	2.15%
50,001 – 100,000	13	944,420	0.86%	12	870,320	0.79%
100,001 – 500,000	9	1,633,580	1.49%	8	1,423,580	1.29%
500,001 – 1,000,000	1	698,000	0.63%	1	698,600	0.64%
1,000,000 & over	9	100,635,363	91.49%	8	100,653,163	91.50%
Total	<u>7,234</u>	<u>110,000,000</u>	<u>100%</u>	<u>7,293</u>	<u>110,000,000</u>	<u>100%</u>

	As at 31st March 2009			As at 31st March 2008		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
Resident	7,158	43,385,690	39.44%	7,219	44,932,940	40.85%
Non-resident	76	66,614,310	60.56%	74	65,067,060	59.15%
Total	<u>7,234</u>	<u>110,000,000</u>	<u>100.00%</u>	<u>7,293</u>	<u>110,000,000</u>	<u>100.00%</u>

Report of the Directors *Contd.*

	As at 31st March 2009			As at 31st March 2008		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
Individual	7,088	75,116,570	68.29%	7,143	73,876,600	67.16%
Institutional	146	34,883,430	31.71%	150	36,123,400	32.84%
Total	<u>7,234</u>	<u>110,000,000</u>	<u>100.00%</u>	<u>7,293</u>	<u>110,000,000</u>	<u>100.00%</u>

20 Largest Holders of Equity

Name	As at 31st March 2009		As at 31st March 2008	
	No. of Shares	%	No. of Shares	%
1. Dato' Seri Tiong King Sing	32,984,200	29.98%	32,984,200	29.98%
2. Mr. Azlin Bin Khalid	31,900,000	29.00%	31,900,000	29.00%
3. Pan Asia Banking Corp. PLC/ Asia Fort Asset Management (Pvt) Ltd	14,912,723	13.55%	14,912,723	13.55%
4. Seylan Bank Ltd/ Asia Fort Asset Management (Pvt) Ltd	11,172,100	10.15%	11,172,100	10.15%
5. Asia Fort Asset Management (Pvt) Ltd	3,974,210	3.61%	5,292,010	4.81%
6. Mrs. Laurette Anne Carmen Amarasekera	2,025,440	1.84%	2,025,440	1.84%
7. Mr. Vijayeswaran S. Vijayarajnam	1,300,000	1.18%	-	-
8. Waldock Mackenzie/Mr. Lalith Prabash	1,291,000	1.17%	1,291,000	1.17%
9. Employees Trust Fund Board	1,075,690	0.97%	1,075,690	0.97%
10. H. Don Carolis and Sons	698,600	0.63%	698,600	0.63%
11. Mr. Rohitha Udalgama	323,700	0.29%	323,700	0.29%
12. Aio Investments (Pvt) Ltd	275,800	0.25%	249,400	0.22%
13. Mr. Diyunuge Mahida Rajapakse	210,600	0.19%	210,600	0.19%
14. Mr. Hewa Komnage Jayantha Dharmadasa	192,600	0.17%	192,600	0.17%
15. Mr. Slem Ali Othman Ali Abo Qamaz	147,100	0.13%	-	-
16. Anglo Amalgamated (Pvt) Ltd	130,000	0.11%	-	-
17. DPMC Financial Services (Pvt) Ltd	124,800	0.11%	112,300	0.10%
18. Seylan Bank Ltd./ Ruvini Chantal Ratnayake	120,100	0.10%	120,100	0.10%
19. Distilleries Company of Sri Lanka Ltd	108,680	0.09%	108,680	0.09%
Mr. Amir Lukmanjee	-	-	106,200	0.09%
Prudential Holdings (Pvt) Ltd	-	-	100,000	0.09%
20. Mc Larens Holdings Ltd	100,000	0.09%	100,000	0.09%
Mrs. Thilani Gunawardena	100,000	0.09%	-	-
Mr. Moiz Najmudeen	87,500	0.07%	87,500	0.07%
TOTAL	<u>103,254,843</u>	<u>93.77%</u>	<u>103,062,843</u>	<u>93.60%</u>

Public Shareholding

The percentage of public shareholding as at 31st March 2009 was 11.75%.

Annual General Meeting

The notice of the Annual General Meeting will be sent in due course.


Auditors

The Financial Statements for the year ended 31st March 2009 have been audited by Messrs. KPMG Ford, Rhodes, Thornton & Company (Chartered Accountants) who offer themselves for reappointment.

The Auditors Messrs. KPMG Ford Rhodes Thornton & Co., Chartered Accountants were paid Rs. 955,000/- (2007/2008 – Rs. 958,000/-) as Audit fees by the Company. Details of audit fees are set out in Note 6 of the Financial Statements.

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

By Order of the Board



H. L. L. M. Nanayakkara
Chairman/Managing Director



J. H. P. Ratnayeke
Deputy Chairman/Director



P. R. Secretarial Services (Private) Limited
Secretaries

24th March 2010
Colombo

Statement of Directors' Responsibilities

The Directors of the Company state below their responsibilities in relation to the Financial Statements of the Company and its Subsidiaries for the year ended 31st March, 2009. These differ from the Auditors responsibilities, which are set out in their report given on page 14 and 15.

The Companies Act No. 7 of 2007 requires that the Directors prepare Financial Statements for each year, giving a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and the profit and loss of the Company and the Group for that financial year.

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 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 as required by the Companies Act No. 7 of 2007.

The Directors have taken reasonable steps to safeguard the assets of the Company and of the Group and to establish appropriate systems of internal controls in order to prevent and detect fraud and other irregularities. Even though it is not possible to provide absolute assurance against fraud and other material misstatements, the Directors confirm that there is reasonable assurance regarding the activities of the Company.

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

The Directors confirm to the best of their knowledge all taxes and dues payable by the Group, and all contributions, levies and taxes payable on behalf of the employees of the Group and all other known statutory obligations that were due as at the Balance Sheet date have been paid or provided for in the Financial Statements.

On behalf of the Board



H. L. L. M. Nanayakkara
Chairman/ Managing Director



J. H. P. Ratnayeke
*Deputy Chairman/
Director*

Colombo.
24th March 2010

Financial **Statements**

Independent Auditor's Report



KPMG Ford, Rhodes, Thornton & Co.
(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 consolidated financial statements of the Company and its subsidiaries as at March 31st 2009 which comprise the balance sheet as at March 31st, 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Scope of Audit and Basis of Opinion

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

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles 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 March 31st, 2009 and the financial statements give a true and fair view of the Company's state of affairs as at March 31st, 2009 and its loss and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Without qualifying our opinion, we draw attention to the matters disclosed in Note 35 to the financial statements where the company has incurred a net loss of Rs.361 million for the year ended 31st March 2009 and as of that date the company's accumulated losses were Rs.1,015 Million and further, as at that date the company's current liabilities exceeded its current assets by Rs. 424 Million. The company's ability to continue as a going concern depends on the success of its future endeavors and negotiation of finance facilities.

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A.N. Fernando FCA
Ms. M. P. Perera FCA
T.J.S. Rajakarier FCA
Ms. S.M.B. Javasekara ACA

S. Sirikananathan FCA
P.Y.S. Perera FCA
W.W.J.C. Perera FCA
W.K.D.C. Abeyrathne ACA

M.R. Mihular FCA
C.P. Jayatilake FCA
Ms. S. Joseph ACA
S.T.D.L. Perera FCA



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Opinion – Group

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs as at March 31st, 2009 and the loss and cash flows for the year then ended, in accordance with Sri Lanka Accounting Standards, of the Company and its subsidiaries dealt with thereby, so far as concerns the shareholders of the Company.

Without qualifying our opinion, we draw attention to the matters disclosed in Notes 34 and 35 to the financial statements where the company and the group have incurred a net loss of Rs. 361 million and Rs. 379 Million respectively for the year ended 31st March 2009 and as of that date the company's and group's accumulated losses were Rs.1,015 Million and Rs.1,081 Million respectively. Further as at that date the company's current liabilities exceeded its current assets by Rs.424 Million and the current liabilities of the group exceed its current assets by Rs. 203 Million. The company and group are said to be in the process of negotiating finance facilities. The company's and group's ability to continue as a going concern depends on the success of its future endeavors and negotiation of finance facilities. Further the going concern of the subsidiary companies Asia Asset Finance Limited, Asia Fort Sri Lanka Direct Investment Fund Limited, Asia Growth Fund 1 (Pvt) Limited and Investor Access Asia (Pvt) Limited are in doubt but the financial statements of the subsidiaries have been prepared on the assumption that they are going concern as the directors are confident that the financial position of these companies will improve in the near future, and the parent company has agreed to provide financial support.

Report on Other Legal and Regulatory Requirements

Except as mentioned above these financial statements also comply with the requirements of Sections 153(2) to 153(7) of the Companies Act No. 07 of 2007.

CHARTERED ACCOUNTANTS

Colombo
24 March 2010.

Income Statement

For the year ended 31st March

	Note	GROUP		COMPANY	
		2009 Rs.'000	2008 Rs.'000 (Restated)	2009 Rs.'000	2008 Rs.'000 (Restated)
Revenue	3	1,803,062	956,048	73,451	172,774
Cost of Sales		(1,337,329)	(608,967)	(80,437)	(62,008)
Gross Profit		465,733	347,081	(6,986)	110,766
Other Income and Gains	4	46,624	68,821	30,064	4,020
Selling and Distribution Expenses		(138,365)	(29,794)	(1,458)	(13,979)
Administrative Expenses		(415,114)	(328,744)	(44,085)	(85,827)
Other Operating Expenses		(208,835)	(139,235)	(12,414)	(15,350)
Provision for fall in value of Investments		(172,385)	(292,345)	(177,225)	(467,077)
Goodwill writtenoff		-	(150,088)	-	-
(Provision)/Reversal for Bad & Doubtful Debt		(101,686)	6,488	(6,542)	27,254
Finance Cost	5.1	(150,263)	(95,673)	(151,967)	(89,354)
Finance Income	5.2	263,712	41,826	10,508	2,885
Share of Profit of Associate companies	12.2.1	15,020	10,535	-	-
Profit / (Loss) Before Adjustment on Disposal of Subsidiary		(395,559)	(561,128)	(360,105)	(526,662)
Adjustment on Disposal/Acquisition of Subsidiary		-	206,252	-	4,000
Profit / (Loss) Before Tax	6	(395,559)	(354,876)	(360,105)	(522,662)
Income Tax Expense	7	16,373	(16,125)	(916)	-
Profit / (Loss) for the Year		(379,186)	(371,001)	(361,021)	(522,662)
Attributable to					
Equity Holders of the Parent Company		(444,867)	(431,642)	-	-
Minority Interest		65,681	60,641	-	-
Profit / (Loss) for the Year		(379,186)	(371,001)	(361,021)	(522,662)
Basic Earnings / (Loss) per Share (Rs.)	8	(4.04)	(3.92)	(3.28)	(4.75)
Dividend per Share (Rs.)		-	-	-	-

The Accounting Policies and Notes form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Balance Sheet

As at 31 March

	Note	GROUP		COMPANY	
		2009 Rs.'000	2008 Rs.'000 (Restated)	2009 Rs.'000	2008 Rs.'000 (Restated)
ASSETS					
Non-Current Assets					
Property, Plant & Equipment	10	95,953	94,979	12,964	31,095
Investment Properties	11	12,024	12,731	-	-
Investments in Subsidiaries	12.1	-	-	187,501	243,574
Investments in Associates	12.2	90,058	70,571	88,208	85,931
Other Long Term Investments	12.3	246,995	363,420	190,058	297,513
Deferred Taxation	22	17,809	129	-	-
Goodwill	9	53,503	49,076	-	-
ESOP Loans	13	17,491	17,491	17,491	17,491
Long term Deposits and Advances	14	6,101	7,962	87,335	89,196
		<u>539,934</u>	<u>616,359</u>	<u>583,557</u>	<u>764,800</u>
Current Assets					
Short Term Investments	15	2,374,280	2,194,000	535,103	522,361
Short Term Lendings	16	-	-	-	-
Trade and Other Receivables	17	1,306,598	1,587,420	19,618	17,634
Amounts due from Related Parties	18	52,408	254	121,499	36,575
Cash and Cash Equivalents	19	76,505	75,889	17,859	5,469
		<u>3,809,791</u>	<u>3,857,563</u>	<u>694,079</u>	<u>582,039</u>
Total Assets		<u>4,349,725</u>	<u>4,473,922</u>	<u>1,277,636</u>	<u>1,346,839</u>
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	20	1,114,558	1,114,558	1,114,558	1,114,558
Capital Redemption Reserve Fund		-	-	-	-
Revaluation Reserve		10,437	5,970	-	-
Capital Reserves		1,344	1,344	-	-
Exchange Equalisation Reserve		-	-	-	-
General Reserve		3,000	3,000	-	-
Accumulated Profit / (Loss)		(1,080,850)	(635,983)	(1,015,178)	(654,157)
Shareholders' Fund		<u>48,489</u>	<u>488,889</u>	<u>99,380</u>	<u>460,401</u>
Minority Interest		194,959	131,945	-	-
Total Equity		<u>243,448</u>	<u>620,834</u>	<u>99,380</u>	<u>460,401</u>
Non-Current Liabilities					
Debentures	21	13,443	14,618	-	-
Deferred Taxation	22	-	-	-	-
Retirement Benefit Obligations	23	24,555	22,781	4,548	5,315
Non - Interest Bearing Borrowings	24	55,505	55,505	55,505	55,505
		<u>93,503</u>	<u>92,904</u>	<u>60,053</u>	<u>60,820</u>
Current Liabilities					
Interest Bearing Borrowings - Current Portion	25	670,549	640,047	670,549	640,047
Insurance Provision	26	1,467,409	1,319,395	-	-
Trade and Other Payables	27	1,548,466	1,578,153	40,007	29,485
Amounts due to Related Parties	28	-	-	98,826	-
Income Tax Payable		3,949	22,475	-	-
Bank Overdrafts	19	322,401	200,114	308,821	156,086
		<u>4,012,774</u>	<u>3,760,184</u>	<u>1,118,203</u>	<u>825,618</u>
Total Equity and Liabilities		<u>4,349,725</u>	<u>4,473,922</u>	<u>1,277,636</u>	<u>1,346,839</u>
Net Assets per Share (Rs.)		0.44	4.44	0.90	4.19

The Accounting Policies and Notes form an integral part of these Financial Statements.

I certify that the above Financial Statements comply with requirements of the companies Act No 7 of 2007.



P. M. B. Fernando
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,



H. L. L. M. Nanayakkara
Chairman/Managing Director



J. H. P. Ratnayake
Deputy Chairman/ Director

24th March 2010
Colombo.

Figures in brackets indicate deductions.

Cash Flow Statement

For the year ended 31st March

	Note	GROUP		COMPANY	
		2009 Rs.'000	2008 Rs.'000 (Restated)	2009 Rs.'000	2008 Rs.'000 (Restated)
CASH FLOW FROM OPERATING ACTIVITIES					
Profit/(Loss) before Tax		(395,559)	(354,876)	(360,105)	(522,662)
Adjustments for;					
Provision for Retiring Gratuity	23	4,772	6,080	1,009	1,969
Depreciation on Property, Plant & Equipment	10	31,678	37,673	11,638	12,979
Depreciation on Investment Property		707	707	-	-
(Profit) / Loss on sale of Property, Plant & Equipment		(38)	(3,700)	-	-
Profit on Disposal of Subsidiary		-	(206,252)	-	(4,000)
Provision for Insurance Claims		148,014	288,474	-	-
Goodwill Writtenoff		-	150,088	-	-
Provision/(Reversal) for Bad & Doubtful Debts		101,686	(6,488)	6,542	(27,254)
Provision for fall in value of Investments		172,385	292,345	177,225	467,077
Share of Profit of Associate companies' before Taxation		(15,020)	(10,535)	-	-
Interest Income		(263,712)	(43,706)	(10,508)	(4,765)
Finance Cost		150,263	95,673	151,967	89,354
Operating Profit/(Loss) before Working Capital Changes		(64,824)	245,483	(22,232)	12,698
(Increase)/decrease in Short Term Investments		(243,510)	(144,614)	(25,088)	33,680
(Increase)/decrease in Short Term Lendings		-	-	-	-
(Increase)/decrease in Trade and Other Receivables		181,000	(509,986)	(6,663)	41,438
(Increase)/decrease in Amounts due from Related Parties		(52,154)	1,698	(84,924)	35,888
Increase /(decrease) in Trade and Other Payables		(29,687)	503,801	10,522	14,870
Increase/(decrease) in Amounts due to Related Parties		-	-	98,824	-
Cash Generated from Operations		(209,175)	96,382	(29,559)	138,574
Gratuity paid		(2,999)	(3,007)	(1,776)	(536)
Income Tax paid		(19,835)	(18,512)	(919)	-
Net Cash from/(used in) Operating Activities		(232,009)	74,863	(32,254)	138,038
CASH FLOW FROM INVESTING ACTIVITIES					
Acquisition of Property, Plant & Equipment		(41,295)	(26,918)	(755)	(422)
Acquisition of Subsidiary net of cash received		-	34,156	-	-
Increase in Interest in Subsidiaries		(7,093)	-	(2,277)	-
Investments in Associates		-	-	-	(999)
Net Proceeds from Disposal of Subsidiary		-	(27,343)	-	4,000
Proceeds from sale of Property, Plant & Equipment		8,681	6,779	7,248	-
Dividend Received from Associates		-	14,000	-	-
Purchase of other Long Term Investments		(1,971)	(1,240)	(1,350)	(85,208)
Proceeds from Sale of Long Term Investments		9,240	-	-	-
Interest Received		263,712	43,706	10,508	4,765
Net Cash Flows from/(used in) Investing Activities		231,274	43,140	13,374	(77,864)

For the year ended 31 March

	Note	GROUP		COMPANY	
		2009 Rs.'000	2008 Rs.'000 (Restated)	2009 Rs.'000	2008 Rs.'000 (Restated)
CASH FLOW FROM FINANCING ACTIVITIES					
Repayment of Debentures		(1,175)	(11)	-	-
Net Proceeds from /Repayment of Non - Interest Bearing Borrowings		-	(8,657)	-	55,505
Net Proceeds from /Repayment of Other Loans		(82,546)	-	(82,546)	-
Net Proceeds from /Repayment of Amounts Payable under Re-purchase Agreement		56,106	(26,298)	56,106	(26,298)
Net Proceeds from /Repayment of Commercial Papers		56,942	50,000	56,942	50,000
Interest paid		(150,263)	(95,673)	(151,967)	(89,354)
Net Cash Flows from/(used in) Financing Activities		<u>(120,936)</u>	<u>(80,639)</u>	<u>(121,465)</u>	<u>(10,147)</u>
NET INCREASE IN CASH & CASH EQUIVALENTS		(121,671)	37,364	(140,345)	50,027
Cash and Cash Equivalents at the beginning of the year	19	(124,225)	(161,589)	(150,617)	(200,644)
Cash and Cash Equivalents at the end of the year	19	<u>(245,896)</u>	<u>(124,225)</u>	<u>(290,962)</u>	<u>(150,617)</u>

The Accounting Policies and Notes form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Statement of Changes in Equity

For the year ended 31st March

COMPANY

	Stated Capital Rs.'000	Accumulated Profit/ (Loss) Rs.'000 (Restated)	Total Rs.'000 (Restated)
Balance as at 01st April 2007 as previously stated	1,114,558	(132,341)	982,217
Effect of change in the SLAS 16 (Note 23)	-	846	846
Balance as at 01st April 2007 restated	1,114,558	(131,495)	983,063
Profit / (Loss) for the year	-	(522,662)	(522,662)
Balance as at 31st March 2008	1,114,558	(654,157)	460,401
Profit / (Loss) for the year	-	(361,021)	(361,021)
Balance as at 31st March 2009	1,114,558	(1,015,178)	99,380

GROUP

	Stated Capital Rs.'000	Capital Redemption Reserve Fund Rs.'000	Revaluation Reserve Rs.'000	Capital Reserve Rs.'000	Exchange Equalisation Reserve Rs.'000	General Reserve Rs.'000	Accumulated Profit / (Loss) Rs.'000 (Restated)	Total Rs.'000 (Restated)	Minority Interest Rs.'000	Total Attributable to Equity Holders Rs.'000 (Restated)
Balance as at 01st April 2007 as previously stated	1,114,558	13,800	-	3,174	78,316	-	66,604	1,276,452	542	1,276,994
Effect of change in the SLAS 16 (Note 23)	-	-	-	-	-	-	846	846	-	846
Balance as at 01st April 2007 restated	1,114,558	13,800	-	3,174	78,316	-	67,450	1,277,298	542	1,277,840
Transferred from Disposal of Subsidiary	-	(13,800)	-	(1,830)	(75,316)	-	90,946	-	-	-
Adjustment on Disposal of Subsidiary	-	-	-	-	-	-	(362,737)	(362,737)	-	(362,737)
Transferred to General Reserve	-	-	-	-	(3,000)	3,000	-	-	-	-
Minority Interest on Acquisition of Subsidiary	-	-	-	-	-	-	-	-	70,762	70,762
Transferred from Investment in Associate	-	-	18,659	-	-	-	-	18,659	-	18,659
Adjustment on Deferred Tax	-	-	(12,689)	-	-	-	-	(12,689)	-	(12,689)
Profit / (Loss) for the year	-	-	-	-	-	-	(431,642)	(431,642)	60,641	(371,001)
Balance as at 31st March 2008	1,114,558	-	5,970	1,344	-	3,000	(635,983)	488,889	131,945	620,834
Transferred from Investment in Associate	-	-	4,467	-	-	-	-	4,467	-	4,467
Adjustment on Minority Interest	-	-	-	-	-	-	-	-	(2,667)	(2,667)
Profit / (Loss) for the year	-	-	-	-	-	-	(444,867)	(444,867)	65,681	(379,186)
Balance as at 31st March 2009	1,114,558	-	10,437	1,344	-	3,000	(1,080,850)	48,489	194,959	243,448

The Accounting Policies and Notes form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 General

The Consolidated Financial Statements of Asia Capital PLC for the year ended 31 March 2009 comprise the Company, its subsidiaries (together referred to as the 'Group') and the Group's interest in associates. The Financial Statements were authorised for issue by the Directors on 24 March, 2010.

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

1.1.1 Statement of Compliance

The Consolidated Financial Statements have been prepared in accordance with the Sri Lanka Accounting Standards (SLAS), adopted by the Institute of Chartered Accountants of Sri Lanka.

1.1.2 Basis of Preparation

The Financial Statements of the Group are presented in Sri Lankan Rupees and prepared under the historical cost convention in accordance with the Sri Lanka Accounting Standards laid down by the Institute of Chartered Accountants of Sri Lanka. No adjustments have been made for inflationary factors affecting these accounts. The Financial Statements are prepared in Sri Lankan Rupees (Rs.)

1.2 Basis of Consolidation

1.2.1 Subsidiaries

The Financial Statements of the group represents the consolidation of the Financial Statements of the Company and its subsidiaries as mentioned below, in accordance the Companies Act No. 7 of 2007, and the Sri Lanka Accounting Standards No 26 "Consolidated and Separate Financial Statements".

Asia Securities (Pvt) Ltd
Asia Growth Fund 1 (Pvt) Ltd
Asia Fort Sri Lanka Direct Investment Fund Ltd
Investor Access Asia (Pvt) Ltd
Asia Asset Finance Ltd
Asian Alliance Insurance PLC
Asia Apparel Trading (Pvt) Ltd

1.2.2 Profit and Losses

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

1.2.3 Assets and Liabilities

All assets and liabilities of the Company and its Subsidiaries are included in the Group Balance Sheet. The proportionate interest of minority shareholders of Subsidiaries in the net assets of the Group, are indicated separately in the Consolidated Balance Sheet under the heading "Minority Interest".

1.2.4 Intra Group Transactions

Intra group balances and 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.

1.2.5 Associates

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

1.2.6 Goodwill

Goodwill, which is the excess of the purchase price or consideration over the fair value of net assets, acquired at the date of acquisition, and arising in connection with the acquisition of Subsidiaries or Associates, is recognized as intangible asset in the Consolidated Financial Statements. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

1.2.7 Venture Capital Investments

The Subsidiary companies in its normal course of business (venture capital) sometimes acquire a significant interest in the equity of the companies, which seek financial assistance of the Company. Such investments are not considered as control entities or as Associates of the Group and are accounted for as equity investments.

1.2.8 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 1.3.3 below. The income from these investments is recognized only to the extent of dividend received.

1.2.9 Financial Period

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

Notes to the Financial Statements *Contd.*

1.2.10 Foreign Currency Translation.

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

All monetary assets and liabilities denominated in foreign currencies have been translated into local currencies, at the rate of exchange ruling at the balance sheet date while all non-monetary items are reported at the rate prevailing at the time transactions were effected.

The exchange differences arising there from have been dealt with in the Income Statement.

1.3 Assets and Bases of Their Valuation

1.3.1 Property, Plant and Equipment

1.3.1.1 Recognition and Measurement

The Property, Plant & Equipment are recorded at cost less accumulated depreciation and impairment losses as set out below.

The cost of Property, Plant and Equipment is the cost of acquisition or construction together with any expenses incurred in bringing the assets to its working conditions for its intended use.

Expenditure incurred for the purpose of acquiring, extending or making permanent improvements by means of which to carry on the business or to increase the earnings capacity of the business has been treated as capital expenditure.

The carrying values of Property, Plant and Equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

1.3.1.2 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 & Equipment are recognised in the Income Statement as incurred.

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

1.3.1.3 Leased Assets

Assets used by the Group, which have been funded through finance leases, are reflected in the Balance Sheet at their cash price and the resulting lease obligation are included as creditors, net of finance charges. The relevant finance charges and depreciation are charged to the Income Statement.

1.3.1.4 Depreciation

Provision for depreciation is calculated on the cost of Property, Plant and Equipment in order to write off such amounts over the estimated useful lives of such assets. The rates of depreciation used on a straight line method are as follows:

Buildings	5%-10%
Computer Equipment	10%-20%
Office Equipment	10%-20%
Furniture & Fittings	10%-20%
Fixtures & Fittings	10%
Motor Vehicles	25%
Machinery	10%
Generator	15%-20%
Computer Software	20%
Investment Property	5%

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

1.3.1.5 Impairment of 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 recognised 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 profit or loss. 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 amortisation, if no impairment loss had been recognised.

1.3.2 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 therefore carried at its cost less any accumulated depreciation and any accumulated impairment losses.

1.3.3 Investments

1.3.3.1 Short-term Investments

Short-term investments in quoted shares are stated at lower of cost and market value on an individual investment basis with any result on gain or loss recognised in the Income Statement.

Short-term investments in unquoted shares are stated at cost unless otherwise stated.

1.3.3.2 Long-Term Investments

Where the Group's interest in equity capital is less than 20% or where the Group does not exercise significant influence or control over the financial and operating policies, investments are stated at cost.

Quoted and Unquoted investments in shares held on long term basis are stated at cost in the parent Company's Financial Statements, investment in Subsidiaries and Associates are carried at cost under parent Company's Financial Statements.

Provision for diminution in value is made when in the opinion of the directors there has been a decline, other than temporary in the value of the investment.

1.3.4 Trade and Other Receivables

Loans, advances and other receivables are stated in the Balance Sheet at their estimated realisable amounts, net of provisions for bad and doubtful receivables. Other receivables and dues from related parties are recognised at cost less provision for bad and doubtful receivables.

1.3.5 Loans and Advances to Customers

Loans and Advance to customers are stated in the Balance Sheet net of provision for possible loan losses.

Provision for Loan Losses

Specific provision for possible loan losses are based on a continuous review of the loan and advances portfolio in accordance with Sri Lanka Accounting Standard No.33

on Revenue Recognition and Disclosures in the Financial Statements of the Finance Company and the parameters set by the Central Bank of Sri Lanka. Accordingly specific provisions have been made as follows:

Period Outstanding	Provision made net of Realisable Value of Securities
6 to 12 months	50%
Over 12 Months	100%

1.3.6 Leases

Assets leased to customers, which transfer substantially all the risks and rewards associated with ownership other than legal title are accounted for as finance leases.

Amounts receivable under finance leases net of initial rental received, unearned lease income and provision for doubtful recovery are classified as lease receivable in the Balance Sheet.

Specific provision has been made in relation to identified bad and doubtful leases as follows:

Period Outstanding	Provision made net of Realisable Value of Securities
6 to 12 months	50%
Over 12 Months	100%

1.3.7 Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short-term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of Cash Flow Statement, cash and cash equivalents consist of cash in hand and deposits at banks net of outstanding bank overdrafts.

1.4 Liabilities and Provisions

1.4.1 Current Liabilities

Liabilities classified as current liabilities in the Balance Sheet are those obligations payable on demand or within one (1) year from the Balance Sheet date. Items classified as non-current liabilities are those obligations, which expire beyond a period of one (1) year from the Balance Sheet date.

1.4.2 Non Current Liabilities

All known liabilities have been accounted for in preparing the Financial Statements. Provision and liabilities are recognized when the Group has a legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligation.

1.4.3 Trade and Other Payables

Trade and other payable are stated at their cost.

Notes to the Financial Statements *Contd.*

1.4.4 Provisions

Provisions are made for all obligations existing as at the Balance Sheet date when it is possible that such an obligation will result in an outflow of resources and a reliable estimate can be made of the quantum of the accounts.

1.4.5 Retirement Benefit Obligations

a) *Defined Benefit Plan – Gratuity*

During the year under review, the Company changed its accounting policy on defined benefit obligation to comply with the revised Accounting Standard SLAS 16 (Revised 2006), "Employees Benefits" which are applicable for Financial Statements covering annual periods beginning on or after 1st July 2007. The Company adopted revised SLAS 16 for the year ended 31st March 2009 and comparative figures have been restated accordingly.

Provision in the accounts had been made on account of retirement gratuity from the first year of service of the employee in conformity with Sri Lanka Accounting Standards – 16 "Employee Benefits". The gratuity provision is neither funded nor actuarially valued.

However, according to the Payment of Gratuity Act No. 12 of 1983, the liability for gratuity to an employee arises only after the completion of 5 years of continued service.

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.

1.4.6 Events occurring after the Balance Sheet Date

All material events occurring after the Balance Sheet date have been considered and, where necessary, adjustments to or disclosures have been made in the accounts.

1.4.7 Capital Commitments and Contingencies

All material capital commitments and contingent liabilities of the Company are disclosed in the respective notes to the accounts.

1.5 Income Statements

1.5.1 Revenue

Group revenue represents proceeds from the sale of investments, dividends, underwriting commissions, brokerage income, professional charges, interest income and lease and hire purchase income.

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

1.5.1.1 Revenue Recognition

Revenue is recognized 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.

1.5.1.1.1 Financial Services

Corporate and Government Securities

Interest income and capital gains on sale of securities are recognized on an accrual basis.

Income from Fee Based Activities

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

1.5.1.1.2 Security Trading

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

1.5.1.1.3 Fund Based Activities

Interest Income from Leases & Hire Purchase Contracts

Income from leases is recognised on the basis of the method of financing. The excess of aggregate rental receivable over the cost of the leased assets consists of the total unearned income at the commencement of the contract. The unearned income is taken into revenue over the term of the lease, commencing from the month in which the lease is executed, in proportion to the declining receivable balance of the lease.

Interest ceases to be taken to revenue where any portion of interest or principal is in arrears for more than six months and thereafter such interest is recognised on cash basis.

Interest Income from Loans & Advances

Interest income from loans and advances is recognized on an accrual basis. Interest ceases to be taken into revenue when the interest or principal is in arrears for six months or more and thereafter interest is recognized on a cash basis.

Overdue Interest

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

1.5.1.1.4 Insurance

Non-Life (General) Insurance Business

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

Insurance – Life (Long term) Insurance Business

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

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

1.5.1.1.5 Other Services

Income from other services is recognized on an accrual basis

1.5.1.1.6 Dividend Income

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

1.5.1.1.7 Interest Income – Others

Interest income is recognised on an accrual basis

1.5.2 Expenditure Recognition

- a) All expenditure incurred in the running of the business and in maintaining the Property, Plant & Equipment in a state of efficiency has been charged to revenue in arriving at the profit for the year.
- b) Borrowing costs are recognised as an expense in the period in which they are incurred.
- c) For the purpose of presentation of Income Statement, 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.

1.6 Taxation

1.6.1 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.

1.6.2 Deferred Taxation

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

enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right exists to such set off.

1.7 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.

1.8 Comparative Information

The Accounting Policies have been consistently applied by the Company and are consistent with those of the previous year's figures and phrases and have been re-arranged wherever necessary to conform to the current presentation.

1.9 Business Segment Reporting

A segment is a distinguishable component of an enterprise that is engaged in either providing products or services (Business Segments) or in providing products or services within a particular economic environment (Geographical Segments) which is subject to risks and rewards that are different from those of other segments.

Segment information is presented in respect of Group's business. There are no distinguishable components to be identified as geographical segments of the Group. The business segments are reported based on the Group's management and internal reporting structure.

Segment assets are those operating assets that are employed by a segment in its operating activities and directly attributable to the segment or allocated to the segment on a reasonable basis.

Segment liabilities are those operating liabilities that result from the operating activities of a segment and directly attributable to the segment or allocated to the segment on a reasonable basis.

2. CORPORATE INFORMATION

2.1 Domicile and Legal Form

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

2.2 Principle Activities and Nature of Operations

During the year the principle activities of the Group was stock brokering, corporate finance, asset management, treasury management, dealing and investing in securities, financial services and insurance.

During the year primary activities of the Company were to act as an investment holding Company.

Notes to the Financial Statements *Contd.*

	GROUP		COMPANY	
	2009 Rs.'000	2008 Rs.'000	2009 Rs.'000	2008 Rs.'000
<i>For the year ended 31 March</i>				
3. REVENUE				
3.1 Summary				
Gross Revenue	1,825,564	1,086,026	73,451	172,774
Less: Revenue Related Taxes	-	-	-	-
Less: Intra Group Transactions	(22,502)	(129,978)	-	-
	<u>1,803,062</u>	<u>956,048</u>	<u>73,451</u>	<u>172,774</u>
3.2 Segments				
Financial Services	64,293	62,383	73,451	172,774
Security Trading	103,688	168,926	-	-
Fund Based Activities	204,932	147,799	-	-
Insurance	1,424,962	575,513	-	-
Other Services	5,187	1,427	-	-
	<u>1,803,062</u>	<u>956,048</u>	<u>73,451</u>	<u>172,774</u>
3.3 Goods and Services Analysis				
Rendering of Services	1,803,062	956,048	73,451	172,774
	<u>1,803,062</u>	<u>956,048</u>	<u>73,451</u>	<u>172,774</u>
4. OTHER INCOME AND GAINS				
Dividend Income	4,271	51,380	-	-
Gains/(Loss) on Disposal of Property, Plant and Equipment	38	3,700	-	-
Gains / (Loss) on Dealing Securities	5,533	10,734	-	-
Treasury Bills	96	-	5,040	-
Sundry Income	34,806	790	21,344	3
Guarantee Fees	1,880	1,880	1,880	1,880
Management Fees	-	337	1,800	2,137
	<u>46,624</u>	<u>68,821</u>	<u>30,064</u>	<u>4,020</u>
5. FINANCE COST AND INCOME				
5.1 Finance Cost				
Interest on Overdraft	70,715	58,403	66,910	52,084
Interest on Loans	79,548	37,270	85,057	37,270
Total Finance cost	<u>150,263</u>	<u>95,673</u>	<u>151,967</u>	<u>89,354</u>
5.2 Finance Income				
Interest Income	263,712	41,826	10,508	2,885
Total Finance Income	<u>263,712</u>	<u>41,826</u>	<u>10,508</u>	<u>2,885</u>

For the year ended 31 March

	GROUP		COMPANY	
	2009 Rs.'000	2008 Rs.'000	2009 Rs.'000	2008 Rs.'000
6. PROFIT / (LOSS) BEFORE TAX IS STATED AFTER CHARGING/(CREDITING) ALL EXPENSES INCLUDING THE FOLLOWING;				
Auditors' Fees	2,013	2,233	955	958
Director's Emoluments	19,751	39,062	-	14,240
Director's Fees	1,870	6,299	-	5,000
Secretarial Fees	1,421	1,132	782	645
Depreciation	31,679	37,673	11,638	12,980
Legal fees	3,275	2,442	879	607
Personnel Cost Includes;				
Defined Benefit Plan - Gratuity	4,772	7,023	1,009	1,194
Defined contribution plan costs - EPF and ETF	21,703	17,679	778	470
Staff Incentives	57,100	30,070	1,770	1,276
Other Staff Costs	152,266	122,831	6,763	5,399
7. INCOME TAX EXPENSES				
Current Tax on Ordinary Activities for the Year - Company (Note 7.1)	-	-	-	-
Current Tax on Ordinary Activities for the Year - Subsidiaries (Note 7.2)	3,890	5,582	-	-
Social Responsibility Levy & Economic Service Charge	(4,200)	161	-	-
Withholding Tax on Dividends Received from Group Companies	1,617	11,250	916	-
Deferred Taxation Charge/ (Reversal) (Note 22)	(17,680)	(868)	-	-
	<u>(16,373)</u>	<u>16,125</u>	<u>916</u>	<u>-</u>
7.1 The company is liable to tax at a rate of 35% on the taxable profit.				
Accounting Profit/(Loss) before Tax			(360,105)	(522,662)
Aggregate disallowed items			198,354	455,485
Aggregate allowable items			(5,383)	(4,389)
Income /(Expenses) not subject to Tax			79,389	4,711
Tax Profit/(Loss) on Trade or Business			<u>(87,745)</u>	<u>(66,855)</u>
Other Taxable Income			-	-
Tax Losses Set off under section 32 and Qualifying payments			-	-
Taxable Income/(Loss)			<u>(87,745)</u>	<u>(66,855)</u>
Income Tax @ 35 %			-	-
Current Tax expense			-	-
Tax Loss Reconciliation				
Opening Balance			493,266	426,411
Prior year adjustment			-	-
Loss for the Year			87,745	66,855
Loss Utilised during the year			-	-
			<u>581,011</u>	<u>493,266</u>

Notes to the Financial Statements *Contd.*

<i>For the year ended 31 March</i>	GROUP	
	2009 Rs.'000	2008 Rs.'000
7.2 Tax of Subsidiary Companies		
Asia Securities (Pvt) Ltd	3,890	4,841
Asia Growth Fund 1 (Pvt) Ltd	-	3
Asian Alliance Insurance PLC	-	1,138
Asia Asset Finance Ltd	-	-
Investor Access Asia (Pvt) Ltd	-	(400)
	3,890	5,582

7.3 Summary

Asia Securities (Pvt) Ltd

The Company is liable to taxation at the rate of 35% (2008 - 35%) on its taxable profits. The income tax liability for the current year was Rs.3,890,235/- (2008 - Rs.4,841,297/-).

Asia Fort Sri Lanka Direct Investment Fund Ltd

The Company is liable to taxation at the rate of 35% (2008 - 35%) on its taxable profits, however no provision has been made due to available carried forward tax loss of Rs28,515,395/- (2008 - Rs.18,296,905/-).

Asia Growth Fund 1 (Pvt) Ltd

The Company is liable to taxation at the rate of 35% (2008 - 35%) on its taxable profits however no provision has been made due to available carried forward tax loss of Rs. 695,406/- (2008 -Rs. 507,861/-).

Asia Asset Finance Ltd

In terms of the Inland Revenue Act, No.10 of 2006 (as amended) the Company would be liable to income tax at 35% (2008 - 35%) , however no provision has been made due to available carried forward tax loss of Rs.333,767,505/- (2008 - Rs278,524,285/-).

Investor Access Asia (Pvt) Ltd

The Company is liable to taxation at the rate of 35% (2008 - 35%) on its taxable profits. However no provision has been made due to available carried forward tax loss of Rs.33,727,423/- (2008 - Rs.28,964,569/-).

Asian Alliance Insurance PLC

The Company is liable to taxation at the rate of 35% (2007 - 35%) on its taxable profits. However no provision has been made in view of the tax loss. The tax loss carried forward as at 31 December 2008 was Rs.1,801,476,160/- (2007 - Rs.1,550,336,337/-).

8. BASIC EARNINGS / (LOSS) PER SHARE

8.1 Basic Earnings/(Loss) per Share is calculated by dividing the profit attributable to ordinary shareholders for the year (after deducting preference share dividends) by the weighted average number of ordinary shares outstanding during the year. The weighted average number of ordinary shares outstanding during the year and the previous year are adjusted for events that have changed the number of ordinary shares outstanding, without a corresponding change in the resources such as a bonus issue.

	GROUP		COMPANY	
	2009 Rs.	2008 Rs.	2009 Rs.	2008 Rs.
<i>For the year ended 31 March</i>				
8.2 The following data has been used in the computation of the basic earnings/(loss) per share:				
Profit/(Loss) after tax attributable to Ordinary Shareholders	(444,867,601)	(431,642,340)	(361,020,749)	(522,661,868)
Weighted Average number of Ordinary Shares	110,000,000	110,000,000	110,000,000	110,000,000
Earnings/ (Loss) per share - Basic	(4.04)	(3.92)	(3.28)	(4.75)

	GROUP		COMPANY	
	2009 Rs.'000	2008 Rs.'000	2009 Rs.'000	2008 Rs.'000
<i>For the year ended 31 March</i>				
9. GOODWILL				
Goodwill as at the beginning of the year	49,076	150,088	-	-
Goodwill at the acquisition of Asian Alliance Insurance PLC	4,427	49,076	-	-
Goodwill written off during the year	-	(150,088)	-	-
Goodwill as at the end of the year	53,503	49,076	-	-

	Balance As At 01.04.2008 Rs.'000	Additions Rs.'000	Disposals/ Transfers Rs.'000	Balance As At 31.03.2009 Rs.'000
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10. PROPERTY, PLANT & EQUIPMENT

10.1 Group

10.1.1 Cost / Valuation

Freehold Assets

	Balance As At 01.04.2008 Rs.'000	Additions Rs.'000	Disposals/ Transfers Rs.'000	Balance As At 31.03.2009 Rs.'000
Motor Vehicles	46,730	5,420	(23,965)	28,185
Office Equipment	45,521	8,723	(1,758)	52,486
Fixtures and Fittings	39,867	6,758	-	46,625
Furniture and Fittings	43,153	8,665	(350)	51,468
Computer Hardware and Software	142,628	11,729	(127)	154,230
Total	317,899	41,295	(26,200)	332,994

	Balance As At 01.04.2008 Rs.'000	Charge for the Year Rs.'000	Disposals/ Transfers Rs.'000	Balance As At 31.03.2009 Rs.'000
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10.1.2 Depreciation on Cost

Freehold Assets

	Balance As At 01.04.2008 Rs.'000	Charge for the Year Rs.'000	Disposals/ Transfers Rs.'000	Balance As At 31.03.2009 Rs.'000
Motor Vehicles	28,454	8,895	(16,825)	20,524
Office Equipment	25,583	4,401	(508)	29,476
Fixtures and Fittings	25,303	3,434	-	28,737
Furniture and Fittings	23,812	3,921	(123)	27,610
Computer Hardware and Software	119,768	11,027	(101)	130,694
Total Depreciation	222,920	31,678	(17,557)	237,041

10.1.3 Net Carrying Value

	94,979	95,953
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Notes to the Financial Statements *Contd.*

	Balance As At 01.04.2008 Rs.'000	Additions Rs.'000	Disposals / Transfers Rs.'000	Balance As At 31.03.2009 Rs.'000
10. PROPERTY, PLANT & EQUIPMENT <i>Contd.</i>				
10.2 Company				
10.2.1 Cost / Valuation				
Freehold Assets				
Motor Vehicles	32,868	-	(22,971)	9,897
Office Equipment	6,974	-	(1,450)	5,524
Fixtures and Fittings	14,683	-	-	14,683
Furniture and Fittings	15,846	426	-	16,272
Computer Hardware and Software	26,506	329	-	26,835
Total	<u>96,877</u>	<u>755</u>	<u>(24,421)</u>	<u>73,211</u>
	Balance As At 01.04.2008 Rs.'000	Charge for the Year Rs.'000	Disposals/ Transfers Rs.'000	Balance As At 31.03.2009 Rs.'000
10.2.2 Depreciation on Cost				
Freehold Assets				
Motor Vehicles	19,097	7,414	(16,750)	9,761
Office Equipment	4,927	309	(423)	4,813
Fixtures and Fittings	9,548	811	-	10,359
Furniture and Fittings	8,805	1,027	-	9,832
Computer Hardware and Software	23,405	2,077	-	25,482
Total Depreciation	<u>65,782</u>	<u>11,638</u>	<u>(17,173)</u>	<u>60,247</u>
10.2.3 Net Carrying Value	<u>31,095</u>			<u>12,964</u>

	GROUP		COMPANY	
	2009 Rs.'000	2008 Rs.'000	2009 Rs.'000	2008 Rs.'000
11. INVESTMENT PROPERTIES				
Balance at the beginning of the year	12,731	13,438	-	-
Depreciation for the year	(707)	(707)	-	-
	<u>12,023</u>	<u>12,731</u>	<u>-</u>	<u>-</u>

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

The market value of the above property was Rs.27 Mn , as per the valuation report dated on 21st January, 2007 carried out by Mr. H. A. W. Perera, Independent, Incorporated Valuer, on the premises bearing Assessment Number 3/18 Stanley Thilakarathne Mawatha, Nugegoda which has been subsequently sold on 24th July 2009.

	GROUP		COMPANY	
	2009 Rs.'000	2008 Rs.'000	2009 Rs.'000	2008 Rs.'000
12. LONG TERM INVESTMENTS				
Summary:				
Investments in Subsidiaries (Note 12.1)	-	-	187,501	243,574
Investments in Associates (Note 12.2)	90,058	70,571	88,208	85,931
Other Long Term Investments (Note 12.3)	246,995	363,420	190,058	297,513
Total Investments	<u>337,053</u>	<u>433,991</u>	<u>465,767</u>	<u>627,018</u>

	COMPANY 2009		COMPANY 2008	
	Effective Holding %	Rs.'000	Effective Holding %	Rs.'000
12.1 Investments in Subsidiaries				
Non-Quoted				
Asia Securities (Pvt) Ltd	100%	182,500	100%	182,500
Asia Growth Fund 1 (Pvt) Ltd	100%	10,050	100%	10,050
Asia Fort Sri Lanka Direct Investment Fund Ltd	100%	5,001	100%	5,001
Asia Apparel Trading (Pvt) Ltd (Note 12.1.1)	100%	4,000	100%	4,000
Investor Access Asia (Pvt) Ltd	100%	32,000	100%	32,000
Asia Asset Finance Ltd	98.64%	204,073	98.64%	204,073
		<u>437,624</u>		<u>437,624</u>
Less				
Provision for fall in value of investments				
Asia Growth Fund 1 (Pvt) Ltd		(10,050)		(10,050)
Asia Apparel Trading (Pvt) Ltd		(4,000)		(4,000)
Investor Access Asia (Pvt) Ltd		(32,000)		-
Asia Asset Finance Ltd		(204,073)		(180,000)
		<u>(250,123)</u>		<u>(194,050)</u>
Total Investments in Subsidiaries		<u>187,501</u>		<u>243,574</u>

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

Notes to the Financial Statements *Contd.*

	GROUP				COMPANY			
	Holding %	2009 Rs. '000	Holding %	2008 Rs. '000	Holding %	2009 Rs. '000	Holding %	2008 Rs. '000
12.2 Investments in Associates								
Quoted								
Cost								
Asian Alliance Insurance PLC	-	-	-	-	29%	76,208	29%	73,931
						76,208		73,931
Market Value of Shares		-		-		359,006		301,356
Non-Quoted								
Asia Siyaka Commodities (Pvt) Ltd	40%	12,000	40%	12,000	40%	12,000	40%	12,000
		12,000		12,000		12,000		12,000
Investors' Share of retained assets								
Asia Siyaka Commodities (Pvt) Ltd		78,058		72,571		-		-
Dividend Received		-		(14,000)		-		-
		78,058		58,571		-		-
Equity value of investments		90,058		70,571		88,208		85,931

	Holding %	Total Assets Rs. '000	Total Liabilities Rs. '000	Revenues Rs. '000	Profit/(Loss) Rs. '000
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12.2.1 Summary financial information for investments in Associates, adjusted for the percentage ownership held by the group:

2008

Asia Siyaka Commodities (Pvt) Ltd	40%	448,408	350,517	150,866	10,535
		448,408	350,517	150,866	10,535

2009

Asia Siyaka Commodities (Pvt) Ltd	40%	414,762	297,384	172,778	15,020
		414,762	297,384	172,778	15,020

	GROUP		COMPANY	
	2009 Rs. '000	2008 Rs. '000	2009 Rs. '000	2008 Rs. '000
12.3 Other Long Term Investments				
Investments in Equity Securities - Quoted (Note 12.3.1)	190,794	297,979	190,058	297,513
Investments in Debentures (Note 12.3.2)	56,201	65,441	-	-
	246,995	363,420	190,058	297,513

	No. of Shares	2009 Cost Rs. '000	Market Value Rs. '000	No. of Shares	2008 Cost Rs. '000	Market Value Rs. '000
12.3.1 Investments in Equity Securities GROUP Quoted						
Richard Pieris & Co PLC	7,631,786	564,950	190,795	7,566,586	562,979	300,772
Less: Provision for fall in value of investments		(374,156)	-		(265,000)	
		<u>190,794</u>	<u>190,795</u>		<u>297,979</u>	<u>300,772</u>
12.3.1 Investments in Equity Securities COMPANY Quoted						
Richard Pieris & Co PLC	7,602,328	563,863	190,058	7,559,328	562,513	300,483
Less: Provision for fall in value of investments		(373,805)	-		(265,000)	
		<u>190,058</u>	<u>190,058</u>		<u>297,513</u>	<u>300,483</u>

	No. of Debentures	GROUP 2009 Cost Rs. '000	Market Value Rs. '000	No. of Debentures	GROUP 2008 Cost Rs. '000	Market Value Rs. '000
12.3.2 Investments in Debentures Quoted						
Sampath Bank PLC - Floating Rate	25,000,000	25,000	25,000	25,000,000	25,000	22,695
Senkadagala Finance PLC - 14%	16,160,000	16,201	16,153	40,400,000	40,441	40,549
		<u>41,201</u>	<u>41,153</u>		<u>65,441</u>	<u>63,244</u>
	No. of Debentures	Cost Rs. '000	Director's Value Rs. '000	No. of Debentures	Cost Rs. '000	Director's Value Rs. '000
Non-Quoted						
LB Finance PLC -24%	15,000,000	15,000	15,000		-	-
		<u>15,000</u>	<u>15,000</u>		<u>-</u>	<u>-</u>
		<u>56,201</u>	<u>56,153</u>		<u>65,441</u>	<u>63,244</u>

Note: The above investment was made by Asian Alliance Insurance PLC which was acquired as a subsidiary during the year ended March 31, 2008.

	GROUP		COMPANY	
	2009 Rs.'000	2008 Rs.'000	2009 Rs.'000	2008 Rs.'000
13. ESOP TRUST LOAN				
Balance at the beginning of the year	17,491	17,491	17,491	17,491
Balance at the end of the year	<u>17,491</u>	<u>17,491</u>	<u>17,491</u>	<u>17,491</u>

No shares were allotted from the Employee Share Ownership Plan (ESOP) Trust during the year. The Company has provided an interest free loan of Rs.17.5 mn to the ESOP Trust. Directors and Employees will be eligible in future to purchase ordinary shares of the Company pursuant to the Trust Deed of ESOP Trust.

Notes to the Financial Statements *Contd.*

	GROUP		COMPANY	
	2009 Rs. '000	2008 Rs. '000	2009 Rs. '000	2008 Rs. '000
14. LONG TERM DEPOSITS AND ADVANCES				
Deposit with the Colombo Stock Exchange	3,500	3,500	-	-
Rent Deposit	2,601	20,462	2,601	20,462
Loans to Asia Fort Sri Lanka Direct Investment Fund Ltd	-	-	84,734	84,734
Less : Provison for Doubtful Debt	-	(16,000)	-	(16,000)
	<u>6,101</u>	<u>7,962</u>	<u>87,335</u>	<u>89,196</u>
15. SHORT TERM INVESTMENTS				
Investments in Equity Securities (Note 15.1)	170,463	176,464	69,766	109,112
Investment In Preference Shares	10,000	10,000	-	-
Commercial Papers	359,582	25,000	191,098	-
Investments in Fixed Deposits	32,242	26,581	-	-
Investments in Reverse Repurchase Agreements	1,801,994	1,955,955	274,239	413,249
	<u>2,374,280</u>	<u>2,194,000</u>	<u>535,103</u>	<u>522,361</u>
15.1 Investments in Equity Securities				
Quoted (Note 15.1.1)	172,962	198,202	14,031	123,497
Non-Quoted (Note 15.1.2)	100,703	50,303	70,400	20,000
	<u>273,665</u>	<u>248,505</u>	<u>84,431</u>	<u>143,497</u>
Less				
Provision for fall in value of investments (Note 15.1.3)	(103,203)	(72,041)	(14,665)	(34,385)
	<u>170,462</u>	<u>176,464</u>	<u>69,766</u>	<u>109,112</u>

	GROUP			GROUP		
	2009	2009	Market	2008	2008	Market
	No. of	Cost	Value	No. of	Cost	Value
	Shares	Rs. '000	Rs. '000	Shares	Rs. '000	Rs. '000
15.1.1 Investments in Equity Securities - Quoted						
Banks, Finance & Insurance						
Hatton National Bank PLC - Non Voting	45,620	2,522	1,461	120	4	6
Vanik Incorporation Ltd - Debentures	1,200	120	-	1,200	120	2
Development Finance Corporation of Ceylon PLC	18,958	2,683	1,289	18,958	2,683	2,370
Commercial Bank of Ceylon PLC- Non Voting	115,700	15,857	8,616	110,900	15,181	9,011
Hatton National Bank PLC	-	-	-	45,500	2,518	5,597
Nations Trust Bank PLC	100,700	3,604	2,165	128,800	4,617	3,832
Asia Capital PLC	103,400	1,705	569	86,400	1,608	907
Sampath Bank PLC	62,400	6,001	4,243	-	-	-
Seylan Bank PLC -Non Voting	606,800	4,834	3,641	-	-	-
Housing Development Finance Corporation PLC	11,400	2,509	579	59,800	13,156	7,296
Asian Alliance Insurance PLC	15,000	639	694	-	-	-
LB Finance PLC	10	-	-	10	-	-
National Development Bank PLC	12,600	1,895	1,121	-	-	-
		<u>42,369</u>	<u>24,378</u>		<u>39,887</u>	<u>29,021</u>

	GROUP 2009			GROUP 2008		
	No. of Shares	Cost Rs. '000	Market Value Rs. '000	No. of Shares	Cost Rs. '000	Market Value Rs. '000
15.1.1 Investments in Equity Securities - Quoted Contd.						
Diversified Holdings						
John Keells Holdings PLC	50,035	7,989	3,140	596,963	96,212	71,486
Hayleys PLC	200	26	17	-	-	-
Hemas Holding PLC	25	2	2	25	2	2
		<u>8,017</u>	<u>3,159</u>		<u>96,214</u>	<u>71,488</u>
Hotels and Travels						
John Keells Hotels PLC	336	12	2	1,282,136	12,499	8,973
Ceylon Hotels Corporation PLC	12,855	426	167	9,300	426	428
Kandy Hotels Company (1938) PLC	5,400	482	270	5,400	482	383
Asian Hotels and Properties PLC	169,300	9,164	4,190	169,300	9,164	6,772
Taj Lanka Hotels PLC	55,004	1,071	523	55,004	1,071	481
		<u>11,155</u>	<u>5,152</u>		<u>23,642</u>	<u>17,037</u>
Manufacturing						
Lanka Ceramics PLC	63,400	7,115	1,839	63,400	7,115	3,677
Samson International PLC	10,040	1,733	487	10,040	1,733	622
Ceylon Grain Elevators PLC	820,304	17,659	6,562	820,304	17,660	9,639
Royal Ceramics Lanka PLC	158,200	7,793	4,390	-	-	-
Piramal Glass Ceylon PLC	600	2	1	600	2	1
		<u>34,302</u>	<u>13,279</u>		<u>26,510</u>	<u>13,939</u>
Telecommunications						
Sri Lanka Telecom PLC	641,500	31,218	19,887	-	-	-
		<u>31,218</u>	<u>19,887</u>		<u>-</u>	<u>-</u>
Chemicals & Pharmaceuticals						
Chemmanex PLC	38,400	2,103	1,536	-	-	-
Chemical Industries (Colombo) PLC	119,500	4,836	3,406	-	-	-
Chemical Industries (Colombo) PLC - Non voting	30,300	827	598	-	-	-
		<u>7,766</u>	<u>5,540</u>		<u>-</u>	<u>-</u>
Plantations						
Malwatte Valley Plantations PLC	100,000	5,848	1,900	-	-	-
Maskeliya Plantations PLC	2,900	76	40	-	-	-
		<u>5,924</u>	<u>1,940</u>		<u>-</u>	<u>-</u>
Power and Energy						
Vallibel Power Erantha PLC	6,501,900	28,571	21,456	3,845,900	8,309	9,230
Lanka IOC PLC	20,000	540	310	20,000	540	440
		<u>29,111</u>	<u>21,766</u>		<u>8,849</u>	<u>9,670</u>
Units						
Ceybank Century Growth Fund	200,000	2,000	3,216	200,000	2,000	4,372
Eagle Growth Fund	100,000	1,000	1,871	100,000	1,000	2,517
National Unit Trust	10,000	100	100	10,000	100	100
		<u>3,100</u>	<u>5,187</u>		<u>3,100</u>	<u>6,989</u>
Grand Total		<u>172,962</u>	<u>100,288</u>		<u>198,202</u>	<u>148,144</u>

Notes to the Financial Statements *Contd.*

	GROUP 2009			GROUP 2008		
	No. of Shares	Cost Rs. '000	Director's Value Rs. '000	No. of Shares	Cost Rs. '000	Director's Value Rs. '000
15.1.2 Investments in Equity Securities - Non Quoted						
Paradise Coconut Products (Pvt) Ltd	1,050,000	2,625	-	1,050,000	2,625	-
Capital Reach Holdings Ltd	4,200,000	50,400	41,916	-	-	-
Asia Pacific Golf Course Ltd	4	1,000	-	4	1,000	-
Global Software Labs (Pvt) Ltd	1,632,750	16,328	-	1,632,750	16,328	-
Compak (Pvt) Ltd	3,000	70	70	3,000	70	70
Pugoda Textile (Pvt) Ltd	24	1	1	24	1	1
Siedles T.V Industries Ltd	2,000	28	28	2,000	28	28
Gem Exports Ltd	700	7	7	700	7	7
Finance House Consortium (Pvt) Ltd	20,000	200	200	20,000	200	200
Platinum Realty Investments (Pvt) Ltd	300,000	30,000	30,000	300,000	30,000	30,000
Pure Beverages Co. Ltd	709	44	44	709	44	44
		<u>100,703</u>	<u>72,266</u>		<u>50,303</u>	<u>30,350</u>

	COMPANY 2009			COMPANY 2008		
	No. of Shares	Cost Rs.'000	Market Value Rs.'000	No. of Shares	Cost Rs.'000	Market Value Rs.'000
15.1.1 Investments in Equity Securities - Quoted						
Banks, Finance & Insurance						
Development Finance Corporation of Ceylon PLC	58	8	4	58	8	7
Hatton National Bank PLC- Non Voting	120	4	5	120	4	6
Nations Trust Bank PLC	-	-	-	100	3	3
National Development Bank PLC	12,600	1,895	1,121	-	-	-
Housing Development Finance Corporation PLC	-	-	-	48,400	10,648	5,905
		<u>1,907</u>	<u>1,130</u>		<u>10,663</u>	<u>5,921</u>
Diversified Holdings						
John Keells Holdings PLC	50,035	7,989	3,140	596,963	96,212	71,486
Hemas Holdings PLC	25	2	2	25	2	2
		<u>7,991</u>	<u>3,142</u>		<u>96,214</u>	<u>71,488</u>
Hotels and Travels						
John Keells Hotels PLC	-	-	-	1,281,800	12,487	8,973
Ceylon Hotels Corporation PLC	12,855	426	167	9,300	426	428
Kandy Hotels Company (1938) PLC	5,400	482	270	5,400	482	383
Taj Lanka Hotels PLC	15,004	225	143	15,004	225	131
		<u>1,133</u>	<u>580</u>		<u>13,620</u>	<u>9,915</u>
Units						
Ceybank Century Growth Fund	200,000	2,000	3,216	200,000	2,000	4,372
Eagle Growth Fund	100,000	1,000	1,871	100,000	1,000	2,517
		<u>3,000</u>	<u>5,087</u>		<u>3,000</u>	<u>6,889</u>
Grand Total		<u>14,031</u>	<u>9,939</u>		<u>123,497</u>	<u>94,213</u>

	COMPANY			COMPANY		
	No. of Shares	2009	Director's	No. of Shares	2008	Director's
		Cost	Value		Cost	Value
		Rs. '000	Rs. '000		Rs. '000	Rs. '000
15.1.2 Investments in Equity Securities - Non Quoted						
Platinum Realty Investments (Pvt) Ltd	200,000	20,000	20,000	200,000	20,000	20,000
Capital Reach Holdings Ltd	4,200,000	50,400	41,916	-	-	-
		<u>70,400</u>	<u>61,916</u>		<u>20,000</u>	<u>20,000</u>

	GROUP		COMPANY	
	2009	2008	2009	2008
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
15.1.3 Provision for fall in value of investments				
Quoted	74,766	52,088	6,181	34,385
Non Quoted	28,437	19,953	8,484	-
	<u>103,203</u>	<u>72,041</u>	<u>14,665</u>	<u>34,385</u>
16. SHORT TERM LENDINGS				
Asia Couture Ltd	336,837	336,837	336,837	336,837
Dhanasiri Recreations (Pvt) Ltd	-	5,778	-	5,778
	<u>336,837</u>	<u>342,615</u>	<u>336,837</u>	<u>342,615</u>
Less: Provision for Bad & Doubtful Debts	<u>(336,837)</u>	<u>(342,615)</u>	<u>(336,837)</u>	<u>(342,615)</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
17. TRADE AND OTHER RECEIVABLES				
Trade Debtors	300,431	787,280	12,348	12,348
Less: Provision for Bad & Doubtful Debts	<u>(34,832)</u>	<u>(23,199)</u>	<u>(12,348)</u>	<u>(12,348)</u>
	<u>265,599</u>	<u>764,081</u>	<u>-</u>	<u>-</u>
Loans and Advances (Note 17.1)	429,550	249,326	-	-
Hire Purchase Receivables (Note 17.2)	204,790	214,091	-	-
Hire Purchase Consumer Durables (Note 17.3)	12,416	19,533	-	-
Lease Receivables (Note 17.4)	224,182	276,406	-	-
Staff Vehicle Loan (Note 17.5)	-	-	-	-
Staff Loan (Note 17.6)	4,548	1,168	304	107
Loans to Policy Holders (Note 17.7)	12,275	6,314	-	-
Advances and Prepayments	35,875	38,442	1,483	3,062
Other Debtors	329,322	198,502	46,618	121,139
Tax Receivables	9,803	2,888	6,409	2,867
	<u>1,528,360</u>	<u>1,770,751</u>	<u>54,814</u>	<u>127,175</u>
Less: Provision for Bad & Doubtful Debts	<u>(221,762)</u>	<u>(183,331)</u>	<u>(35,196)</u>	<u>(109,541)</u>
	<u>1,306,598</u>	<u>1,587,420</u>	<u>19,618</u>	<u>17,634</u>

Notes to the Financial Statements *Contd.*

GROUP

	2009 Rs.'000	2008 Rs.'000
17.1 Subsidiary- Asia Asset Finance Ltd		
Loans and Advances		
Performing		
Property Loan	30,627	61,661
Pledged Loan	257,307	141,155
Personnel Loan	113,573	41,965
Less: Unearned Interest Income	(40,827)	(31,637)
Loan Loss Provision	-	-
	360,680	213,144
Non Performing		
Property Loan	73,592	38,293
Pledged Loan	-	-
Personnel loan	16,774	6,002
Less: Unearned Interest Income	(11,540)	-
Interest In Suspense	(9,956)	(8,113)
	68,870	36,182
Total Loans & Advances	429,550	249,326
17.2 Subsidiary - Asia Asset Finance Ltd		
Hire Purchase Receivable		
Performing		
Total Amount Receivable	229,005	297,937
Less: Unearned Interest Income	(65,625)	(92,848)
	163,380	205,089
Non Performing		
Total Amount Receivable	54,936	16,527
Less: Unearned Interest Income	(10,007)	(2,570)
Interest In Suspense	(3,519)	(4,955)
Loan Loss Provision	-	-
	41,410	9,002
Total Hire Purchase Receivable	204,790	214,091
17.3 Subsidiary - Asia Asset Finance Ltd		
Hire Purchase Consumer Durables		
Performing		
Total Amount Receivable	1,519	3,389
Less: Unearned Interest Income	(107)	(517)
	1,412	2,872
Non Performing		
Total Amount Receivable	12,541	17,109
Less: Unearned Interest Income	-	(448)
Interest In Suspense	(1,537)	-
Loan loss Provision	-	-
	11,004	16,661
Total Hire Purchase Consumer Durables	12,416	19,533

	GROUP	
	2009 Rs.'000	2008 Rs.'000
17.4 Subsidiary- Asia Asset Finance Ltd		
Lease Receivables		
Performing		
Total Amount Receivable	200,783	262,193
Less: Unearned Interest Income	(44,367)	(65,869)
	156,416	196,324
Non Performing		
Total Amount Receivable	126,614	97,667
Less: Unearned Interest Income	(9,620)	(7,346)
Interest In Suspense	(13,323)	(10,239)
V.A.T. In Suspense	(35,905)	-
Loan Loss Provision	-	-
	67,766	80,082
Total Lease Receivable	224,182	276,406

	GROUP		COMPANY	
	2009 Rs.'000	2008 Rs.'000	2009 Rs.'000	2008 Rs.'000
17.5 Staff Vehicle Loan				
Balance at the beginning of the Year	-	453	-	453
Transferred to Staff Loan	-	(315)	-	(315)
Loans granted during the Year	-	-	-	-
Interest Charged	-	3	-	3
Less: Repayments	-	(141)	-	(141)
Balance at the end of the Year	-	-	-	-
17.6 Staff Loan				
Balance at the beginning of the Year	1,168	2,097	107	-
Transferred from Staff Vehicle Loan	-	315	-	315
Acquisition of Subsidiary	-	78	-	-
Loans granted during the Year	5,605	2,272	254	138
Less: Repayments	(2,225)	(3,594)	(57)	(346)
Balance at the end of the Year	4,548	1,168	304	107
17.7 Loans to Policy Holders				
Balance at the beginning of the Year	6,314	-	-	-
Acquisition of Subsidiary	-	1,805	-	-
Loans granted during the Year	8,960	5,596	-	-
Less: Repayments	(2,999)	(1,087)	-	-
Balance at the end of the Year	12,275	6,314	-	-

Notes to the Financial Statements *Contd.*

		GROUP		COMPANY	
		2009 Rs.'000	2008 Rs.'000	2009 Rs.'000	2008 Rs.'000
18. AMOUNTS DUE FROM RELATED PARTIES					
	Relationship				
Asia Apparel Trading (Pvt) Ltd	Subsidiary	4,702	4,665	4,702	4,665
Asia Growth Fund (Pvt) Ltd	Subsidiary	-	-	19,961	3,753
Asia Fort Sri Lanka Direct Investment Fund Ltd	Subsidiary	-	-	99,190	26,876
Asia Securities (Pvt) Ltd	Subsidiary	-	-	-	33,916
Asian Alliance Insurance PLC	Subsidiary	-	-	2,985	2,405
Investor Access Asia (Pvt) Ltd	Subsidiary	-	-	13,031	8,457
Asia Asset Finance Ltd	Subsidiary	-	-	750	4,706
Asia Siyaka Commodities (Pvt) Ltd	Associate	530	-	530	-
Asia Wealth Management Co. (Pvt) Ltd	Affiliate	332	254	332	254
Asia Fort Asset Management (Pvt) Ltd	Affiliate	67,925	-	67,925	-
		<u>73,489</u>	<u>4,919</u>	<u>209,406</u>	<u>85,032</u>
Less: Provision for Bad & Doubtful Debts					
Asia Apparel Trading (Pvt) Ltd		(4,702)	(4,665)	(4,702)	(4,665)
Asia Asset Finance Ltd		-	-	(750)	(4,706)
Asia Growth Fund 1 (Pvt) Ltd		-	-	(19,961)	(3,753)
Asia Fort Sri Lanka Direct Investment Fund Ltd		-	-	(33,084)	(26,876)
Investor Access Asia (Pvt) Ltd		-	-	(13,031)	(8,457)
Asia Fort Asset Management (Pvt) Ltd		(16,379)	-	(16,379)	-
		<u>(21,081)</u>	<u>(4,665)</u>	<u>(87,907)</u>	<u>(48,457)</u>
		<u>52,408</u>	<u>254</u>	<u>121,499</u>	<u>36,575</u>
19. CASH AND CASH EQUIVALENTS					
Favourable balances					
Fixed Deposits		10	10	10	10
Cash in Hand and at Bank		76,495	75,879	17,849	5,459
		<u>76,505</u>	<u>75,889</u>	<u>17,859</u>	<u>5,469</u>
Unfavourable balances					
Bank Overdrafts		(322,401)	(200,114)	(308,821)	(156,086)
Cash and Cash Equivalents for the cash flow purpose		<u>(245,896)</u>	<u>(124,225)</u>	<u>(290,962)</u>	<u>(150,617)</u>

	COMPANY			
	2009		2008	
	No. of Shares	Stated Capital Rs.'000	No. of Shares	Stated Capital Rs.'000
20. STATED CAPITAL COMPANY				
Ordinary Shares	110,000,000	1,114,558	110,000,000	1,114,558
	<u>110,000,000</u>	<u>1,114,558</u>	<u>110,000,000</u>	<u>1,114,558</u>

21. DEBENTURES

Asia Asset Finance Ltd

As at 31st March 2008, consisted of 14,618 unsecured subordinated redeemable 5 years Debentures of Rs. 1,000 / -each issued by the subsidiary Asia Asset Finance Ltd in the year 2004/2005.

During the year ended 31st March 2009, 1175 debentures of Rs.1,000/- were redeemed at par.

	Allotment In	Mature In	GROUP			
			No of Debentures	2009 Rs.'000	No of Debentures	2008 Rs.'000
Debenture	2005	2009	10,063	10,063	11,238	11,238
Debenture	2006	2009	3,380	3,380	3,380	3,380
				<u>13,443</u>		<u>14,618</u>

	GROUP		COMPANY	
	2009 Rs.'000	2008 Rs.'000	2009 Rs.'000	2008 Rs.'000
22. DEFERRED TAXATION				
Balance at the beginning of the Year	(129)	739	-	-
Provision/(Reversal) made during the Year	(17,680)	(868)	-	-
Balance at the end of the Year ((Asset)/Liability)	<u>(17,809)</u>	<u>(129)</u>	<u>-</u>	<u>-</u>

	GROUP			
	2009 Temporary Differences Rs.'000	2009 Temporary Tax Effect Rs.'000	2008 Temporary Differences Rs.'000	2008 Temporary Tax Effect Rs.'000
On Temporary differences of Property, Plant & Equipment	(6,206)	(2,172)	6,137	2,148
On Retirement Gratuity	6,396	2,239	(6,502)	(2,277)
On Tax Losses carried forward	50,693	17,743	-	-
	<u>50,883</u>	<u>17,810</u>	<u>(365)</u>	<u>(129)</u>

	COMPANY			
	2009 Temporary Differences Rs.'000	2009 Temporary Tax Effect Rs.'000	2008 Temporary Differences Rs.'000	2008 Temporary Tax Effect Rs.'000
On Temporary differences of Property, Plant & Equipment	8,416	2,946	4,914	1,720
On Retirement Gratuity	(4,548)	(1,592)	(5,385)	(1,884)
On Tax Losses carried forward	(581,011)	(203,354)	(493,266)	(172,643)
	<u>(577,143)</u>	<u>(202,000)</u>	<u>(493,737)</u>	<u>(172,807)</u>

Note:

Group

Deferred tax asset arising from the temporary differences in subsidiaries other than those from Asia Securities (Pvt) Ltd have not been recognised due to the uncertainty of availability of 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 Balance Sheet date. Therefore, the unrecognised deferred tax asset of the Company is Rs 202 Mn (2008- Rs173Mn).

Notes to the Financial Statements *Contd.*

	GROUP		COMPANY	
	2009 Rs.'000	2008 Rs.'000 (Restated)	2009 Rs.'000	2008 Rs.'000 (Restated)
23. RETIREMENT BENEFIT OBLIGATIONS - GRATUITY				
Balance at the Beginning of the Year	22,781	11,147	5,315	3,882
Acquisition of Subsidiary	-	7,202	-	-
Add : Interest for the Year	1,271	470	524	470
Add : Provision made during the Year	4,816	6,219	724	749
(Gain)/Loss arising from changes in assumptions or (over)/under provision in the previous year	(1,314)	750	(239)	750
Payments made during the Year	(2,999)	(3,007)	(1,776)	(536)
Balance at the end of the Year	<u>24,555</u>	<u>22,781</u>	<u>4,548</u>	<u>5,315</u>

The employee benefit liability of Asian Alliance Insurance PLC is based on the actuarial valuation carried out by a qualified actuary, Mr. Poopalanathan of Actuarial & Management Consultants (Pvt) Ltd. The employee benefit liability of all other companies in the Group including the Parent Company are based on the gratuity formula of SLAS 16 "Employee Benefits".

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

Discount Rate/ Interest Rate	12% -14%
Expected Annual Increment	10%-15%
Staff Turnover Factor	7%

	GROUP		COMPANY	
	2009 Rs.'000	2008 Rs.'000	2009 Rs.'000	2008 Rs.'000
24. NON - INTEREST BEARING BORROWINGS				
Balance at the beginning of the Year	55,505	64,162	55,505	-
Loan obtained during the Year	-	55,505	-	55,505
Installments paid during the Year	-	(64,162)	-	-
Balance at the end of the Year	<u>55,505</u>	<u>55,505</u>	<u>55,505</u>	<u>55,505</u>
Amount repayable within one Year	-	-	-	-
Amount repayable after one Year	<u>55,505</u>	<u>55,505</u>	<u>55,505</u>	<u>55,505</u>
25. INTEREST BEARING BORROWINGS				
Amount repayable within one year				
Borrowing Under Commercial Papers	106,942	50,000	106,942	50,000
Borrowing Under Repurchase Agreement	475,153	419,047	475,153	419,047
Direct Borrowing	88,454	171,000	88,454	171,000
	<u>670,549</u>	<u>640,047</u>	<u>670,549</u>	<u>640,047</u>

	GROUP		COMPANY	
	2009 Rs.'000	2008 Rs.'000	2009 Rs.'000	2008 Rs.'000
26. INSURANCE PROVISION				
Life Insurance	1,203,968	888,391	-	-
Non-Life Insurance (Note 26.1)	263,441	431,004	-	-
	<u>1,467,409</u>	<u>1,319,395</u>	<u>-</u>	<u>-</u>
26.1 Non-Life Insurance				
Reserve for net unearned premiums	171,224	114,737	-	-
Reserve for net deferred acquisition cost	5,819	10,542	-	-
Reserve for gross outstanding claims	86,398	305,725	-	-
	<u>263,441</u>	<u>431,004</u>	<u>-</u>	<u>-</u>

	GROUP		COMPANY	
	2009 Rs.'000	2008 Rs.'000	2009 Rs.'000	2008 Rs.'000
27. TRADE AND OTHER PAYABLES				
Trade Creditors	206,108	413,018	-	-
Claims Payable	59,342	138,418	-	-
Deposits from Customers	999,861	786,896	-	-
Sundry Creditors including Accrued Expenses	283,155	239,821	40,007	29,485
	<u>1,548,466</u>	<u>1,578,153</u>	<u>40,007</u>	<u>29,485</u>
28. AMOUNTS DUE TO RELATED PARTIES				
	Relationship			
Asia Securities (Pvt) Ltd	Subsidiary	-	16,337	-
Investor Access Asia (Pvt) Ltd	Subsidiary	-	5,233	-
Asia Fort Sri Lanka Direct Investment Fund Ltd	Subsidiary	-	74,920	-
Asia Asset Finance Ltd	Subsidiary	-	2,336	-
		<u>-</u>	<u>98,826</u>	<u>-</u>

Notes to the Financial Statements *Contd.*

29. RELATED PARTY DISCLOSURES

Name of Related Party	Transaction	2009 Amount Received/(Paid) Rs.	2008 Amount Received/(Paid) Rs.
(a) Transactions with Subsidiaries			
Asia Securities (Pvt) Ltd	Interest-free Fund Transfer	27,903,232	28,780,729
	Administrative Expenses	(24,402,070)	(36,029,456)
	Transfer of Office/Computer Equipment	123,923	-
	Brokerage on Share Trading	(213,529)	(508,079)
	Current Account Balance	(16,336,974)	33,915,981
<i>Mr. J. H. Paul Ratnayeke, Mr. Asanga C. Seneviratne, Mr. Harsha Amarasekera (resigned w.e.f 15th May 2009) and Ms. Priyani D. Ratna-Gopal (resigned w.e.f 31 May 2008), Directors of the company are also Directors of Asia Securities (Pvt) Ltd.</i>			
Asia Growth Fund 1 (Pvt) Ltd	Interest-free Fund Transfer	(4,372,052)	(3,175,000)
	Administrative Expenses	(11,835,769)	-
	Current Account Balance	19,961,105	3,753,285
<i>Mr. J. H. Paul Ratnayeke, Mr. Asanga C. Seneviratne, Mr. Harsha Amarasekera (resigned w.e.f 15th May 2009) and Ms. Priyani D. Ratna - Gopal (resigned w.e.f 1 June 2008), Directors of the company are also Directors of Asia Growth Fund 1 (Pvt) Ltd.</i>			
Asia Fort Sri Lanka Direct Investment Fund Ltd	Interest-free Fund Transfer	-	9,600,000
	Long Term Loans - Interest Bearing	(40,216,349)	(40,216,349)
	Long Term Loans - Non Interest Bearing	(44,517,248)	(44,517,248)
	Interest Income on Long Term Loans	10,507,964	879,966
	Amount borrowed through		
	Commercial Papers	(65,189,587)	-
	Interest Payable on Commercial Papers	(1,576,654)	-
	Short Term Lending	64,536,370	-
	Interest Receivable on Short Term Lending	1,569,713	-
	Short Term Borrowing	(8,048,812)	-
	Interest Payable on Short Term Borrowing	(103,015)	-
	Interest Expense on Commercial Papers	(5,587,768)	-
	Interest income on Short Term Lendings	4,944,565	-
	Current Account settlement	4,300,000	-
	Current Account Balance	33,084,320	26,876,356
<i>Mr. J. H. Paul Ratnayeke, Mr. Asanga C. Seneviratne and Mr. Harsha Amarasekera (resigned w.e.f 15th May 2009), Directors of the company are also Directors of Asia Fort Sri Lanka Direct Investment Fund Ltd.</i>			
Investor Access Asia (Pvt) Ltd.	Reimbursement of Expenses	(68,174)	(4,538,230)
	Interest-free fund transfers	(6,682,365)	-
	Amount Borrowed through Commercial Papers	(5,233,376)	-
	Interest payable on Commercial Papers	(17,003)	-
	Short Term Borrowing	(21,670)	-
	Interest payable on Short Term Borrowing	(71)	-
	Current Account Balance	13,031,016	8,456,747

Mr. J. H. Paul Ratnayeke, Mr. Asanga C. Seneviratne and Ms. Priyani D. Ratna-Gopal (resigned w.e.f 01st June 2009), Directors of the company are also Directors of Investor Access Asia (Pvt) Ltd.

Name of Related Party	Transaction	2009 Amount Received/(Paid) Rs.	2008 Amount Received/(Paid) Rs.
(a) Transactions with Subsidiaries <i>Contd.</i>			
Asia Asset Finance Ltd			
	Reimbursement of Expenses	(163,813)	(1,649,866)
	Transaction in Repo	92,935,809	25,309,954
	Interest Expense on Repo	(1,253,245)	(11,546,569)
	Fixed Asset Sold	98,923	-
	Settlement of Current Account	4,827,250	-
	Interest Free Fund transfers	(625,000)	-
	Expenses borne on behalf of Asia Capital PLC	16,600	-
	Current Account Balance	750,380	4,706,494

Mr. J. H. Paul Ratnayeke and Mr. Asanga C. Seneviratne, (resigned w.e.f 22nd May 2009) Directors of the company are also Directors of Asia Asset Finance Ltd.

Asian Alliance Insurance PLC			
	Management fees (excluding VAT & NBT)	1,800,000	1,800,000
	Reimbursement of Expenses	224,255	298,463
	Settlement of Current Account	1,360,886	-
	Insurance Premium	(2,180,050)	(2,085,956)
	Guarantee Fees	5,722	5,004
	Dividend Received	9,158,304	-
	Expenses borne on behalf of Asia Capital PLC	(349,460)	-
	Current Account Balance	2,984,949	2,405,424

Mr. J. H. Paul Ratnayeke , Mr. Harsha Amarasekera (resigned w.e.f 15th May 2009) and Mr. Asanga C. Seneviratne, Directors of the company are also Directors of Asian Alliance Insurance PLC.

(b) Transactions with Associates

Asia Siyaka Commodities (Pvt) Ltd			
	Guarantee Fees	1,875,004	1,875,004

Mr. J. H. Paul Ratnayeke , Mr. Harsha Amarasekera (resigned w.e.f 15th May 2009) and Mr. Asanga C. Seneviratne, Directors of the company are also Directors of Asia Siyaka Commodities (Pvt) Ltd.

(c) Transactions with Other related parties

Asia Wealth Management Co. (Pvt) Ltd			
	Reimbursement of Expenses	(77,651)	(61,168)
	Current Account Balance	331,947	254,295

Mr. Asanga C. Seneviratne, Director of the company is also a Director of Asia Wealth Management Co. (Pvt) Ltd.

Paul Ratnayeke Associates			
	Legal Fees	(275,368)	(195,989)

Mr. J. H. Paul Ratnayeke, Director of the company is also a partner of Paul Ratnayeke Associates.

P. R. Secretarial Services (Pvt) Ltd			
	Secretarial Fees	(140,012)	(223,174)

Mr. J. H. Paul Ratnayeke, Director of the company is also a Director of P.R. Secretarial Services (Pvt) Ltd.

Notes to the Financial Statements *Contd.*

29. RELATED PARTY DISCLOSURES *Contd.*

Company	Name of Director	Transaction	2009 Amount Received/(Paid) Rs.	2008 Amount Received/(Paid) Rs.
Asia Fort Asset Management (Pvt) Ltd		Lending	51,545,745	-
		Investment in Reverse Repo	16,379,000	-

Mr. Asanga C. Seneviratne, a Director of the company is also a Director of Asia Fort Sri Lanka Direct Investment Fund Ltd.

(d) Transactions with other related parties by the Group

Asia Securities (Pvt) Ltd

Asian Alliance Insurance PLC	Mr. J. H. Paul Ratnayake Mr. Harsha Amerasekera (resigned w.e.f 15th May 2009)	Brokerage on Share Trading	1,748,255	376,644
		Insurance Premium	(1,016,015)	(814,148)
Asia Asset Finance Ltd	Mr. J. H. Paul Ratnayake (resigned w.e.f 31st July 2009) Mr. D. M. Wijayasingha (resigned w.e.f 12th January 2010) Mr. U. Nishan Sumanadeera (resigned w.e.f 31st August 2009) Mr. Asanga C. Seneviratne (resigned w.e.f 6th July 2007)	Brokerage on Share Trading	14,121	244,297
		Interest charged on delayed payments	75,132	-
		Brokerage on Share Trading	47,488	296,028
		Interest charged on delayed payments	78,758	
Paul Ratnayake Associates	Mr. J. H. Paul Ratnayake	Legal Fees	(1,020,574)	(423,142)
P.R. Secreterial Services (Pvt) Ltd	Mr. J. H. Paul Ratnayake	Secretarial Fees	(253,029)	(154,751)
Investor Access Asia (Pvt) Ltd.	Mr. J. H. Paul Ratnayake (Nomination revoked on 16th September 2008) Mr. Harsha Amerasekera (resigned w.e.f 15th May 2009) Ms. Priyani D. Ratna-Gopal (resigned w.e.f 01st June 2008)	CDAX Online Trade Charges	(2,176,270)	(5,003,947)
Asia Asset Finance Ltd.	Mr. J. H. Paul Ratnayake Mr. D. M. Wijayasingha (resigned w.e.f 28th February 2010) Mr. Asanga C. Seneviratne (resigned w.e.f 6th July 2007) Mr. U. Nishan Sumanadeera (resigned w.e.f 16th October 2009)	Brokerage on Share Trading	(14,121)	(244,297)
		Interest charged on delayed payments	(75,132)	-

Company	Name of Director	Transaction	2009	2008
			Amount Received/(Paid) Rs.	Amount Received/(Paid) Rs.
Investor Access Asia (Pvt) Ltd Asia Securities (Pvt) Ltd	Mr. J. H. Paul Ratnayeke Mr. Harsha Amerasekera (resigned w.e.f 15th May 2009) Ms. Priyani D. Ratna Gopal (resigned w.e.f 31st May 2008)	CDAX Online Trade Charges	2,176,270	5,003,947
Asia Growth Fund 1 (Pvt) Ltd P.R. Secreterial Services (Pvt) Ltd	Mr. J. H. Paul Ratnayeke	Secretarial Fees	(56,585)	(51,969)
Asia Fort Sri Lanka Direct Investment Fund Ltd P.R. Secreterial Services (Pvt) Ltd Asia Securities (Pvt) Ltd	Mr. J. H. Paul Ratnayeke Mr. Harsha Amerasekera (resigned w.e.f 15th May 2009)	Secretarial Fees Brokerage on Share Trading Interest charged on delayed payments	(80,637) (47,488) (78,758)	(66,097)
Asian Alliance Insurance PLC		Dividend Received	7,013,875	-
Asian Alliance Insurance PLC Asia Securities (Pvt) Ltd	Mr. J. H. Paul Ratnayeke Mr. Harsha Amerasekera (resigned w.e.f 15th May 2009)	Brokerage on Share Trading Insurance Premium	(1,748,255) (1,016,015)	(376,644) (814,148)
Asia Asset Finance Ltd	Mr. J. H. Paul Ratnayeke Mr. Asanga C. Seneviratne (resigned w.e.f 22nd May 2009)	Hire of Assets	-	(3,846,160)
Asia Fort Sri Lanka Direct Investment Fund Ltd	Mr. J. H. Paul Ratnayeke Mr. Harsha Amerasekera (resigned w.e.f 15th May 2009)	Dividend Paid	(7,013,875)	-

(e) Compensation of Key Management Personnel

The key management personnel includes members of the Board of Directors of the group of companies and the directors of strategic business units.

	2009 GROUP Rs.'000	2009 COMPANY Rs.'000
Short-Term Employee Benefits	19,751	-
Post-Employment Benefits	-	-
Other LongTerm Benefits	-	-
Termination Benefits	-	-
Share Based Payments	-	-

30. RELATED PARTY TRANSACTIONS

There are no related party transactions during the year other than those stated in notes 18, 28, 29 and 32 to the Financial Statements.

Notes to the Financial Statements *Contd.*

31. CONTINGENT LIABILITIES

There are no material contingent liabilities outstanding as at Balance Sheet date other than those disclosed below.

31.1 Guarantees

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

Name of the Company	Name of the Bank	Purpose	2009 Amount (Rs.)	2008 Amount (Rs.)
Asia Securities (Pvt) Ltd	HSBC	Over Draft	40,000,000	40,000,000
Asia Siyaka Commodities (Pvt) Ltd	HSBC	Over Draft /Money Market Loan	50,000,000	50,000,000
	Bank of Ceylon	Over Draft	5,000,000	5,000,000
	Sampath Bank PLC	Over Draft	5,000,000	5,000,000
	NDB	Project Loan	30,000,000	30,000,000
	People's Bank	Over Draft	100,000,000	100,000,000

31.2 Legal Claims

Asia Securities (Pvt) Ltd

Case No.	Parties	Value of Action Rs.	Next Date	Step
HC/CIVIL/112/2005(1)	N. S. Cader Vs Asia Securities (Pvt) Ltd & Commercial Bank of Ceylon Ltd.	15,584,200	Yet to be given	Further Trial
HC/CIVIL/157/2005(1)	Commercial Bank of Ceylon Ltd Vs Asia Securities (Pvt) Ltd & N. S. Cader.	5,515,794	Yet to be given	Call
7516/SPL	M. S. Salahudeen Vs Asia Securities (Pvt) Ltd.	1,000,000	1/6/2010	Call

32. COMMITMENTS

32.1 Capital Commitments

Asian Alliance Insurance PLC

The Company has purchase commitments for acquisition of a financial system as at 31st December 2008 as follows.

Authorised by the Board, and contracted for Rs. 4.5 Mn.

Authorised by the Board, and not contracted for Rs. 8.0 Mn.

There were no material capital commitments as at the balance sheet date other than those disclosed above.

32.2 Other Commitments

Asia Capital PLC

Asia Capital PLC has committed to invest Rs. 200Mn in the shares of Asia Asset Finance Ltd through rights with calls of Rs. 50Mn on 31st October and 31st December 2009 and Rs. 100 Mn on 31st March 2010.

Asia Capital PLC has given an undertaking to Questnet Ltd to settle sum of Rs. 89Mn on behalf of Asia Securities (Pvt) Ltd no later than 29 June 2011.

There were no material other commitments as at the balance sheet date other than those disclosed above.

33. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No circumstances have arisen since the Balance Sheet date which would require adjustments to or disclosures in the Financial Statements other than those disclosed below;

The Company disposed 10% of the investment in its subsidiary - Asian Alliance Insurance PLC in May 2009.

In June 2009 the Company acquired 40.81% of Capital Reach Holdings Ltd, and increased its total holding to 56.25%.

The Company invested Rs 7.5Mn in Asia Wealth Management Company (Pvt) Ltd in October 2009.

34. ASIA ASSET FINANCE LTD

Accumulated loss of the company amount to Rs. 350,004,358/- as at 31st March 2009 and the net liabilities of the company as at that date was Rs. 135,477,712/-.

The Financial Statements are prepared on the assumption that the company is a going concern, as the directors are confident that the company's financial position would significantly improve in the near future.

Non-compliance with the Finance Companies (Minimum Core Capital) Direction No 1 of 2006

As per the above direction, every Finance Company whose core capital is below Rs. 200Mn as at 01st January 2006 was given a period of 12 months to enhance its core capital to Rs. 100Mn and further period of 18 months to enhance Core Capital to Rs. 200 Mn.

Accordingly, the company should have maintained the core capital of Rs. 100 Mn as at 01st February 2007. However the Central Bank of Sri Lanka allowed an extension of period up to 29th February 2008 to fulfil these requirements.

Further as per the letter dated 16th May 2008, Central Bank of Sri Lanka has reminded that the extension period to enhance the core capital to Rs. 200 Mn ends on 31 July 2008 and requested to forward the plans to be adopted by the management of the company to comply with the core capital requirement. Accordingly, the board of directors of the Company has made written representation to the Director, Department of Supervision of Non Banking Financial Institution of Central Bank of Sri Lanka.

However as per the financial statements as at 31st March 2009, the core capital is negative Rs. 135 Mn (2008 - positive Rs.40 Mn) and the company has not achieved the Core capital of Rs. 200 Mn as at the reporting date.

Further Asia Capital PLC has committed to invest Rs. 200Mn in shares of Asia Asset Finance Ltd through rights issue. Parent Company has invested Rs. 50 Mn in October 2009 and further investment of Rs. 50 Mn on 30th December 2009 and Rs. 100 Mn in March 2010.

Notes to the Financial Statements *Contd.*

35. GOING CONCERN

a) Asia Capital PLC

The Company and the Group has made a net loss of Rs. 361,021,000/- and Rs. 379,187,000/- respectively for the year ended 31st March 2009 and has accumulated losses of Rs. 1,015,178,000/- and Rs. 1,080,851,000/- for the Company and Group respectively as at that date. The Company's current liabilities exceed its current assets by Rs. 424,124,000/- as at 31st March 2009. The Financial Statement is prepared on the assumption that the company is a going concern as the directors are confident that the financial position of the Company and Group will significantly improve in the near future and the Company will be able to negotiate banking facilities.

b) Asia Growth Fund 1 (Pvt) Ltd

Accumulated loss of the company amount to Rs. 20,079,741/- as at 31st March 2009 and the current liabilities as at that date exceed current assets by Rs. 20,029,756/- and total liabilities exceed the total assets by Rs. 20,029,701/-. Financial Statements are prepared on the assumption that the company is going concern as the directors of the company are confident that the company's financial position will improve in near future, further are the parent company agreed to provide financial support.

c) Asia Fort Sri Lanka Direct Investment Fund Ltd

Accumulated loss of the company amount to Rs. 34,750,616/- as at 31st March 2009 and the current liabilities as at that date exceed current assets by Rs. 34,566,325/- and total liabilities exceed the total assets by Rs.29,749,546/-. Financial Statements is prepared on the assumption that the company is going concern as the directors of the company are confident that the company's financial position will improve in near future, further are the parent company agreed to provide financial support.

d) Investor Access Asia Limited

Accumulated loss of the company amount to Rs. 31,875,280/- as at 31 March 2009 and the current liabilities as at that date exceed current assets by Rs.14,172,926/- and total liabilities exceed the total assets by Rs.11,536,640/-. Financial Statements are prepared on the assumption that the company is going concern as the directors of the company are confident that the company's financial position will improve in near future, further are the parent company agreed to provide financial support.

For the year ended 31 March

Business Segment	Financial Services		Securities Trading		Manufacturing		Other Services		Fund Based Activities		Insurance		Group	
	2009 Rs.'000	2008 Rs.'000	2009 Rs.'000	2008 Rs.'000	2009 Rs.'000	2008 Rs.'000	2009 Rs.'000	2008 Rs.'000	2009 Rs.'000	2008 Rs.'000	2009 Rs.'000	2008 Rs.'000	2009 Rs.'000	2008 Rs.'000
Revenue														
Total Gross Sales	80,465	183,033	103,750	170,351	-	-	5,187	6,431	206,313	147,799	1,429,849	578,513	1,825,564	1,086,027
Less: Inter Segment														
Sales/Dividend	(16,172)	(120,650)	(62)	(1,425)	-	-	-	(5,004)	-	-	-	(2,900)	(9,925)	(129,979)
Gross Segment Revenue	64,293	62,383	103,688	168,926	-	-	5,187	1,427	204,932	147,799	1,424,962	578,513	1,803,062	956,048
Revenue Based Taxes	-	-	-	-	-	-	-	-	-	-	-	-	(27)	-
Net Segment Revenue	64,293	62,383	103,688	168,926	-	-	5,187	1,427	204,932	147,799	1,424,962	575,513	1,803,062	956,048
Segmental Operating Profit / (Loss)	(76,694)	(272,674)	(78,925)	(30,253)	-	(695)	(4,909)	(5,882)	(174,731)	(59,186)	(63,005)	74,398	(398,265)	(294,292)
Other Operating Income	24,527	2,407	1,186	38,946	-	-	233	-	13,201	14,826	7,477	51,524	46,624	68,821
Operating Profit / (Loss) before Provision for Fall in Value of Investments	(52,167)	(270,267)	(77,739)	8,694	-	(695)	(4,676)	(5,882)	(161,530)	(44,360)	(55,528)	125,922	(351,564)	(225,471)
Provision for Fall in Value of Investments	(121,336)	(286,893)	-	-	-	-	-	-	(14,059)	(5,452)	(36,991)	-	(172,385)	(292,345)
Operating Profit / (Loss) Finance Cost	(173,503)	(557,160)	(77,739)	8,694	-	(695)	(4,676)	(5,882)	(175,589)	(49,812)	(92,519)	125,922	(524,026)	(517,3816)
Finance Income													(150,263)	(95,673)
Share of Associate Company's Profit													263,712	41,826
Adjustment on Disposal of Subsidiary Profit / (Loss) Before Taxation													15,020	10,535
Income Tax Expense													-	206,252
Profit / (Loss) After Taxation													(395,558)	(354,876)
													16,372	(16,125)
													(379,186)	(371,001)
Assets														
Segment Assets	850,532	949,815	278,390	587,033	-	-	4,268	3,628	948,346	907,151	2,160,323	1,955,594	4,241,858	4,403,222
Deferred Tax Assets	-	-	17,808	129	-	-	-	-	-	-	-	-	17,809	129
Investment in Associates	90,058	70,571	-	-	-	-	-	-	-	-	-	-	90,058	70,571
Total Assets	940,771	1,020,386	296,199	587,162	-	-	4,268	3,628	948,346	907,151	2,160,323	1,955,594	4,349,725	4,473,922
Liabilities														
Segment Liabilities	106,996	34,740	188,351	390,247	-	-	2,773	1,845	1,069,181	847,648	1,740,811	1,668,753	3,108,112	2,943,233
Interest Bearing Borrowings	971,141	851,638	-	27,540	-	-	-	173	14,547	14,632	12,476	16,301	998,165	910,284
Deferred Tax Liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities	1,078,137	886,378	188,351	417,787	-	-	2,773	2,018	1,083,729	862,280	1,753,287	1,685,054	4,106,277	3,853,517
Capital Expenditure	755	422	520	6,002	-	-	2,009	1,761	4,216	1,191	33,796	17,542	41,296	26,918
Depreciation	11,638	12,979	4,807	5,576	-	-	1,086	4,571	1,461	1,062	12,689	13,485	31,680	37,673

Ten Year Summary

Year ended 31st March	2009 Rs.'000	2008 Rs.'000	2007 Rs.'000	2006 Rs.'000	2005 Rs.'000	2004 Rs.'000	2003 Rs.'000	2002 Rs.'000	2001 Rs.'000	2000 Rs.'000
	(Restated)									
OPERATING RESULTS										
Revenue	1,803,062	956,048	982,836	743,097	1,678,846	2,636,189	1,552,293	1,477,230	590,354	258,419
Profit/(loss) before adjustment of Subsidiary	(395,560)	(561,128)	2,229	(561,128)	267,032	251,732	2,747	105,096	(183,754)	43,015
Adjustment on disposal of Subsidiary	-	206,252	-	-	-	-	-	-	-	-
Taxation	16,373	(16,125)	(33,034)	(54,346)	(17,875)	(45,542)	(11,396)	(22,625)	(2,823)	(11,074)
Profit/(loss) after taxation	(379,186)	(371,001)	(30,805)	65,620	249,157	206,190	(8,649)	82,471	(186,577)	31,941
Minority Interest	(65,681)	(60,641)	(186)	(247)	-	562	(13,573)	(8,275)	1,263	4,777
Profit/(loss) attributable to shareholders	(444,867)	(431,642)	(30,991)	65,373	249,157	206,752	(22,222)	74,196	(185,314)	36,718
ASSETS										
Goodwill	53,503	49,076	150,088	150,088	150,088	-	33,450	1,209	2,417	2,763
Property, Plant & Equipment	95,952	94,979	75,843	88,400	168,288	136,885	143,898	156,101	150,601	169,043
Investment Properties	12,023	12,731	13,438	14,145	-	-	-	-	-	-
Long Term Investments	337,053	433,991	739,732	511,324	411,020	527,243	891,978	1,114,838	1,184,338	1,290,349
Deferred Taxation	17,809	129	-	-	-	-	-	-	-	-
ESOP Loan	17,491	17,491	17,491	17,491	17,491	17,491	17,491	38,023	37,190	37,190
Long Term Deposits	6,101	7,962	14,824	14,824	14,617	16,027	7,775	6,528	6,538	8,050
Current Assets	3,809,792	3,857,563	2,050,008	3,745,748	2,116,806	974,943	361,784	1,622,917	735,125	1,163,386
	4,349,725	4,473,922	3,061,424	4,542,020	2,878,310	1,672,589	1,456,376	2,939,616	2,116,209	2,670,781
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	1,565,500
Capital Redemption Reserve Fund	-	-	13,800	13,800	13,800	13,800	14,440	13,840	1,840	-
Revaluation Reserve	10,437	5,970	-	-	-	-	-	-	-	-
Capital Reserves	1,344	1,344	3,174	2,500	2,500	2,500	2,500	9,250	2,500	-
Exchange Equalisation Reserve	-	-	78,316	78,316	(48,467)	(22,385)	(15,015)	(9,290)	-	-
General Reserve	3,000	3,000	-	-	-	-	-	-	-	-
Accumulated Profits/(Losses)	(1,080,851)	(635,983)	66,604	89,701	131,722	(114,469)	(149,594)	38,968	(16,478)	(292,789)
Shareholders' Fund	48,489	488,889	1,276,452	1,298,875	1,214,113	994,004	966,889	1,167,326	1,102,420	1,272,711
Pre-operational and Share Issue Expenses	-	-	-	-	-	-	(13,338)	(15,692)	(33,934)	-
Minority Interest	194,959	131,945	542	247	-	-	6,238	12,521	7,883	38,268
	243,447	620,834	1,276,994	1,299,122	1,214,113	994,004	973,127	1,166,509	1,094,611	1,277,044
Negative Goodwill	-	-	-	-	-	-	24,302	48,603	55,547	-
Non Current Liabilities	93,503	92,904	91,523	90,119	91,657	78,179	35,449	47,205	49,169	38,721
Current Liabilities	4,012,773	3,760,184	1,692,907	3,152,779	1,572,540	600,406	447,800	1,701,600	923,826	1,299,469
	4,349,723	4,473,922	3,061,424	4,542,020	2,878,310	1,672,589	1,456,376	2,939,616	2,116,209	2,670,781

