



We make INVESTMENTS simpler

ASSETLINE

Assetline Capital (Pvt) Limited



David Pieris
Group of Companies

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Assetline Mutual Funds - Annual Report & Accounts 2014/15

Corporate Information

Assetline Mutual Funds: Assetline Income Fund
Assetline Gilt Edged Fund
Assetline Income Plus Growth Fund

Management Company & Registrar

Assetline Capital (Private) Limited

Registered Office:

No. 75, Hyde Park Corner
Colombo 02
Sri Lanka

Principal Place of Business:

No. 120, 120A, Pannipitiya Road
Battaramulla
Sri Lanka

Board of Directors of the Management Company

Mr. W.S.K. De Silva – Director
Mr. D.M.R.K. Dissanayake – Director
Mr. S.D.R.B. Ekanayake – Managing Director

Trustee & Custodian

Deutsche Bank AG
No. 86, Galle Road
Colombo 03
Sri Lanka

Auditors & Tax Consultants

PricewaterhouseCoopers
No. 100, Braybrooke Place
Colombo 02
Sri Lanka

Bankers

Deutsche Bank AG
No. 86, Galle Road
Colombo 03
Sri Lanka

Sampath Bank PLC
No. 110, Sir James Peiris Mawatha
Colombo 02
Sri Lanka

Assetline Capital (Private) Limited - Corporate Profile

Assetline Capital (Private) Limited ('ACPL') is a licensed Unit Trust and Investment Manager approved by the Securities and Exchange Commission of Sri Lanka (SEC).

The ultimate parent company of ACPL is David Pieris Motor Company Limited (DPMC), which is the largest automotive company in Sri Lanka. The DPMC Group, through its process of diversification, also has interests in financial services which include leasing, hire purchase, loans, insurance broking, stock broking and corporate services. Further, the Group has business enterprises in logistics, information technology and agriculture.

ACPL, since its incorporation in 2001 has been in capital market operations, as a margin provider and was later transferred to another group company in order to venture into unit trust management in 2014. Expanding its horizons by introducing investment management to high net-worth individuals and corporate entities in 2013, the Company today is one of the largest Investment Managers in Sri Lanka. In July 2014, the Company ventured into the unit trust industry with the launch of Assetline Mutual Funds (AMF). ACPL is the Management Company of three mutual funds namely, Assetline Income Fund, Assetline Gilt Edged Fund and Assetline Income Plus Growth Fund.

Profile of the Assetline Mutual Funds

ASSETLINE INCOME FUND (AINF) is an open ended fund investing in fixed income instruments and government securities for tenures less than one year. It is suitable for investors with a low to moderate risk profile and a short term investment horizon.

ASSETLINE GILT EDGED FUND (AGEF) is an open ended fund exclusively investing in government securities. Most suited to investors with a very low risk profile. This fund has the ability to cater to investors with different time horizons.

ASSETLINE INCOME PLUS GROWTH FUND (AIGF) is an open ended fund investing in equity and fixed income securities. It is a fund with a long term investment horizon. This fund is suitable for investors with a high risk profile and medium to longer time horizon.

General Information

	ASSETLINE INCOME FUND	ASSETLINE GILT EDGED FUND	ASSETLINE INCOME PLUS GROWTH FUND
Inception Date	11-07-2014	11-07-2014	11-07-2014
Minimum Investment	Rs.1,000.00	Rs.1,000.00	Rs.1,000.00
Dividend Pattern	Irregular	Irregular	Irregular
Fee structure charged to the total fund			
Front-end Fee	NIL	NIL	2%
Trustee Fee	0.225% p.a.	0.18% p.a.	0.22% p.a.
Management Fee	0.65% p.a.	0.5% p.a.	1.5% p.a.
Custodian Fee	Rs.25,000/- per month	Rs.25,000/- per month	Rs.25,000/- per month
Exit Fee	NIL	NIL	<ul style="list-style-type: none"> For withdrawals within 1 Year : 2.00% For withdrawals between 1-2 years : 1.00% For withdrawals after 2 years : Nil

Fund Manager's Report

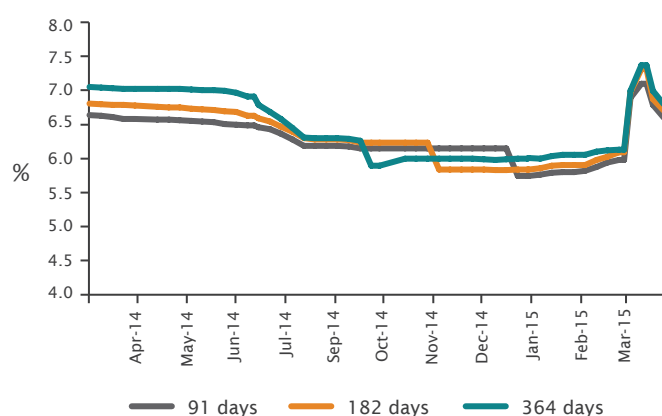
It is with great pleasure that the first annual report of the Assetline Mutual Funds is presented to our investors for the period 11th July 2014 to 31st March 2015.

From its launch in July 2014, the three funds namely, Assetline Income Fund, Assetline Gilt Edged Fund and Assetline Income Plus Growth Fund were able to attract a total of 847 account holders and assets under management (AUM) of Rs.4.0 billion as at 31st March 2015.

Economic Review

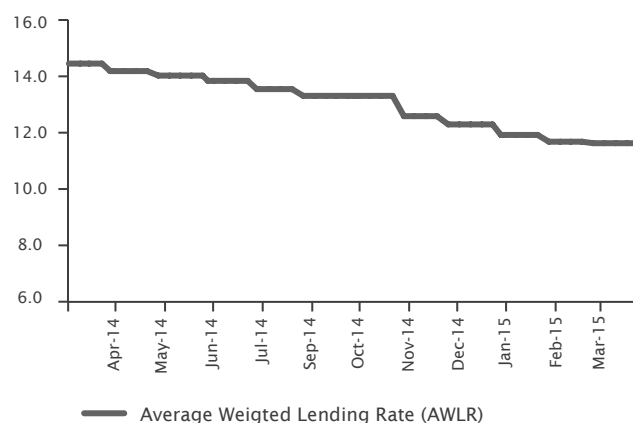
The Central Bank of Sri Lanka (CBSL) reducing Standard Deposit Facility Rate by 50 basis points in January 2014 and limiting access to open market operation participants which drove the market interest rates downwards gradually during the period under review. The 364-day bill which stood at 7.05% in March 2014 fell to 5.89% in September 2014, however during March 2015 the rate peaked to 7.37% and closed on 31st March 2015 at 6.80%.

Treasury Bill Auction Rates
1st April 2014 to 31st March 2015



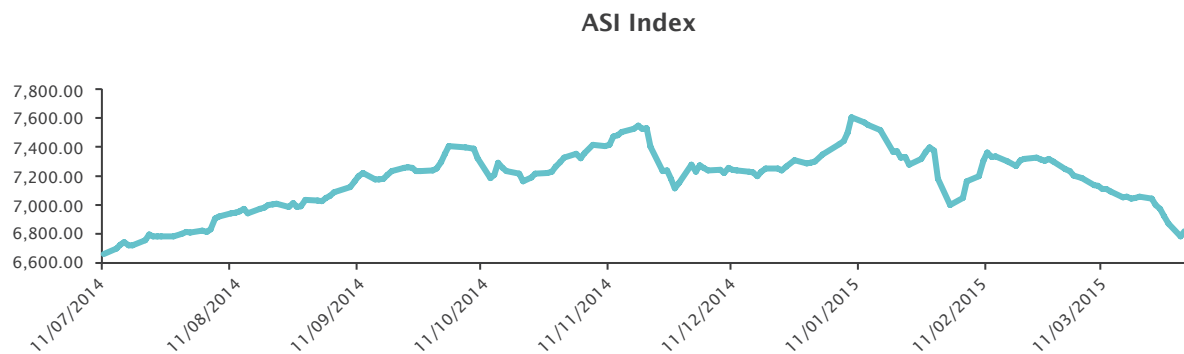
Source: Central Bank of Sri Lanka

Weighted Average Lending Rate
1st April 2014 to 31st March 2015



Source: Central Bank of Sri Lanka

Fund Manager's Report



Source: Colombo Stock Exchange

Assetline Capital take this opportunity to convey its sincere gratitude to Securities and Exchange Commission of Sri Lanka, the Trustees Messes Deutsche Bank AG and our market counterparties for their contribution and to all our investors for having faith in recently launched mutual funds.

The Company is confident that the Assetline Mutual Funds will repay your trust by continuing to deliver superior performance in the future.

Deepta Ekanayake
Managing Director

Assetline Capital (Pvt.) Ltd.
Management Company

Fund Report of Assetline Income Fund

Fund Performance – Assetline Income Fund (AINF)

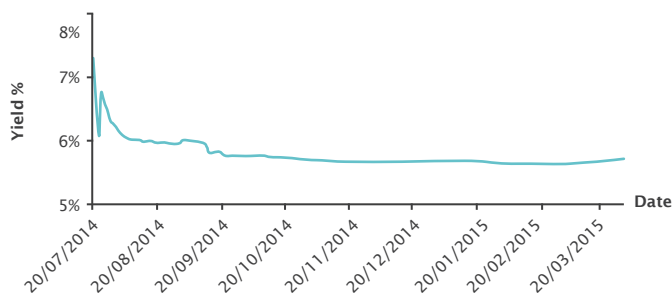
The assets under management of the fund, from its launch on 11th July 2014, have grown to Rs.3.6 billion as at 31st March 2015 and the number of unit holders as at that date amounted to 564. The return of the fund from its inception and for the last 30 days stood at 5.71% and 6.03% respectively for the period ending 31st March 2015.

The low interest rate environment that prevailed in Sri Lanka since the launch of the fund and the move by Central Bank of Sri Lanka to rationalize the Open Market Operations were key challenges faced in managing the fund. As such, in order to be par with other competitive money market funds, the fund base was increased considerably in order to obtain rate advantages while the investments were limited to short term positions.

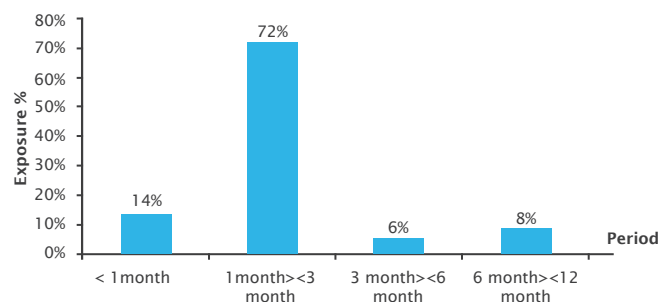
The investments were at all times carried out as per the set investment policy which was reviewed periodically and clear credit rating limits were set to maintain a balance between the risk and return profile. This included 85% of the funds being invested in BBB+ or above rated instruments. Due to the investment strategy of being in short term investments, the return of the fund increased during the latter part of the period.

It is believed that the prevailing low level of interest rates would gradually increase by the end of 2015 due to the increase in the private sector credit growth. ACPL plans to increase the tenure of its investments gradually with increase of interest rates.

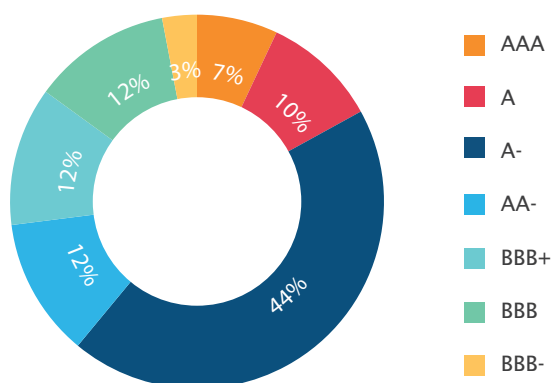
Yield Movement



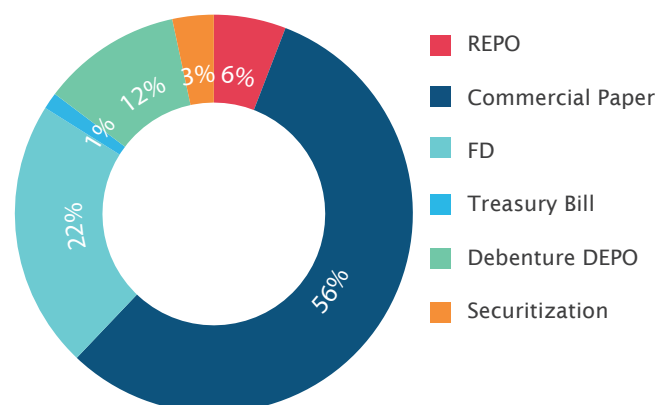
Maturity Profile



Credit Profile



Fixed Income Instrument-wise Breakdown





Independent Auditors' Report

To the Unitholders of Assetline Income Fund

Report on the Financial Statements

1 We have audited the accompanying financial statements of Assetline Income Fund, which comprise the statement of financial position as at 31 March 2015, and the statement of comprehensive income, changes in unitholders' funds and cash flows for the period from 11 July 2014 to 31 March 2015, comprising a summary of significant accounting policies and other explanatory information as set out in pages 12 to 27.

Management's Responsibility for the Financial Statements

2 Management of Assetline Capital (Private) Limited, the Managers of the fund, is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards (SLFRS's and LKAS's), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Scope of Audit and Basis of Opinion

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

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

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

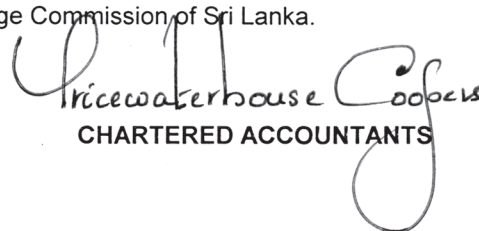
Opinion

6 In our opinion, the financial statements give a true and fair view of the financial position of Assetline Income Fund as at 31 March 2015, and its financial performance and its cash flows for the period from 11 July 2014 to 31 March 2015 in accordance with the Sri Lanka Accounting Standards (SLFRS's and LKAS's).

Report on Other Legal and Regulatory Requirements

7 These financial statements also comply with the requirements of Sections 151 of the Companies Act, No. 07 of 2007, the Unit Trust Deed and the Unit Trust Code of the Securities and Exchange Commission of Sri Lanka.

15 June 2015
COLOMBO


PricewaterhouseCoopers
CHARTERED ACCOUNTANTS

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T: +94 (11) 771 9838, 471 9838, F: +94 (11) 230 3197, www.pwc.com/lk

Partners Y. Kanagasabai FCA, D.T.S.H. Mudalige FCA, C.S. Manoharan FCA, N.R. Gunasekera FCA,
S. Gajendran FCA, Ms. S. Hadgie FCA, Ms. S. Perera ACA, T.U. Jayasinghe ACA

Assetline Income Fund

Statement of comprehensive income

(all amounts in Sri Lanka Rupees)

	Notes	For the period from 11 July 2014 to 31 March 2015
Income		
Interest income from loans and receivables	4	84,499,682
Total net investment income		84,499,682
Expenses		
Management fee	9 (g)	(7,540,822)
Trustee and custodian fee	9 (g)	(3,119,803)
Audit fee		(154,191)
Professional fee		(104,720)
Other operating expenses		(86,215)
Total operating expenses		(11,005,751)
Net operating profit		73,493,931
Finance cost		
Interest expenses		Nil
Profit after deductions and before tax		73,493,931
Income tax expense		(5,532,503)
Increase in net assets attributable to unitholders	7	67,961,428

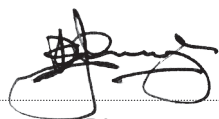
Notes on pages 16 to 27 form an integral part of these financial statements

Report of the independent auditors' on page 11

Assetline Income Fund
Statement of financial position
(all amounts in Sri Lanka Rupees)

	Notes	As at 31 March 2015
ASSETS		
Current assets		
Cash and cash equivalents	5	920,093
Loans and receivables	6	3,650,470,649
Income tax receivables		8,906,232
Total assets		3,660,296,974
LIABILITIES		
Current liabilities		
Accrued expenses and other payables		8,015,448
Liabilities (excluding net assets attributable to unitholders)		8,015,448
UNITHOLDERS' FUNDS		
Net assets attributable to unitholders	7	3,652,281,526
Total unitholders' fund and liabilities		3,660,296,974

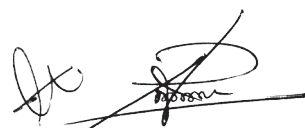
These Financial Statements were approved by the Management Company and adopted by the Trustee.



Director
Management Company



Director
Management Company



Trustee

15 June 2015

Notes on pages 16 to 27 form an integral part of these financial statements
Report of the independent auditors' on page 11

Assetline Income Fund

Statement of changes in unitholders' funds (all amounts in Sri Lanka Rupees)

	Notes	For the period from 11 July 2014 to 31 March 2015
Unitholders' funds at beginning of the period		Nil
Increase in net assets attributable to unitholders		67,961,428
Received on unit creations		3,688,412,086
Distributions to unitholders		Nil
Paid on unit redemptions		(104,091,988)
Unitholders' funds at end of the period	7	<u>3,652,281,526</u>

Notes on pages 16 to 27 form an integral part of these financial statements

Report of the independent auditors' on page 11

Assetline Income Fund

Statement of cash flows

(all amounts in Sri Lanka Rupees)

	Notes	For the period from 11 July 2014 to 31 March 2015
Cash flows from operating activities		
Proceeds from sale of loans and receivables		18,391,200,524
Purchase of loans and receivables		(22,023,154,619)
Interest received		57,076,896
Management fees paid		(5,873,246)
Other expenses paid		(2,649,560)
Net cash outflow from operating activities		(3,583,400,005)
Cash flows from financing activities		
Proceeds from subscription by unitholders	7	3,688,412,086
Payments for redemptions by unitholders	7	(104,091,988)
Net cash from financing activities		3,584,320,098
Net increase in cash and cash equivalents		920,093
Cash and cash equivalents at beginning of the period		Nil
Net increase in cash and cash equivalents		920,093
Cash and cash equivalents at end of the period	5	920,093

Notes on pages 16 to 27 form an integral part of these financial statements

Report of the independent auditors' on page 11

Assetline Income Fund

Notes to the financial statements

(All amounts in notes are shown in Sri Lanka Rupees unless otherwise stated)

1. General information

Under Section 31 of the Securities and Exchange Commission of Sri Lanka, Act No.36 of 1987 as amended by the Act No. 26 of 1991 and the Act No. 18 of 2003, the Securities and Exchange Commission of Sri Lanka granted a license to operate the Assetline Income Fund ('the Fund') to Assetline Capital (Private) Limited (the 'Management Company') on 17 June 2014. The Fund commenced its commercial operations on 11 July 2014. The registered office of the Management Company is located at No 75, Hyde Park Corner, Colombo 2.

The primary investment objective of the Fund would be to maximize the total return of the Fund and provide an investment vehicle for investors with short term investment horizon by carefully investing in fixed income securities which include fixed deposits, trust receipts, certificate of deposits, loans, unlisted corporate debt, government securities, repurchase agreements and other money market securities with tenures less than 1 year.

The Fund's investment activities are managed by Assetline Capital (Private) Limited.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the period presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements are prepared in accordance with and comply with Sri Lanka Accounting Standards (SLFRSs and LKASs) issued by the Institute of Chartered Accountants of Sri Lanka and adopted as directed by the Securities and Exchange Commission of Sri Lanka.

The financial statements are prepared on the basis of fair value measurement of assets and

liabilities except where otherwise stated. The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within twelve months, except for net assets attributable to unitholders.

2.2 Compliance with Sri Lanka Financial Reporting Standards

These financial statements have been prepared in accordance with Sri Lanka Accounting Standards (SLFRSs and LKASs) which are effective from 01 January 2012.

2.3 Financial Instruments

The Fund's principal financial assets comprise loans and receivables and cash and cash equivalents. The main purpose of these financial instruments is to generate a return on the investment made by unitholders. The Fund's principal financial liabilities comprise accrued expenses and other payables which arise directly from its operations.

In accordance with LKAS 39; Financial Instruments: Recognition and Measurement, the Fund's Non-derivative financial assets with fixed or determinable payments and maturities and interest receivables are classified as 'loans and receivables'. The amount attributable to unitholders is classified as equity and is carried at the redemption amount being net asset value. Payables are designated as 'other financial liabilities' at amortised cost.

(a) Classification

The Fund's investments are classified as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments and fixed maturities that are not quoted on an active market. They comprise of repurchase agreements, fixed deposits, commercial paper, treasury bill and trust certificates and interest receivable.

Assetline Income Fund

Notes to the financial statements (Contd)

2. Summary of significant accounting policies (Contd)

2.3 Financial Instruments (Contd)

(b) Recognition / derecognition

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date).

Investments are derecognised when the right to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when the obligation specified in the contract is discharged or expired.

(c) Measurement

Loans and receivables

Loan assets are measured initially at fair value plus transaction costs and subsequently amortised using the effective interest rate method, less impairment losses if any. Such assets are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment.

If evidence of impairment exists, an impairment loss is recognised in profit or loss as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through profit or loss.

(d) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.4 Net assets attributable to unitholders

Unitholders' funds have been calculated as the difference between the carrying amounts

of the assets and the carrying amounts of the liabilities as at the statement of financial position date.

Units can be issued and redeemed based on the fund's net asset value per unit, calculated by dividing the net assets of the fund in accordance with the valuation guidelines issued by the Unit trust Association of Sri Lanka and approved by the Securities and Exchange Commission of Sri Lanka, by the number of units in issue.

Distribution to unitholders is recognised in the statement of changes in unitholders funds. Income not distributed is included in net assets attributable to unitholders.

2.5 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand and at bank and the bank overdraft. The Bank overdrafts are shown in the borrowings in the statement of financial position.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities.

2.6 Investment income

Interest income is recognised in profit or loss for all financial instruments that are not held at fair value through profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

Assetline Income Fund

Notes to the financial statements (Contd)

2. Summary of significant accounting policies (Contd)

2.7 Expenses

All expenses, including management fees and trustee fees, are recognised in profit or loss on accruals basis.

2.8 Income tax

The charge for taxation is based on the results for the period as adjusted for disallowable items. The current tax liabilities are provided for in accordance with the provisions of the Inland Revenue Act, No. 10 of 2006 and subsequent amendments thereto.

2.9 Distributions

In accordance with the trust deed, the Fund distributes income adjusted for amounts determined by the Assetline Capital (Private) Limited, to unitholders by cash or reinvestment. The distributions are recognised in statement of changes in unitholders' funds.

2.10 Receivables

Receivables may include amounts for interest and trust distributions. Trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment in accordance with the policy set out in note 2(6) above. Amounts are generally received within 30 days of being recorded as receivables.

Receivables are recognised and carried at amortised cost, less a provision for any uncollectable debts. An estimate for doubtful debt is made when collection of an amount is no longer probable.

Collectability of receivables are reviewed on an ongoing basis at an individual portfolio level. Individual debts that are known to be uncollectable are written off when identified. An impairment provision is recognised when there is objective evidence that the Fund will not be able to collect the receivable. Financial difficulties of the debtor, default payments are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

2.11 Payables

Payables include liabilities and accrued expenses owing by the Fund which are unpaid as at the end of the reporting period.

The distribution amount payable to unitholders as at the end of each reporting period is recognised separately in the statement of financial position when unitholders are presently entitled to the distributable income under the Trust Deed.

2.12 Subscriptions and redemptions

Subscriptions received for units in the Fund are recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund are recorded gross of any exit fees payable after the cancellation of units redeemed.

2.13 New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 March 2015 reporting period and have not been early adopted by the Fund.

Assetline Income Fund

Notes to the financial statements (Contd)

2. Summary of significant accounting policies (Contd)

2.13 New accounting standards and interpretations (Contd)

(i) SLFRS 9 'Financial Instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of SLFRS 9 was issued in July 2014. It replaces the guidance in LKAS 39 that relates to the classification and measurement of financial instruments. SLFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in LKAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under LKAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted.

3. Financial risk management

The Fund's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk.

The Fund's overall risk management programme focuses on ensuring compliance with the Fund's investment policy. It also seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's financial performance.

All securities investments present a risk of loss of capital. The maximum loss of capital on debt securities is limited to the fair value of those positions.

The management of these risks is carried out by the Management Company under policies approved by the Investment Advisory Panel of the responsible entity. The Management Company provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, the use of non-derivative financial instruments and the investment of excess liquidity.

The Fund uses different methods to measure different types of risk to which it is exposed. These methods are explained below.

3.1.1 Market risk

(a) Price risk

The Fund is not exposed to equity price risk since there are no investments in equity securities.

(b) Foreign exchange rate risk

The Fund is not exposed to the fluctuations in exchange rates. The Fund's all investments and transactions are denominated in LKR.

Assetline Income Fund

Notes to the financial statements (Contd)

3. Financial Risk (Contd)

3.1.1 Market risk (Contd)

(c) Cash flow and fair value interest rate risk

The Fund is exposed to cash flow interest rate risk on financial instruments with variable interest rates. Financial instruments with fixed rates expose the Fund to fair value interest rate risk.

The Fund's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The risk is measured using sensitivity analysis.

The Fund has direct exposure to interest rate changes on the valuation and cash flows of its interest bearing assets and liabilities. However, it may also be indirectly affected by the impact of interest rate changes on the earnings of certain companies in which the Fund invests and impact on the valuation of certain assets that use interest rates as an input in their valuation model. Therefore, the sensitivity analysis in Note 3.2 may not fully indicate the total effect on the Fund's net assets attributable to unitholders of future movements in interest rates.

The table below summarises the Fund's exposure to interest rate risks.

	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
Financial assets				
Cash and cash equivalents (Note 5)	Nil	Nil	920,093	920,093
Loans and receivables (Note 6)	Nil	3,650,470,649	Nil	3,650,470,649
Financial liabilities				
Trade and other payables	Nil	Nil	(8,015,448)	(8,015,448)
Net exposure	Nil	3,650,470,649	(7,095,355)	3,643,375,294

Assetline Income Fund

Notes to the financial statements (Contd)

3.2 Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit and net assets attributable to unitholders to interest rate risk. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates, historical correlation of the Fund's investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less

than anticipated due to a number of factors, including unusually large market movements resulting from changes in the performance of and / or correlation between the performances of the economies, markets and securities in which the Fund invests. As a result, historic variations in risk variables should not be used to predict future variations in the risk variables.

Impact on operating profit / net assets attributable to unitholders Interest rate risk

Change in interest rate of the loans and receivables

- +1%
- - 1%

28,811,027
(28,811,027)

3.3 Credit risk

The Fund is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The main concentration to which the Fund is exposed arises from the Fund's investments in debt securities. The Fund is also exposed to counterparty credit risk on cash and cash equivalents, other receivable balances.

In accordance with the Fund's policy, the Management Company monitors the Fund's credit position on a daily basis.

Assetline Income Fund

Notes to the financial statements (Contd)

3. Financial Risk (Contd)

3.3 Credit risk (Contd)

(a) Debt securities

The Fund invests in debt securities which have a minimum credit rating of BBB- as designated by reputed rating agencies. An analysis of debt by rating is set out in the table below.

Debt securities by rating category	2015
AAA	7%
A	10%
A-	44%
AA-	12%
BBB+	12%
BBB	12%
BBB-	3%
Total	100%

3.4 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund is exposed to daily cash redemptions of redeemable units. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed.

The Fund has the ability to borrow in the short term to ensure settlement. No such borrowings have arisen during the period.

In accordance with the Fund's policy, the Management Company monitors the Fund's liquidity position on a daily basis.

Assetline Income Fund

Notes to the financial statements (Contd)

4. Interest income from loans and receivables

For the period from
11 July 2014 to 31
March 2015

Interest income from loans and receivables:

Interest on repurchase agreements	20,593,469
Interest on fixed deposits	23,175,248
Interest on commercial paper	39,681,247
Interest on treasury bills	485,730
Interest on trust certificate	563,988
	84,499,682

5. Cash and cash equivalents

2015

Cash at bank	920,093
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6. Loans and receivables

2015

- Interest receivable from:

Repurchase agreements	845,781
Fixed deposits	6,195,765
Commercial paper	11,075,235
Treasury bills	375,380
Trust certificate	24,394

- Repurchase agreements [See Note (a) below]	626,092,001
- Fixed deposits [See Note (b) below]	792,366,968
- Commercial paper [See Note (c) below]	2,042,238,263
- Treasury bills [See Note (d) below]	49,273,200
- Trust certificate [See Note (e) below]	121,983,662

Total loans and receivables

3,650,470,649

(a) Loans and receivables: Repurchase agreements

	Maturity date	Cost	Market value	Interest rate
DFCC Vardhana Bank PLC	26-May-15	166,640,163	166,640,163	7.50%
DFCC Vardhana Bank PLC	16-Apr-15	20,000,000	20,000,000	7.25%
DFCC Vardhana Bank PLC	7-Apr-15	199,866,609	199,866,609	7.25%
DFCC Vardhana Bank PLC	6-Apr-15	26,470,016	26,470,016	7.25%
Nat Wealth Securities Limited	7-Apr-15	74,000,000	74,000,000	6.60%
Nat Wealth Securities Limited	2-Apr-15	32,141,314	32,141,314	6.75%
Pan Asia Banking Corporation PLC	1-Apr-15	100,000,000	100,000,000	6.45%
Entrust Securities PLC	2-Apr-15	6,973,899	6,973,899	6.60%
		626,092,001	626,092,001	

Assetline Income Fund

Notes to the financial statements (Contd)

6. Loans and receivables (Contd)

(b) Loans and receivables: Fixed deposit

	Maturity date	Cost	Market value	Interest rate
SANASA Development Bank PLC	2-Mar-16	207,500,000	207,500,000	9.00%
Mercantile Investments and Finance PLC	25-Sep-15	50,000,000	50,000,000	7.69%
Commercial Leasing & Finance PLC	26-Jun-15	200,000,000	200,000,000	8.10%
Commercial Leasing & Finance PLC	8-Jun-15	60,000,000	60,000,000	7.50%
Commercial Leasing & Finance PLC	21-May-15	8,015,000	8,015,000	7.60%
Commercial Leasing & Finance PLC	15-May-15	81,851,968	81,851,968	6.80%
Pan Asia Banking Corporation PLC	6-May-15	150,000,000	150,000,000	7.00%
LB Finance PLC	20-Apr-15	10,000,000	10,000,000	7.25%
LB Finance PLC	1-Apr-15	25,000,000	25,000,000	7.25%
		792,366,968	792,366,968	

(c) Loans and receivables: Commercial paper

	Maturity date	Cost	Market value	Interest rate
Assetline Leasing Company Limited	19-May-15	353,289,315	353,289,315	7.00%
DSI Holdings Limited	11-Jun-15	23,000,000	23,000,000	7.05%
DSI Holdings Limited	28-May-15	20,000,000	20,000,000	6.96%
DSI Holdings Limited	30-Jun-15	17,500,000	17,500,000	7.63%
Dunamis Capital PLC	21-May-15	100,000,000	100,000,000	6.96%
Dunamis Capital PLC	24-Aug-15	150,000,000	150,000,000	7.53%
First Capital Treasuries Limited	18-May-15	203,448,948	203,448,948	6.96%
First Capital Treasuries Limited	17-Jun-15	25,000,000	25,000,000	7.41%
First Capital Treasuries Limited	28-May-15	200,000,000	200,000,000	6.92%
Janashakthi Limited	7-May-15	150,000,000	150,000,000	7.05%
Lanka Orix Leasing Company Limited	29-Jun-15	250,000,000	250,000,000	7.28%
Lanka Orix Leasing Company Limited	30-Jun-15	200,000,000	200,000,000	7.28%
Softlogic Holdings PLC	11-Jun-15	100,000,000	100,000,000	8.40%
Softlogic Holdings PLC	12-Jun-15	50,000,000	50,000,000	8.40%
Softlogic Holdings PLC	12-Jun-15	200,000,000	200,000,000	8.40%
		2,042,238,263	2,042,238,263	

(d) Loans and receivables: Treasury bills

	Maturity date	Cost	Market value	Interest rate
Perpetual Treasuries Limited	15-May-15	49,273,200	49,624,950	6.56%
		49,273,200	49,624,950	

(e) Loans and receivables: Trust certificate

	Maturity date	Cost	Market value	Interest rate
Richard Pieris Arpico Finance Limited	26-Apr-15	10,520,789	10,520,789	6.57%
Richard Pieris Arpico Finance Limited	26-May-15	10,462,494	10,462,494	6.70%
Richard Pieris Arpico Finance Limited	26-Jun-15	10,401,831	10,401,831	6.78%
Richard Pieris Arpico Finance Limited	26-Jul-15	10,342,306	10,342,306	6.87%
Richard Pieris Arpico Finance Limited	26-Aug-15	10,278,353	10,278,353	7.00%
Richard Pieris Arpico Finance Limited	26-Sep-15	10,208,708	10,208,708	7.22%
Richard Pieris Arpico Finance Limited	26-Oct-15	10,145,850	10,145,850	7.30%
Richard Pieris Arpico Finance Limited	26-Nov-15	10,077,693	10,077,693	7.43%
Richard Pieris Arpico Finance Limited	26-Dec-15	10,004,125	10,004,125	7.65%
Richard Pieris Arpico Finance Limited	26-Jan-16	9,926,352	9,926,352	7.86%
Richard Pieris Arpico Finance Limited	26-Feb-16	9,846,470	9,846,470	8.08%
Richard Pieris Arpico Finance Limited	26-Mar-16	9,768,691	9,768,691	8.29%
		121,983,662	121,983,662	

Market value for Loans and receivables are based on the market rate prevailed in money market.

Assetline Income Fund

Notes to the financial statements (Contd)

7. Net assets attributable to unit holders

Movements in the number of units and net assets attributable to unitholders during the period were as follows:

	31st March 2015 Number	31st March 2015 LKR
Opening balance	Nil	Nil
Subscriptions	360,947,945	3,688,412,086
Redemptions	(10,116,049)	(104,091,988)
Increase in net assets attributable to unitholders	Nil	67,961,428
At 31 March 2015	350,831,896	3,652,281,526

As stipulated within the Trust deed, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

Capital risk management

The Fund considers its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unitholders.

Daily Subscriptions and redemptions are reviewed relative to the liquidity of the Fund's underlying assets on a daily basis by the Management Company. Under the terms of the Unit Trust Code, the responsible entity has the discretion to reject an application for units and to defer a redemption of units if the exercise of such discretion is in the best interests of unitholders.

8. Remuneration of auditors

During the period, the following fees were paid or payable for services provided by the auditor of the Fund:

	For the period from 11 July 2014 to 31 March 2015
Audit and other assurance services	
Audit of financial statements	140,000
Total remuneration for audit and other assurance services	140,000
Taxation services	
Tax compliance services	55,000
Total remuneration for taxation services	55,000

It is the Fund's policy to employ PricewaterhouseCoopers on assignments additional to their statutory duties where PricewaterhouseCoopers's expertise and experience with the Fund are important. These assignments are principally tax compliance services or where PricewaterhouseCoopers is awarded assignments on a competitive basis. It is the Fund's policy to seek competitive tenders for all major consulting projects.

9. Related-party transactions

a) Responsible entity

The responsible entity of Assetline Income Fund is Assetline Capital (Private) Limited.

Assetline Income Fund

Notes to the financial statements (Contd)

9. Related-party transactions (Contd)

b) Key management personnel

i) Directors

Key management personnel includes persons who were directors of Assetline Capital (Private) Limited at any time during the financial period.

- Mr. T.D. Molligoda (Chairman) (upto 2 March 2015)
- Mr. S.D.R.B. Ekanayake (Managing Director)
- Mr. W.S.K. De Silva
- Mr. D.M.R.K. Dissanayake

Mr. T.D. Molligoda resigned from the board on 2 March 2015.

ii) Other key management personnel

There were no other key management persons other than persons given in 10 (c) below with responsibility for planning, directing and controlling the activities of the fund, directly or indirectly during the financial period.

c) Key management personnel unitholdings

The key management personnel of Assetline Capital (Private) Limited held units in the Fund as follows:

31 March 2015

Unitholder	No of units held opening	No of units held closing	Fair value of investment	Dividend paid or payable by the fund
Mr. A.Y.D. De Silva	Nil	115,256	1,198,747	Nil
Mr. J.D. Kohombanwickramage	Nil	199	2,070	Nil

d) Key management personnel compensation

Key management personnel are paid by Assetline Capital (Private) Limited. Payments made from the Fund to Assetline Capital (Private) Limited do not include any amounts directly attributable to the compensation of key management personnel.

e) Other transactions within the Fund

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Fund during the financial period and there were no material contracts involving key management personnel's interest existing at period end.

f) Related party unitholding

The Management Company of the Fund did not hold any units in the Fund. DPMC Assetline Holdings (Private) Limited, the immediate parent company of the Management Company, David Pieris Motor Company Limited, the ultimate parent company of the Management Company and other related parties of the Management Company, held units in the Fund as follows:

31 March 2015

Unitholder	No of units held opening	No of units held closing	Fair value of investment	Dividend paid or payable by the fund
David Pieris Motor Company Limited	Nil	19,977,625	207,781,284	Nil
DPMC Assetline Holdings (Private) Limited	Nil	66,522,250	691,877,966	Nil
Other related parties:				
Assetline Corporate Services (Private) Limited	Nil	359,924	3,743,462	Nil
Assetline Insurance Brokers Limited	Nil	522,004	5,429,207	Nil
David Pieris Motor Company (Lanka) Limited	Nil	187,848,709	1,953,758,068	Nil
DP Global Ventures (Private) Limited	Nil	295,194	3,070,224	Nil

Assetline Income Fund

Notes to the financial statements (Contd)

9. Related-party transactions (Contd)

g) Transactions with and amounts due to related parties

The fees were charged by the Management Company and trustee for services provided during the period and the balances outstanding from such dues as at period end are as disclosed below:

	Charge for the period from 11 July 2014 31 March 2015	Balance outstanding 31 March 2015
Management fees	7,540,822	1,667,576
Trustee and custodian fees	3,119,803	595,698
	10,660,625	2,263,274

10. Contingent assets and liabilities and commitments

There were no material contingent liabilities at the statement of financial position date.

11. Events occurring after the reporting period

No significant events have occurred since the end of the reporting period which would impact on the financial position of the Fund disclosed in the statement of financial position as at 31 March 2015 or on the results and cash flows of the Fund for the period ended on that date.

Fund Report of Assetline Gilt Edged Fund

Fund Performance – Assetline Gilt Edged Fund (AGEF)

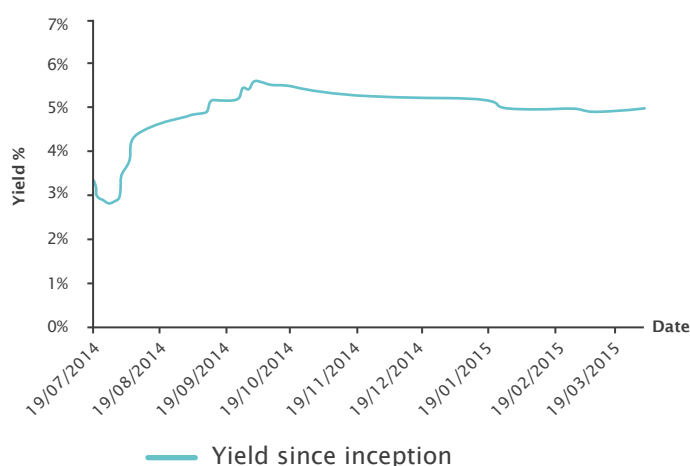
The assets under management of the fund, from its launch on 11th July 2014, have grown to Rs.190.6 million as at 31st March 2015 and the number of unit holders as at that date amounted to 61. The annualized return of the fund from its inception and for the last 30 days stood at 4.98% and 5.03% respectively for the period ending 31st March 2015.

Since the inception of the fund the Treasury Bill and Bond rates were flat until the beginning of 2015. Hence, investments of the fund were on short term

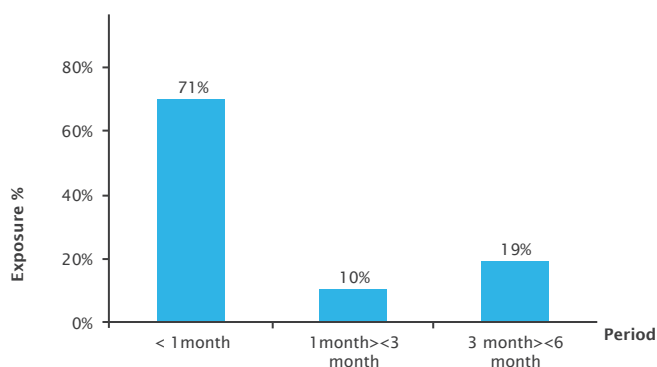
positions. Thus the fund was able to capitalize on the temporary marginal increase of the Treasury Bill and Bond rates. However, with subsequent rate corrections, the maintenance of yield was threatened once more.

It is believed that the prevailing low level of interest rates would gradually increase by the year end 2015 with the increase in the private sector credit growth. ACPL plans to increase the tenure of its investments gradually with increase of interest rates.

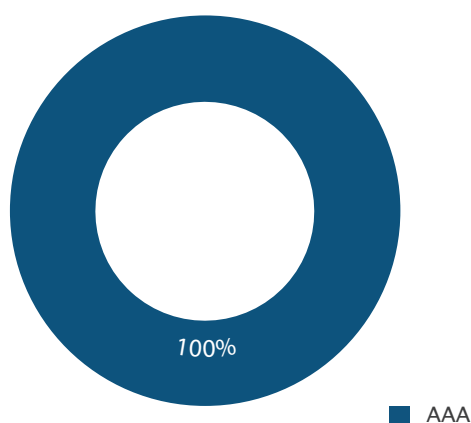
Yield Movement



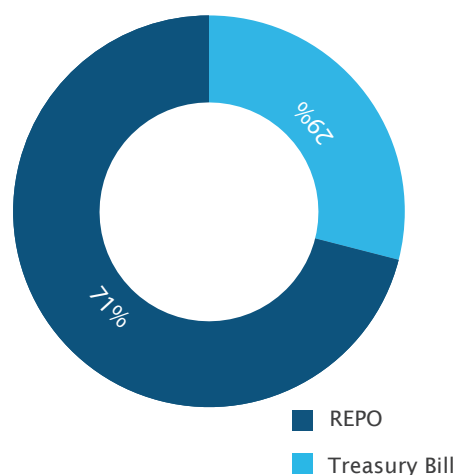
Maturity Profile



Credit Profile



Fixed Income Instrument-wise Breakdown





Independent Auditors' Report

To the Unitholders of Assetline Gilt Edged Fund

Report on the Financial Statements

1 We have audited the accompanying financial statements of Assetline Gilt Edged Fund, which comprise the statement of financial position as at 31 March 2015, and the statement of comprehensive income, changes in unitholders' funds and cash flows for the period from 11 July 2014 to 31 March 2015, and a summary of significant accounting policies and other explanatory information as set out in pages 31 to 47.

Management's Responsibility for the Financial Statements

2 Management of Assetline Capital (Private) Limited, the Managers of the Fund, is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards (SLFRS's and LKAS's), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Scope of Audit and Basis of Opinion

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

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

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

Opinion

6 In our opinion the financial statements give a true and fair view of the financial position of Assetline Gilt Edged Fund as at 31 March 2015, and its financial performance and its cash flows for the period from 11 July 2014 to 31 March 2015 in accordance with Sri Lanka Accounting Standards (SLFRS's and LKAS's).

Report on Other Legal and Regulatory Requirements

7 These financial statements also comply with the requirements of Sections 151 of the Companies Act, No. 07 of 2007, the Unit Trust Deed and the Unit Trust Code of the Securities and Exchange Commission of Sri Lanka.

15 June 2015
COLOMBO


PricewaterhouseCoopers
CHARTERED ACCOUNTANTS

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S. Gajendran FCA, Ms. S. Hadgie FCA, Ms. S. Perera ACA, T.U. Jayasinghe ACA

PricewaterhouseCoopers is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.

Assetline Gilt Edged Fund

Statement of comprehensive income

(all amounts in Sri Lanka Rupees)

	Notes	For the period from 11 July 2014 to 31 March 2015
Income		
Interest income from financial assets not held at fair value through profit or loss	5	6,003,987
Net gains on financial assets held at fair value through profit or loss	6	1,872,770
Total net investment income		7,876,757
Expenses		
Management fee	12 (g)	(585,844)
Trustee and custodian fee	12 (g)	(477,382)
Audit Fees		(155,401)
Other operating expenses		(121,195)
Total operating expenses		(1,339,822)
Net operating profit		6,536,935
Finance cost		
Interest expenses		Nil
Profit after deductions and before tax		6,536,935
Income tax expense		(656,776)
Increase in net assets attributable to unitholders	10	5,880,159

Notes on pages 35 to 47 form an integral part of these financial statements
Report of the independent auditors' on page 30

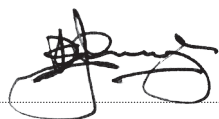
Assetline Gilt Edged Fund

Statement of financial position

(all amounts in Sri Lanka Rupees)

	Notes	As at 31 March 2015
ASSETS		
Current assets		
Cash and cash equivalents	7	81,104
Loans and receivables	8	135,131,022
Financial assets held at fair value through profit or loss	9	55,678,455
Income tax receivables		148,895
Total assets		191,039,476
LIABILITIES		
Current liabilities		
Accrued expenses and other payables		296,862
Liabilities (excluding net assets attributable to unitholders)		296,862
UNITHOLDERS' FUNDS		
Net assets attributable to unitholders	10	190,742,614
Total unitholders' funds and liabilities		191,039,476

These Financial Statements were approved by the Management Company and adopted by the Trustee.



Director
Management Company



Director
Management Company



Trustee

15 June 2015

Notes on pages 35 to 47 form an integral part of these financial statements
Report of the independent auditors' on page 30

Assetline Gilt Edged Fund

Statement of changes in unitholders' funds (all amounts in Sri Lanka Rupees)

	Notes	For the period from 11 July 2014 to 31 March 2015
Unitholders' funds at beginning of the period		Nil
Increase in net assets attributable to unitholders		5,880,159
Received on unit creations		185,262,500
Distributions to unitholders		Nil
Paid on unit redemptions		(400,045)
Unitholders' funds at end of the period	10	190,742,614

Notes on pages 35 to 47 form an integral part of these financial statements

Report of the independent auditors' on page 30

Assetline Gilt Edged Fund

Statement of cash flows

(all amounts in Sri Lanka Rupees)

	Notes	For the period from 11 July 2014 to 31 March 2015
Cash flows from operating activities		
Purchase of financial assets at fair value through profit or loss		(55,709,280)
Proceeds from sale of loans and receivables		3,214,132,174
Purchase of loans and receivables		(3,347,328,101)
Interest received		5,166,816
Management fees paid		(505,096)
Other expenses paid		(537,864)
Net cash outflow from operating activities		(184,781,351)
Cash flows from financing activities		
Proceeds from subscription by unitholders	10	185,262,500
Payment for redemption by unitholders	10	(400,045)
Net cash from financing activities		184,862,455
Net increase in cash and cash equivalents		81,104
Cash and cash equivalents at beginning of the period		Nil
Net increase in cash and cash equivalents		81,104
Cash and cash equivalents at end of the period	7	81,104

Notes on pages 35 to 47 form an integral part of these financial statements

Report of the independent auditors' on page 30

Assetline Gilt Edged Fund

Notes to the financial statements

(All amounts in notes are shown in Sri Lanka Rupees unless otherwise stated)

1. General information

Under Section 31 of the Securities and Exchange Commission of Sri Lanka, Act No.36 of 1987 as amended by the Act No. 26 of 1991 and the Act No. 18 of 2003, the Securities and Exchange Commission of Sri Lanka granted a license to operate the Assetline Gilt Edged Fund ('the Fund') to Assetline Capital (Private) Limited (the 'Management Company') on 17 June 2014. The Fund commenced its commercial operations on 11 July 2014. The registered office of the Management Company is located at No 75, Hyde Park Corner, Colombo 2.

The objective of the Fund is to provide a secure investment vehicle, with a steady growth, that caters to the different investment horizons of the unit holders. The Fund aims to achieve this objective by investing in government securities minimizing the risk to the unit holder.

The Fund's investment activities are managed by Assetline Capital (Private) Limited.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the period presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements are prepared in accordance with and comply with Sri Lanka Accounting Standards (SLFRSs and LKASs) issued by the Institute of Chartered Accountants of Sri Lanka and adopted as directed by the Securities and Exchange Commission of Sri Lanka.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets and net assets attributable to unitholders.

2.2 Compliance with Sri Lanka Financial Reporting Standards

These financial statements have been prepared in accordance with Sri Lanka Accounting Standards (SLFRSs and LKASs) which are effective from 01 January 2012.

2.3 Financial Instruments

The Fund's principal financial assets comprise assets held at fair value through profit and loss, loans and receivables and cash and cash equivalents. The main purpose of these financial instruments is to generate a return on the investment made by unitholders. The Fund's principal financial liabilities comprise accrued expenses and other payables which arise directly from its operations.

In accordance with LKAS 39; Financial Instruments: Recognition and Measurement, the Fund's investments in repurchase agreements and interest receivables are classified as 'loans and receivables'. Treasury bills / bonds are classified as fair value through profit and loss. The amount attributable to unitholders is classified as equity and is carried at the redemption amount being net asset value. Payables are designated as 'other financial liabilities' at amortised cost.

Assetline Gilt Edged Fund

Notes to the financial statements (Contd)

2. Summary of significant accounting policies (Contd)

2.3 Financial Instruments (Contd)

(a) Classification

The Fund's investments are classified as fair value through profit or loss and loans and receivables. They comprise:

- Financial assets designated at fair value through profit or loss upon initial recognition.

These include financial assets that are not held for trading purposes and which may be sold. These are investments in treasury bills, treasury bonds and any other government or central bank securities or securities guaranteed by the government of Sri Lanka.

Financial assets designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the responsible entity to evaluate the information about these financial instruments on a fair value basis together with other related financial information.

- Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments and fixed maturities that are not quoted on an active market. Loans and receivables in the statement of financial position comprise of repurchase agreements.

(b) Recognition / derecognition

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade

date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

Financial liabilities at fair value through profit or loss are derecognised when the obligation specified in the contract is discharged or expired.

(c) Measurement

Financial assets and liabilities held at fair value through profit or loss

At initial recognition, the Fund measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of comprehensive income.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income within net gains / (losses) on financial instruments held at fair value through profit or loss in the period in which they arise.

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

Assetline Gilt Edged Fund

Notes to the financial statements (Contd)

2. Summary of significant accounting policies (Contd)

2.3 Financial Instruments (Contd)

(c) Measurement (Contd)

The fair value of financial assets and liabilities that are not traded in an active market are determined using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

Further details on how the fair values of financial instruments are determined are disclosed in Note 4.

Loans and receivables

Loan assets are measured initially at fair value plus transaction costs and subsequently amortised using the effective interest rate method, less impairment losses if any. Such assets are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment.

If evidence of impairment exists, an impairment loss is recognised in profit or loss as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through profit or loss.

(d) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.4 Net assets attributable to unitholders

Unitholders' funds have been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the liabilities, other than those due to unitholders, as at the statement of financial position date.

Units can be issued and redeemed based on the fund's net asset value per unit, calculated by dividing the net assets of the fund in accordance with the valuation guidelines issued by the Unit trust Association of Sri Lanka and approved by the Securities and Exchange Commission of Sri Lanka, by the number of units in issue.

Distribution to unit holders is recognised in the statement of changes in unitholders' funds. Income not distributed is included in net assets attributable to unitholders.

2.5 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, at bank and bank overdrafts. Bank overdrafts are shown within borrowings in the statement of financial position.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities.

2.6 Investment income

Interest income is recognised in profit or loss for all financial instruments that are not held at fair value through profit or loss using the effective interest method. Other changes in fair value for such instruments are recorded in accordance with the policies described in Note 2.3.

Assetline Gilt Edged Fund

Notes to the financial statements (Contd)

2. Summary of significant accounting policies (Contd)

2.6 Investment income (Contd)

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

2.7 Expenses

All expenses, including management fees and trustee fees, are recognised in profit or loss on accruals basis.

2.8 Income tax

The charge for taxation is based on the results for the period as adjusted for disallowable items. The current tax liabilities is provided for in accordance with the provisions of the Inland Revenue Act, No. 10 of 2006 and subsequent amendments thereto.

2.9 Distributions

In accordance with the trust deed, the Fund distributes income adjusted for amounts determined by the Assetline Capital (Private) Limited, to unitholders by cash or reinvestment. The distributions are recognised in statement of changes in unitholders' funds.

2.10 Receivables

Receivables may include amounts for interest from government securities. Interest is accrued at the end of each reporting period from the time of last payment in accordance with the policy set out in note 2.6 above.

Receivables are recognised and carried

at amortized cost, less a provision for any uncollectable debts. An estimate for doubtful debt is made when collection of an amount is no longer probable.

Collectability of receivables is reviewed on an ongoing basis at an individual portfolio level, individual debts that are known to be uncollectable are written off when identified. An impairment provision is recognised when there is objective evidence that the Fund will not be able to collect the receivable. Financial difficulties of the debtor, default payments are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

2.11 Payables

Payables include liabilities and accrued expenses owing by the Fund which are unpaid as at the end of the reporting period.

The distribution amount payable to unitholders as at the end of each reporting period is recognised separately in the statement of financial position when unitholders are presently entitled to the distributable income under the Trust Deed.

2.12 Subscriptions and redemptions

Subscriptions received for units in the Fund are recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund are recorded gross of any exit fees payable after the cancellation of units redeemed.

2.13 Use of estimates

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For more information on how fair value is calculated please see Note 4 to the financial statements.

Assetline Gilt Edged Fund

Notes to the financial statements (Contd)

2. Summary of significant accounting policies (Contd)

2.14 New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 March 2015 reporting period and have not been early adopted by the Fund.

(i) SLFRS 9 'Financial Instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of SLFRS 9 was issued in July 2014. It replaces the guidance in LKAS 39 that relates to the classification and measurement of financial instruments. SLFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in LKAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under LKAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted.

3 Financial risk management

The Fund's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk.

The Fund's overall risk management programme focuses on ensuring compliance with the Fund's investment policy. It also seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's financial performance.

All securities investments present a risk of loss of capital. The maximum loss of capital on debt securities is limited to the fair value of those positions.

The management of these risks is carried out by the Management Company under policies approved by investment advisory panel of the responsible entity. It provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, the use of non-derivative financial instruments and the investment of excess liquidity.

The Fund uses different methods to measure different types of risk to which it is exposed. These methods are explained below.

Assetline Gilt Edged Fund

Notes to the financial statements (Contd)

3. Financial risk management (Contd)

3.1. Market risk

(a) Price risk

The Fund is not exposed to equity price risk since there are no investments in equity securities.

(b) Cash flow and fair value interest rate risk

The Fund is exposed to cash flow interest rate risk on financial instruments with variable interest rates. Financial instruments with fixed rates expose the Fund to fair value interest rate risk.

The Fund's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The risk is measured using sensitivity analysis.

The Fund has direct exposure to interest rate changes on the valuation and cash flows of its interest bearing assets and liabilities. However, it may also be indirectly affected by the impact of interest rate changes on the earnings of certain companies in which the Fund invests and impact on the valuation of certain assets that use interest rates as an input in their valuation model. Therefore, the sensitivity analysis in Note 3.2 may not fully indicate the total effect on the Fund's net assets attributable to unitholders of future movements in interest rates.

The table below summarises the Fund's exposure to interest rate risks.

31 March 2015	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
Financial assets				
Cash and cash equivalents (Note 7)	Nil	Nil	81,104	81,104
Loans and receivables (Note 8)	Nil	133,195,927	Nil	133,195,927
Financial assets held at fair value - through profit and loss (Note 9)	Nil	55,678,455	Nil	55,678,455
Financial liabilities				
Trade and other payables	Nil	Nil	296,862	296,862
Net exposure	Nil	188,874,382	377,966	189,252,348

Assetline Gilt Edged Fund

Notes to the financial statements (Contd)

3.2 Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit and net assets attributable to unitholders to interest rate risk and other price risk. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates and historical correlation of the Fund's investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may

be greater or less than anticipated due to a number of factors, including unusually large market movements resulting from changes in the performance of and / or correlation between the performances of the economies, markets and securities in which the Fund invests. As a result, historic variations in risk variables should not be used to predict future variations in the risk variables.

Impact on operating profit / net assets attributable to unitholders Interest rate risk

Change in interest rate of the Fund's investment

- +1%
- - 1%

1,769,589
(1,769,589)

3.3 Credit risk

The Fund is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The main concentration to which the Fund is exposed arises from the Fund's investments in debt securities. The Fund is also exposed to counterparty credit risk on cash and cash equivalents, other receivable balances.

Assetline Gilt Edged Fund

Notes to the financial statements (Contd)

3. Financial risk management (Contd)

3.3 Credit risk (Contd)

In accordance with the Fund's policy, the Investment Manager monitors the Fund's credit position on a daily basis; the Board of Directors reviews it on a quarterly basis.

(a) Debt securities

The Fund invests in debt securities which have a minimum credit rating of BBB- as designated by reputed rating agencies. An analysis of debt by rating is set out in the table below.

Debt securities by rating category	2015
AAA	100%

3.4 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund is exposed to daily cash redemptions of redeemable units. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed.

The Fund has the ability to borrow in the short term to ensure settlement. No such borrowings have arisen during the period.

In accordance with the Fund's policy, the Management Company monitors the Fund's liquidity position on a daily basis.

4. Fair value measurement

The Fund measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Financial assets / liabilities at fair value through profit or loss (FVTPL) (See Note 9)

The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

SLFRS 13 requires disclosure of fair value measurements by level of the following fair value hierarchy;

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

(i) Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

The Fund values its investments in accordance with the accounting policies set out in note 2 to the financial statements. For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

The quoted market price used for financial assets held by the Fund is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Assetline Gilt Edged Fund

Notes to the financial statements (Contd)

4. Fair value measurement

(ii) Fair value in an inactive or unquoted market (level 2 and level 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Recognised fair value measurements

The following table presents the Fund's assets and liabilities measured and recognised at fair value as at 31 March 2015.

At 31 March 2015	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets designated at fair value through profit or loss:				
Treasury bills	55,678,455	Nil	Nil	55,678,455
Total	55,678,455	Nil	Nil	55,678,455

Assetline Gilt Edged Fund

Notes to the financial statements (Contd)

5. Interest income from financial assets not held at fair value through profit or loss

**For the period from
11 July 2014 to 31
March 2015**

Interest income from loans and receivables:

Interest on repurchase agreements

6,003,987

6. Net gains on financial assets held at fair value through profit or loss

Net gains recognised in relation to financial assets held at fair value through profit or loss:

**For the period from
11 July 2014 to 31
March 2015**

Net gains on financial assets designated as at fair value through profit or loss

1,872,770

Net realised gains on financial assets at fair value through profit and loss

1,903,595

[See Note (a) below]

Net unrealised losses on financial assets at fair value through profit or loss

(30,825)

1,872,770

a) Net realised gains on financial assets at fair value through profit and loss wholly consist of interest on treasury bills.

7. Cash and cash equivalents

31 March 2015

Cash at bank

78,104

Cash in hand

3,000

81,104

8. Loans and receivables

31 March 2015

Interest receivable from:

Repurchase agreements

232,872

Treasury bills

1,702,223

Repurchase agreements [See Note (a) below]

133,195,927

135,131,022

(a) Loans and receivables: Repurchase agreements

	Maturity date	Cost	Market value	Interest rate
Entrust Securities PLC	6-Apr-15	23,361,466	23,361,466	6.85%
Entrust Securities PLC	7-Apr-15	109,834,461	109,834,461	6.80%
		133,195,927	133,195,927	

Market value for loans and receivables are based on the market rate prevailed in money market.

Assetline Gilt Edged Fund

Notes to the financial statements (Contd)

9. Financial assets held at fair value through profit or loss

31 March 2015

Designated at fair value through profit or loss:

Treasury bills	55,678,455
Total designated at fair value through profit or loss	55,678,455

(a) Investment in treasury bills

ISIN Code	Maturity date	Cost	Market value	Interest rate
LKA36415G037	3-Jul-15	36,000,000	35,975,335	6.55%
LKA09115E155	15-May-15	19,709,280	19,703,120	6.56%
		55,709,280	55,678,455	

10. Net assets attributable to unit holders

Movements in the number of units and net assets attributable to unitholders during the period were as follows:

	31 March 2015 Number	31 March 2015 LKR
Opening balance	Nil	Nil
Subscriptions	18,456,026	185,262,500
Redemptions	(39,751)	(400,045)
Increase in net assets attributable to unitholders	Nil	5,880,159
Closing balance	18,416,275	190,742,614

As stipulated within the Trust Deed, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

Capital risk management

The Fund considers its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unitholders.

Daily subscriptions and redemptions are reviewed relative to the liquidity of the Fund's underlying assets on a daily basis by the Management Company. Under the terms of the Unit Trust Code, the responsible entity has the discretion to reject an subscription for units and to defer a redemption of units if the exercise of such discretion is in the best interests of unitholders.

11. Remuneration of auditors

During the period, the following fees were paid or payable for services provided by the auditor of the Fund:

For the period from
11 July 2014 to 31
March 2015

Audit and other assurance services	
Audit of financial statements	140,000
Total remuneration for audit and other assurance services	140,000
Taxation services	
Tax compliance services	55,000
Total remuneration for taxation services	55,000

Assetline Gilt Edged Fund

Notes to the financial statements (Contd)

11. Remuneration of auditors (Contd)

It is the Fund's policy to employ PricewaterhouseCoopers on assignments additional to their statutory duties where PricewaterhouseCoopers's expertise and experience with the Fund are important. These assignments are principally tax compliance services or where PricewaterhouseCoopers is awarded assignments on a competitive basis. It is the Fund's policy to seek competitive tenders for all major consulting projects.

12. Related-party transactions

a) *Responsible entity*

The responsible entity of Assetline Gilt Edged Fund is Assetline Capital (Private) Limited.

b) *Key management personnel*

i) *Directors*

Key management personnel includes persons who were directors of Assetline Capital (Private) Limited at any time during the financial period.

- Mr. T.D. Molligoda (Chairman) (Upto 2 March 2015)
- Mr. S.D.R.B. Ekanayake (Managing Director)
- Mr. W.S.K. De Silva
- Mr. D.M.R.K. Dissanayake

Mr T.D. Molligoda resigned from the Board on 2 March 2015.

ii) *Other key management personnel*

There were no other key management persons other than persons given in (c) below with responsibility for planning, directing and controlling the activities of the fund, directly or indirectly during the financial period.

c) *Key management personnel unitholdings*

The key management personnel of Assetline Capital (Private) Limited held units in the Fund as follows:

31 March 2015

Unitholder	No of units held opening	No of units held closing	Fair value of investment	Dividend paid or payable by the fund
Mr. S. D. R. B. Ekanayake	Nil	291	3,007	Nil
Mr. A. Y. D. De Silva	Nil	9,861	102,053	Nil
Mr. J. D. Kohombanwickramage	Nil	98	1,019	Nil

d) *Key management personnel compensation*

Key management personnel are paid by Assetline Capital (Private) Limited. Payments made from the Fund to Assetline Capital (Private) Limited do not include any amounts directly attributable to the compensation of key management personnel.

e) *Other transactions within the Fund*

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Fund during the financial year and there were no material contracts involving key management personnel's interest existing at period end.

Assetline Gilt Edged Fund

Notes to the financial statements (Contd)

12. Related-party transactions (Contd)

f) *Related party unitholding*

The Management Company of the Fund did not hold any units in the Fund. DPMC Assetline Holdings (Private) Limited, the immediate parent company of Management Company, David Pieris Motor Company Limited, the ultimate parent company of the Management Company and other related parties of the Management Company, held units in the Fund as follows:

31 March 2015

Unitholder	No of units held opening	No of units held closing	Fair value of investment	Dividend paid or payable by the fund
David Pieris Motor Company Limited	Nil	11,979,044	123,975,918	Nil
DPMC Assetline Holdings (Pvt.) Ltd.	Nil	1,962,651	20,312,258	Nil
Other related parties:				
DP Global Ventures (Private) Limited	Nil	295,459	3,057,823	Nil

g) *Transactions with and amounts due to related parties*

The fees were charged by the Management Company and trustee for services provided during the year and the balances outstanding from such dues as at period end are as disclosed below:

	Charge for the period from 11 July 2014 31 March 2015	Balance outstanding 31 March 2015
Management fees	585,844	80,748
Trustee and custodian fees	477,382	54,549
	1,063,226	135,297

13. Contingent assets and liabilities and commitments

There were no material contingent liabilities at the statement of financial position date.

14. Events occurring after the reporting period

No significant events have occurred since the end of the reporting period which would impact on the financial position of the Fund disclosed in the statement of financial position as at 31 March 2015 or on the results and cash flows of the Fund for the period ended on that date.

Fund Report of Assetline Income Plus Growth Fund (AIPG)

Fund Performance – Assetline Income Plus Growth Fund (AIPG)

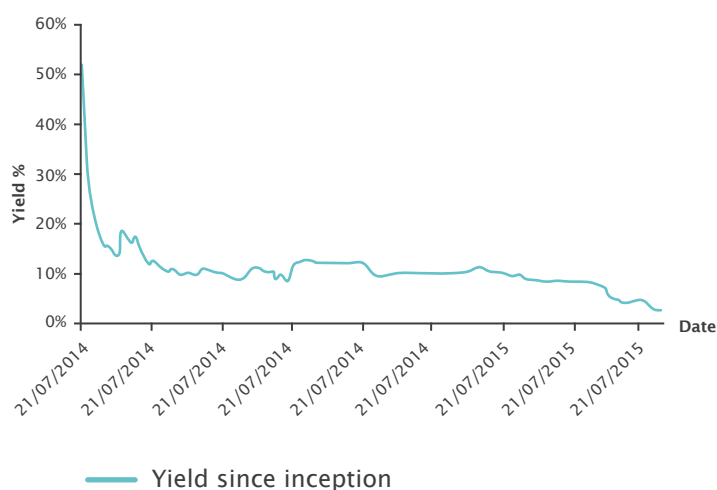
The assets under management of the fund, from its launch on 11th July 2014, have grown to Rs.174.93 million as at 31st March 2015 and the number of unit holders as at that date amounted to 222. The annualized return of the fund from its inception and for the last 30 days stood at 2.77% and -33.88% respectively for the period ending 31st March 2015.

The low returns of the fund are due to the adverse conditions witnessed in equity and debt market during March 2015. The ASI ended the year at 6,820.3 which was only slightly higher than the year to date lowest

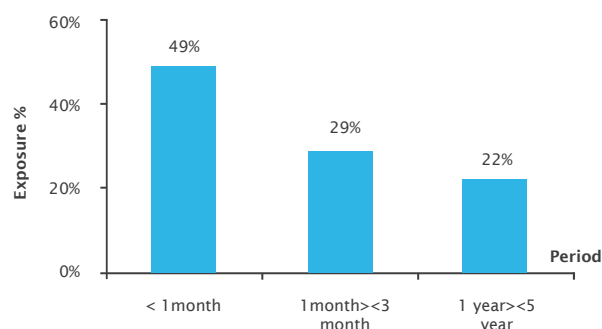
of 6,782.43 which was witnessed on the previous trading day. Further the interest rates increased during March 2015, adversely impacting the long term debt investments in the portfolio. However, since then interest rates have reduced thereby improving the return of the fund.

With the expectation of medium term interest rate pick-up, most funds allocated for fixed income would be invested in short positions and would be converted to equity when prices are attractive for stable corporates' which are backed by stable earnings.

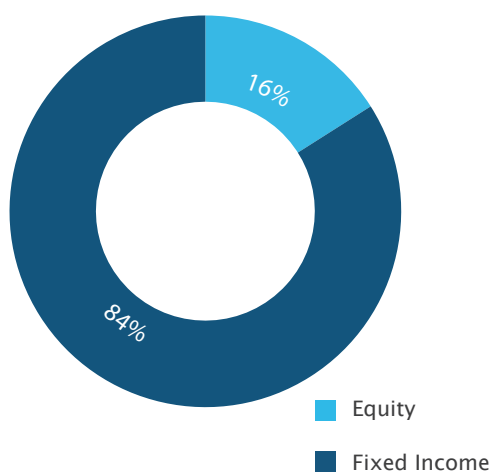
Yield Movement



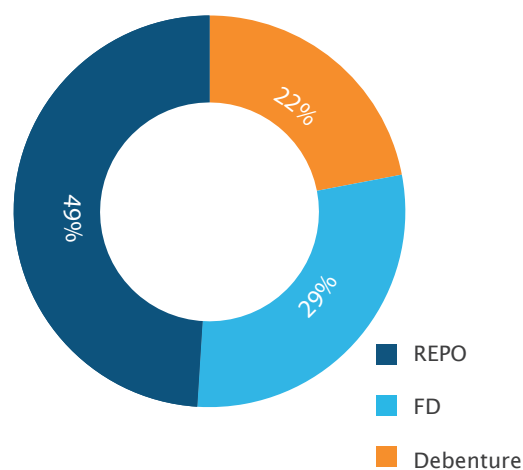
Maturity Profile



Investment Breakdown



Fixed Income Instrument-wise Breakdown





Independent Auditors' Report

To the Unitholders of Assetline Income Plus Growth Fund

Report on the Financial Statements

1 We have audited the accompanying financial statements of Assetline Income Plus Growth Fund, which comprise the statement of financial position as at 31 March 2015, and the statement of comprehensive income, changes in unitholders' funds and of cash flows for the period from 11 July 2014 to 31 March 2015, and a summary of significant accounting policies and other explanatory information as set out in pages 51 to 69.

Management's Responsibility for the Financial Statements

2 Management of Assetline Capital (Private) Limited, the Managers of the Fund, is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards (SLFRS's and LKAS's), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Scope of Audit and Basis of Opinion

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

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

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

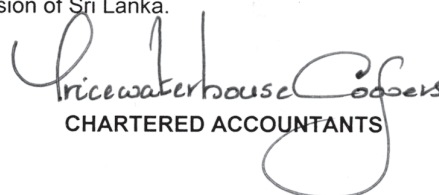
Opinion

4 In our opinion, the financial statements give a true and fair view of the financial position of Assetline Income Plus Growth Fund's as at 31 March 2015, and its financial performance and its cash flows for the period from 11 July 2014 to 31 March 2015 in accordance with Sri Lanka Accounting Standards (SLFRS's and LKAS's).

Report on Other Legal and Regulatory Requirements

5 These financial statements also comply with the requirements of Sections 151 of the Companies Act, No. 07 of 2007, the Unit Trust Deed and the Unit Trust Code of the Securities and Exchange Commission of Sri Lanka.

15 June 2015
COLOMBO


PricewaterhouseCoopers
CHARTERED ACCOUNTANTS

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S. Gajendran FCA, Ms. S. Hadgie FCA, Ms. S. Perera ACA, T.U. Jayasinghe ACA

PricewaterhouseCoopers is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.

Assetline Income Plus Growth Fund

Statement of comprehensive income

(all amounts in Sri Lanka Rupees)

	Notes	For the period from 11 July 2014 to 31 March 2015
Income		
Interest income from financial assets not held at fair value through profit or loss	5	5,754,486
Dividend income		113,486
Net gains on financial assets held at fair value through profit or loss	6	(614,066)
Total net investment income		5,253,906
Expenses		
Management fee	12 (g)	(1,676,042)
Trustee & custodian fee	12 (g)	(516,362)
Audit fee		(155,401)
Professional fee		(104,720)
Other operating expenses		(857,635)
Total operating expenses		(3,310,160)
Operating profit		1,943,746
Finance cost		
Interest expenses		Nil
Profit after deductions and before tax		1,943,746
Income tax expense		(327,344)
Increase in net assets attributable to unitholders	10	1,616,402

Notes on pages 55 to 69 form an integral part of these financial statements
Report of the independent auditors' on page 50

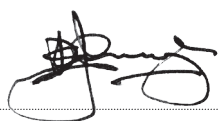
Assetline Income Plus Growth Fund

Statement of financial position

(all amounts in Sri Lanka Rupees)

	Notes	As at 31 March 2015
ASSETS		
Current assets		
Cash and cash equivalents	7	632,579
Loans and receivables	8	118,204,779
Financial assets held at fair value through profit or loss	9	56,542,749
Income tax receivables		247,852
Total assets		175,627,959
LIABILITIES		
Current liabilities		
Accrued expenses and other payables		454,365
Liabilities (excluding net assets attributable to unitholders)		454,365
UNITHOLDERS' FUNDS		
Net assets attributable to unitholders	10	175,173,594
Total unitholders' fund and liabilities		175,627,959

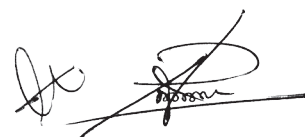
These Financial Statements were approved by the Management Company, and adopted by the Trustee.



Director
Management Company



Director
Management Company



Trustee

15 June 2015

Notes on pages 55 to 69 form an integral part of these financial statements
Report of the independent auditors' on page 50

Assetline Income Plus Growth Fund

Statement of changes in unitholders' funds

(all amounts in Sri Lanka Rupees)

	Notes	For the period from 11 July 2014 to 31 March 2015
Unitholders' funds at beginning of the period		Nil
Increase in net assets attributable to unitholders		1,616,402
Received on unit creations		173,590,881
Distribution to unit holders		Nil
Paid on unit redemptions		(33,689)
Unitholders' funds at end of the period	10	175,173,594

Notes on pages 55 to 69 form an integral part of these financial statements
Report of the independent auditors' on page 50

Assetline Income Plus Growth Fund

Statement of cash flows

(all amounts in Sri Lanka Rupees)

	Notes	For the period from 11 July 2014 to 31 March 2015
Cash flows from operating activities		
Proceeds from sale of financial instruments held at fair value through profit or loss		24,583,111
Purchase of financial assets at fair value through profit or loss		(83,716,062)
Proceeds from sale of loans and receivables		3,306,083,664
Purchase of loans and receivables		(3,422,609,301)
Dividend received		110,986
Interest received		4,649,674
Management fees paid		(1,451,586)
Other expenses paid		(575,099)
Net cash outflow from operation activities		(172,924,613)
Cash flows from financing activities		
Proceeds from subscription by unitholders	10	173,590,881
Payments for redemptions by unitholders	10	(33,689)
Net cash inflow from financing activities		173,557,192
Net increase in cash and cash equivalents		632,579
Cash and cash equivalents at beginning of the period		Nil
Net increase in cash and cash equivalents		632,579
Cash and cash equivalents at end of the period	7	632,579

Notes on pages 55 to 69 form an integral part of these financial statements

Report of the independent auditors' on page 50

Assetline Income Plus Growth Fund

Notes to the financial statements

(All amounts in notes are shown in Sri Lanka Rupees unless otherwise stated)

1. General information

Under Section 31 of the Securities and Exchange Commission of Sri Lanka, Act No.36 of 1987 as amended by the Act No. 26 of 1991 and the Act No. 18 of 2003, the Securities and Exchange Commission of Sri Lanka granted a license to operate the Assetline Income Plus Growth Fund ('the Fund') to Assetline Capital (Private) Limited (the 'Management Company') on 17 June 2014. The Fund commenced its commercial operations on 11 July 2014. The registered office of the Management Company is located at No 75, Hyde Park Corner, Colombo 2.

The objective of the Fund is to maximise the total return of the Fund by carefully investing in listed equity securities and fixed income securities without a limitation on the time to maturity. This Fund by nature would be ideal for investors with a high risk profile and medium-longer time horizon.

The Fund's investment activities are managed by Assetline Capital (Private) Limited.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the period presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements are prepared in accordance with and comply with Sri Lanka Accounting Standards (SLFRSs and LKASs) issued by the Institute of Chartered Accountants of Sri Lanka and adopted as directed by the Securities and Exchange Commission of Sri Lanka.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are

presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets and net assets attributable to unitholders.

2.2 Compliance with Sri Lanka Financial Reporting Standards

These financial statements have been prepared in accordance with Sri Lanka Accounting Standards (SLFRSs and LKASs) which are effective from 01 January 2012.

2.3 Financial Instruments

The Fund's principal financial assets comprise assets held at fair value through profit and loss, loans and receivables and cash and cash equivalents. The main purpose of these financial instruments is to generate a return on the investment made by unitholders. The Fund's principal financial liabilities comprise accrued expenses and other payables which arise directly from its operations.

In accordance with LKAS 39; Financial Instruments: Recognition and Measurement, the Fund's investments in repurchase agreements and interest receivables are classified as 'loans and receivables'. Treasury bills / bonds are classified as fair value through profit and loss. The amount attributable to unitholders is classified as equity and is carried at the redemption amount being net asset value. Payables are designated as 'other financial liabilities' at amortised cost.

(a) Classification

The Fund's investments are classified as fair value through profit or loss and loans and receivables. They comprise:

- Financial instruments held for trading

Assetline Income Plus Growth Fund

Notes to the financial statements (Contd)

2. Summary of significant accounting policies (Contd)

2.3 Financial Instruments (Contd)

(a) Classification (Contd)

Financial assets, held for trading are recorded in the statement of financial position at fair value. Changes in fair value are recognised through profit or loss. This classification includes quoted equity securities held for trading. The dividend income from the quoted equity securities is recorded in the profit or loss.

- Financial assets designated at fair value through profit or loss upon initial recognition.

These include financial assets that are not held for trading purposes and which may be sold. These are investments in debt and equity instruments, unlisted trusts and commercial paper.

Financial assets designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the responsible entity to evaluate the information about these financial instruments on a fair value basis together with other related financial information.

- Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments and fixed maturities that are not quoted on an active market. Loans and receivables in the statement of financial position comprise of repurchase agreements.

(b) Recognition / derecognition

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments

have expired or the Fund has transferred substantially all risks and rewards of ownership.

Financial liabilities at fair value through profit or loss are derecognised when the obligation specified in the contract is discharged or expired.

Realised gains and realised losses on derecognition are determined using the weighted average method and are included in the profit or loss in the period in which they arise. The realised gain is the difference between an instrument's weighted average cost and disposal amount.

(c) Measurement

Financial assets and liabilities held at fair value through profit or loss

At initial recognition, the Fund measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of comprehensive income.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income within net gains/(losses) on financial instruments held at fair value through profit or loss in the period in which they arise.

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

The fair value of financial assets and liabilities traded in active markets is subsequently based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. The quoted market price used for financial assets held by the Fund is the volume weighted average price.

Assetline Income Plus Growth Fund

Notes to the financial statements (Contd)

2. Summary of significant accounting policies (Contd)

2.3 Financial Instruments (Contd)

(c) Measurement (Contd)

The fair value of financial assets and liabilities that are not traded in an active market are determined using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

Further details on how the fair values of financial instruments are determined are disclosed in note 4.

Loans and receivables

Loan assets are measured initially at fair value plus transaction costs and subsequently amortised using the effective interest rate method, less impairment losses if any. Such assets are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment.

If evidence of impairment exists, an impairment loss is recognised in profit or loss as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through profit or loss.

(d) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement

of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.4 Net assets attributable to unitholders

Unitholders' funds have been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the liabilities, other than those due to unitholders, as at the statement of financial position date.

Units can be issued and redeemed based on the fund's net asset value per unit, calculated by dividing the net assets of the fund in accordance with the valuation guidelines issued by the Unit trust Association of Sri Lanka and approved by the Securities and Exchange Commission of Sri Lanka, by the number of units in issue.

Distribution to unit holders is recognised in the statement of changes in unitholders' funds. Income not distributed is included in net assets attributable to unitholders.

2.5 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand and at bank and bank overdrafts. Bank overdrafts are shown within borrowings in the statement of financial position.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Fund's main income generating activity.

2.6 Investment income

Interest income is recognised in profit or loss for all financial instruments that are not held at fair value through profit or loss using the effective interest method. Interest income on assets held at fair value through profit or loss is included in the net gains/(losses) on financial instruments. Other changes in fair value for such instruments are recorded in accordance with the policies described in Note 2.3.

Assetline Income Plus Growth Fund

Notes to the financial statements (Contd)

2. Summary of significant accounting policies (Contd)

2.6 Investment income (Contd)

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

Dividend income is recognised on the ex-dividend date net of withholding tax.

2.7 Expenses

All expenses, including management fees and trustee fees, are recognised in profit or loss on accruals basis.

2.8 Income tax

The charge for taxation is based on the results for the period as adjusted for disallowable items. The current tax liabilities is provided for in accordance with the provisions of the Inland Revenue Act, No. 10 of 2006 and subsequent amendments thereto.

2.9 Distributions

In accordance with the trust deed, the Fund distributes income adjusted for amounts determined by the Assetline Capital (Private) Limited, to unitholders by cash or reinvestment. The distributions are recognised in statement of changes in unitholders' funds.

2.10 Receivables

Receivables may include amounts for dividends, interest and trust distributions. Dividends and trust distributions are

accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment in accordance with the policy set out in note 2(6) above. Amounts are generally received within 30 days of being recorded as receivables.

Receivable are recognised and carried at amortised cost, less a provision for any uncollectable debts. An estimate for doubtful debt is made when collection of an amount is no longer probable.

Collectability of receivable is reviewed on an ongoing basis at an individual portfolio level. Individual debts that are known to be uncollectable are written off when identified. An impairment provision is recognised when there is objective evidence that the Fund will not be able to collect the receivable. Financial difficulties of the debtor, default payments are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

2.11 Payables

Payables include liabilities and accrued expenses owing by the Fund which are unpaid as at the end of the reporting period.

The distribution amount payable to unitholders as at the end of each reporting period is recognised separately in the statement of financial position when unitholders are presently entitled to the distributable income under the Trust Deed.

2.12 Subscriptions and redemptions

Subscriptions received for units in the Fund are recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund are recorded gross of any exit fees payable after the cancellation of units redeemed.

Assetline Income Plus Growth Fund

Notes to the financial statements (Contd)

2. Summary of significant accounting policies (Contd)

2.13 Use of estimates

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For more information on how fair value is calculated please see Note 4 to the financial statements.

2.13 New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 March 2015 reporting period and have not been early adopted by the Fund.

(i) SLFRS 9 'Financial Instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of SLFRS 9 was issued in July 2014. It replaces the guidance in LKAS 39 that relates to the classification and measurement of financial instruments. SLFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in LKAS 39. For

financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under LKAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted.

3. Financial risk management

The Fund's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk.

The Fund's overall risk management programme focuses on ensuring compliance with the Fund's investment policy. It also seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's financial performance.

All securities investments present a risk of loss of capital. The maximum loss of capital on long equity and debt securities is limited to the fair value of those positions.

The management of these risks is carried out by the management company. The Investment advisory panel provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and non-derivative financial instruments and the investment of excess liquidity.

Assetline Income Plus Growth Fund

Notes to the financial statements (Contd)

3. Financial risk management (Contd)

The Fund uses different methods to measure different types of risk to which it is exposed. These methods are explained below:

3.1 Market risk

(a) Price risk

The Fund is exposed to equity securities price risk. This arises from investments held by the Fund for which prices in the future are uncertain. Paragraph below sets out how this component of price risk is managed and measured. Investments are classified in the statement of financial position as at fair value through profit or loss and loans and receivables. All securities investments present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Fund's policy is to manage price risk through diversification and selection of securities and other financial instruments within specified limits set by the management company. Between 0 % and 97% of the net assets attributable to unitholders is expected to be invested in equity securities. Minimum 3% is expected to be in short term investments.

The Fund's policy also limits individual equity securities to no more than 10% of net assets attributable to unitholders.

All of the Fund's equity investments are publicly traded. The Fund's policy requires that the overall market position is monitored on a daily basis by the Management Company.

As at 31 March, the fair value of equities exposed to price risk were as follows:

	Fair Value 2015
Equity securities held for trading	25,310,457
Total	25,310,457

The Fund had no concentrations in individual equity positions exceeding 10% of the net assets attributable to unitholders.

The Fund's policy is to concentrate the investment portfolio in sectors where management believe the Fund can maximise the returns derived for the level of risk to which the Fund is exposed. The table below is a summary of the significant sector concentrations within the equity portfolio.

Assetline Income Plus Growth Fund

Notes to the financial statements (Contd)

3. Financial risk management (Contd)

3.1 Market risk (Contd)

Sector	31 March 2015 Fund's equity portfolio %
Banks, Finance and Insurance	31%
Manufacturing	20%
Constructions and Engineering	3%
Diversified	12%
Hotels and Travels	11%
Investment Trust	2%
Motor	18%
Power and Energy	3%
Total	100

(b) Foreign exchange rate risk

The Fund is not exposed to the fluctuations in exchange rates. The Fund's all investments and transactions are denominated in LKR.

(c) Cash flow and fair value interest rate risk

The Fund is exposed to cash flow interest rate risk on financial instruments with variable interest rates. Financial instruments with fixed rates expose the Fund to fair value interest rate risk.

The Fund's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The risk is measured using sensitivity analysis.

The Fund has direct exposure to interest rate changes on the valuation and cash flows of its interest bearing assets and liabilities. However, it may also be indirectly affected by the impact of interest rate changes on the earnings of certain companies in which the Fund invests and impact on the valuation of certain assets that use interest rates as an input in their valuation model. Therefore, the sensitivity analysis in note 3.2 may not fully indicate the total effect on the Fund's net assets attributable to unitholders of future movements in interest rates.

The table below summarises the Fund's exposure to interest rate risks.

31 March 2015	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
Financial assets				
Cash and cash equivalents (Note 7)	Nil	Nil	632,579	632,579
Financial assets held at fair value - through profit or loss (Note 9)	Nil	31,232,292	25,310,457	56,542,749
Loans and receivables (Note 8)	Nil	116,525,637	1,679,142	118,204,779
Financial liabilities				
Payables (Note 10)	Nil	Nil	(454,365)	(454,365)
Net exposure	Nil	147,757,929	27,167,813	174,925,743

Assetline Income Plus Growth Fund

Notes to the financial statements (Contd)

3. Financial risk management (Contd)

3.2 Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit and net assets attributable to Unitholders to interest rate risk, currency risk and other price risk. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates and foreign exchange rates, historical correlation of the Fund's investments with the relevant

benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market movements resulting from changes in the performance of and / or correlation between the performances of the economies, markets and securities in which the Fund invests. As a result, historic variations in risk variables should not be used to predict future variations in the risk variables.

Impact on operating profit / net assets attributable to unitholders	
Price risk	
Change in price of the Trust's investment in trading stock	
- +10%	2,276,888
- - 10%	-2,276,888
Impact on operating profit / net assets attributable to unitholders	
Interest rate risk	
Change in interest rate of the Trust's investment	
- +1%	(-71,600)
- - 1%	129,511

3.3 Credit risk

The Fund is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

In accordance with the Fund's policy, the Management Company monitors the Fund's credit position on a daily basis.

The main concentration to which the Fund is exposed arises from the Fund's investments in debt securities. The Fund is also exposed to counterparty credit risk on cash and cash equivalents, other receivable balances.

Assetline Income Plus Growth Fund

Notes to the financial statements (Contd)

3. Financial risk management (Contd)

3.3 Credit risk (Contd)

(a) Debt securities

The Fund invests in debt securities which have a minimum credit rating of BBB- as designated by reputed rating agencies. An analysis of debt by rating is set out in the table below.

Debt securities by rating category	2015
AAA	56%
AA-	5%
A	39%
Total	100%

3.4 Liquidity risk

The Fund is exposed to daily cash redemptions of redeemable units. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market or can be readily disposed.

The Fund's listed securities are considered readily realisable, as all are listed on the Colombo Stock Exchange.

The Fund has the ability to borrow in the short term to ensure settlement. No such borrowings have arisen during the period.

In accordance with the Fund's policy, the Management Company monitors the Fund's liquidity position on a daily basis.

4. Fair value measurement

The Fund measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Financial assets / liabilities at fair value through profit or loss (FVTPL) (See Note 10)
- Financial assets / liabilities held for trading (See Note 10)

The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period:

SLFRS 13 requires disclosure of fair value measurements by level of the following fair value hierarchy;

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

(i) Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

The Fund values its investments in accordance with the accounting policies set out in note 2 to the financial statements. For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

The quoted market price used for financial assets held by the Fund is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Assetline Income Plus Growth Fund

Notes to the financial statements (Contd)

4. Fair value measurement

(ii) Fair value in an inactive or unquoted market (level 2 and level 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Recognised fair value measurements

At 31 March 2015	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets held for trading:				
Equity securities	25,310,457	Nil	Nil	25,310,457
Financial assets designated at fair value through profit or loss:				
Debt securities	Nil	31,232,292	Nil	31,232,292
Total	25,310,457	31,232,292	Nil	56,542,749

5. Interest income from financial assets not held at fair value through profit or loss

For the period from
11 July 2014 to 31
March 2015

Interest income from loans and receivables:

Interest on repurchase agreements	4,593,953
Interest on bank deposits	1,160,533
	5,754,486

Assetline Income Plus Growth Fund

Notes to the financial statements (Contd)

6 Net losses on financial assets held at fair value through profit or loss

Net losses recognised in relation to financial assets held at fair value through profit or loss:

For the period from
11 July 2014 to 31
March 2015

Net losses on financial assets held for trading	(93,384)
Net losses on financial assets designated as at fair value through profit or loss	(520,682)
	(614,066)
Net realised gains on financial assets at fair value through profit or loss [See Note (a) Below]	2,359,479
Net unrealised losses on financial assets at fair value through profit or loss	(2,973,545)
	(614,066)
(a) Net realised gains on financial assets at fair value through profit or loss:	
Gains on disposal of equity securities	1,212,452
Interest income on debentures	1,147,026
	2,359,478

7 Cash and cash equivalents

31 March 2015

Cash at bank	630,579
Cash in hand	2,000
	632,579

8 Loans and receivables

31 March 2015

Interest receivables from:	
Repurchase agreements	31,679
Fixed deposits	1,031,267
Debentures	613,696
Dividend	2,500
Fixed deposits [See Note (a) below]	43,000,000
Repurchase agreement [See Note (b) below]	73,525,637
Total loans and receivables	118,204,779

(a) Loans and receivables: Fixed deposits

	Maturity date	Cost	Market value	Interest rate
Commercial Leasing & Finance PLC	20-May-15	23,000,000	23,000,000	7.60%
Lanka ORIX Finance PLC	27-May-15	20,000,000	20,000,000	7.50%
		43,000,000	43,000,000	

(b) Loans and receivables: Repurchase agreements

	Maturity date	Cost	Market value	Interest rate
Entrust Securities PLC	6-Apr-15	68,013,747	68,013,747	6.60%
Entrust Securities PLC	1-Apr-15	5,511,890	5,511,890	6.70%
		73,525,637	73,525,637	

Market value for loans and receivables are based on the market rate prevailed in money market.

Assetline Income Plus Growth Fund

Notes to the financial statements (Contd)

8. Loans and receivables (Contd)

31 March 2015

Financial assets held for trading

Equity securities

25,310,457

Total financial assets held for trading

25,310,457

Designated at fair value through profit or loss:

Debentures

31,232,292

Total designated at fair value through profit or loss

31,232,292

Total financial assets held at fair value through profit or loss

56,542,749

a) Investment in equity shares:

31 March 2015	Number of shares	Cost	Market value	Percentage of net assets
ACL Cables PLC	15,000	1,167,936	1,140,000	0.65%
Access Engineering PLC	45,280	1,266,448	869,376	0.50%
Aitken Spence Hotel Holdings PLC	5,000	404,480	335,000	0.19%
Central Finance Company PLC	12,532	3,038,667	3,134,253	1.79%
Ceylon Investment PLC	1,000	101,120	91,000	0.05%
Aviva NDB Insurance PLC	10,205	3,031,851	2,877,810	1.64%
John Keells Holdings PLC	10,000	2,072,960	1,994,000	1.14%
John Keells Holdings PLC - Voting	25,000	1,493,542	802,500	0.46%
Lanka IOC PLC	10,000	556,160	403,000	0.23%
Chevron Lubricants Lanka PLC	10,000	4,044,800	3,929,000	2.24%
Panasian Power PLC	120,802	384,180	410,727	0.23%
Renuka Holdings PLC	17,538	503,369	491,064	0.28%
Seylan Bank PLC	30,006	1,812,940	1,902,380	1.09%
Serendib Hotels PLC	6,732	217,523	188,496	0.11%
Serendib Hotels PLC - Voting	19,118	405,398	411,037	0.23%
Dolphin Hotels PLC	30,000	1,627,526	1,707,000	0.97%
United Motors Lanka PLC	50,000	5,056,000	4,405,000	2.51%
Vallibel One PLC	10,779	260,503	218,814	0.12%
		27,445,404	25,310,457	

Assetline Income Plus Growth Fund

Notes to the financial statements (Contd)

9. Financial assets held at fair value through profit or loss (Contd)

(b) Investment in debentures

	Maturity date	Cost	Market value	Interest rate
People's Leasing & Finance PLC	23-Sep-18	1,930,000	1,824,278	9.63%
Softlogic Finance PLC	29-Aug-19	10,970,000	10,627,796	10.00%
Merchant Bank of Sri Lanka	12-Nov-19	5,000,000	4,708,346	9.00%
Lanka Orex Leasing Company Ltd	24-Nov-19	5,000,000	4,711,910	9.00%
First Capital Treasuries Ltd	6-Feb-20	10,000,000	9,359,863	9.50%
		32,900,000	31,232,192	

10. Net assets attributable to unitholders

Movements in the number of units and net assets attributable to unitholders during the period were as follows:

	31 March 2015 Number	31 March 2015 LKR
Opening balance	Nil	Nil
Subscriptions	17,190,309	173,590,881
Redemptions	(3,300)	(33,689)
Increase in net assets attributable to unitholders	Nil	1,616,402
Closing balance	17,187,009	175,173,594

As stipulated within the Trust deed, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

Capital risk management

The Fund considers its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unitholders.

Daily subscriptions and redemptions are reviewed relative to the liquidity of the Fund's underlying assets on a daily basis by the management company. Under the terms of the Unit Trust Code, the responsible entity has the discretion to reject an application for units and to defer a redemption of units if the exercise of such discretion is in the best interests of unitholders.

11. Remuneration of auditors

During the period, the following fees were paid or payable for services provided by the auditor of the Fund:

	For the period from 11 July 2014 to 31 March 2015
Audit and other assurance services:	
Audit of financial statements	140,000
Total remuneration for audit and other assurance services	140,000
Taxation services:	
Tax compliance services	55,000
Total remuneration for taxation services	55,000

Assetline Income Plus Growth Fund

Notes to the financial statements (Contd)

11. Remuneration of auditors (Contd)

It is the Fund's policy to employ PricewaterhouseCoopers on assignments additional to their statutory duties where PricewaterhouseCoopers's expertise and experience with the Fund are important. These assignments are principally tax compliance services, or where PricewaterhouseCoopers is awarded assignments on a competitive basis. It is the Fund's policy to seek competitive tenders for all major consulting projects.

12. Related-party transactions

a) Responsible entity

The responsible entity of Assetline Income Plus Growth Fund is Assetline Capital (Private) Limited.

b) Key management personnel

i) Directors

Key management personnel includes persons who were directors of Assetline Capital (Private) Limited at any time during the financial period.

- Mr. T.D. Molligoda (Chairman) (Upto 2 March 2015)
- Mr. S.D.R.B. Ekanayake (Managing Director)
- Mr. W.S.K. De Silva
- Mr. D.M.R.K. Dissanayake

Mr. T.D. Molligoda resigned from the Board on 2 March 2015.

ii) Other key management personnel

There were no other key management persons other than persons given in (c) below with responsibility for planning, directing and controlling the activities of the fund, directly or indirectly during the financial period.

c) Key management personnel unitholdings

The key management personnel of Assetline Capital (Private) Limited held units in the fund as follows.

31 March 2015

Unitholder	No of units held opening	No of units held closing	Fair value of investment	
Mr A Y D De Silva	Nil	488	4,966	Nil
Mr J.D.Kohombanwickramage	Nil	13,095	133,279	Nil

d) Key management personnel compensation

Key management personnel are paid by Assetline Capital (Private) Limited. Payments made from the Fund to Assetline Capital (Private) Limited do not include any amounts directly attributable to the compensation of key management personnel.

e) Other transactions within the Fund

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Fund during the financial period and there were no material contracts involving key management personnel's interest existing at period end.

Assetline Income Plus Growth Fund

Notes to the financial statements (Contd)

12. Related-party transactions (Contd)

f) *Related party unitholding*

The Management Company of the Fund did not hold any units in the Fund. DPMC Assetline Holdings (Private) Limited, the immediate parent company of Management Company, David Pieris Motor Company Limited, the ultimate parent company of the Management Company and other related parties of the Management Company, held units in the Fund as follows:

31 March 2015

Unitholder	No of units held opening	No of units held closing	Fair value of investment	
DPMC Assetline Holdings (Private) Limited	Nil	6,387,853	65,013,651	Nil
David Pieris Motor Company Limited	Nil	9,957,581	101,345,269	Nil
Other related parties:				
DP Global Ventures (Private) Limited	Nil	389,738	3,966,636	Nil

g) *Transactions with and amounts due to related parties*

The fees were charged by the Management Company and trustee for services provided during the period and the balances outstanding from such dues as at period end are as disclosed below:

	Charge for the period from 11 July 2014 31 March 2015	Balance outstanding 31 March 2015
Management fees	1,676,042	224,456
Trustee & custodian fee	516,362	58,400
	2,192,404	282,856

13. Contingent assets and liabilities and commitments

There were no material contingent liabilities at the statement of financial position date.

14. Events occurring after the reporting period

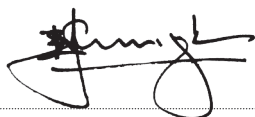
No significant events have occurred since the end of the reporting period which would impact on the financial position of the Fund disclosed in the statement of financial position as at 31 March 2015 or on the results and cash flows of the Fund for the period ended on that date.

Declaration by Trustee and Managing Company

Declaration by Trustee and Management Company as per SEC circular No 02/2009 on guidelines for Trustee and Management Companies of Unit Trust Funds.

Deutsche Bank AG, the Trustee and Assetline Capital (Private) Limited, the Management Company of **Assetline Income Fund, Assetline Gilt Edged Fund and Assetline Income Plus Growth Fund**, hereby declare that;

1. The requirements of the Guidelines for Trustee and Managing Companies of Unit Trust Funds set by the Securities and Exchange Commission of Sri Lanka have been complied with during the period from 11th July 2014 to 31st March 2015.
2. The transactions were and will be carried out at arm's length basis and on terms which are best available for the Funds, as well as act, at all times, in the best interest of the Funds' unit holders.



Director
Assetline Capital (Pvt.) Ltd.
Management Company



Director
Assetline Capital (Pvt.) Ltd.
Management Company



Authorised Signatory
Deutsche Bank AG
Trustee

15 June 2015

