

ASIA CAPITAL PLC



**the way
we move**

ANNUAL REPORT 2018/19

Contents

Vision & Mission.....	2
Our Values.....	3
About Us.....	4
Financial Highlights.....	5
Group Structure.....	6
Board of Directors.....	8
Chairman's Statement.....	10
CEO's Review.....	12

Value Creation Framework

Stakeholder Engagement.....	16
Materiality Determination.....	18

Management Commentary

Projects.....	20
Leisure.....	22
Travels.....	24
Corporate Advisory.....	25
Group Financial Review.....	28
Sustainability Report.....	29

Governance and Risk Management

Risk Management.....	32
Corporate Governance.....	35
Annual Report of The Board of Directors on The Affairs of The Company.....	43
Statement of Directors' Responsibilities.....	47
Audit Committee Report.....	48
Remuneration Committee Report.....	49
Related Party Transactions Review Committee Report.....	50

Financial Information

Independent Auditor's Report.....	52
Statement of Profit or Loss and Other Comprehensive Income.....	56
Statement of Financial Position.....	57
Statement of Cash Flows.....	58
Statement of Changes in Equity.....	59
Notes to the Financial Statements.....	60
Ten Year Summary.....	108
Glossary.....	109
Notes.....	111
Notice of the 27th Annual General Meeting.....	114
Form of Proxy.....	115



As a progressive, visionary corporate entity, at Asia Capital we focus our every effort on creating exceptional value for our stakeholders, navigating through turbulent times to press ahead with confidence, and move into the future.

Our longstanding expertise, industry knowledge, diverse portfolio and unmatched skills ensure we remain relevant and competitive, enabling us to champion wealth creation for our customers through unmatched investment opportunities in leisure, project management, investment banking, advisory services, property management, real estate, asset management and information technology. Now, as we look towards what lies ahead, we are exploring opportunities for growth, and moving purposefully towards the future - for this is the way we move.

Vision

At Asia Capital PLC we have often chosen the road less travelled as we continue to strive towards achieving the unreasonable, the unattainable and even the impossible in value added investment and unmatched wealth creation services.

Mission

Delivering our commitments to stakeholders, while championing unmatched wealth creation services.

Our Values

LEARNING

To drive organisational development by encouraging a learning culture

INNOVATION

To deliver innovation and value to every stakeholder we serve

TEAMWORK

To encourage and emphasise teamwork across the Company

ACCOUNTABILITY

To achieve the best results by holding ourselves responsible to deliver what we promise

INTEGRITY

To hold ourselves to uncompromising standards of ethical, transparent and professional behaviour in all that we do

RESPECT

To treat with everyone with respect and dignity, nurturing the development of our people and rewarding performance

CORPORATE CITIZENSHIP

To be environmentally responsible and socially committed to the welfare of the communities we impact

About Us

Our client focused approach coupled with our expertise and experience in the marketplace has gained us a reputation to be reckoned with. Our aspirations remain high, supported by intensive investment research and our wide ranging business portfolio.

Having started as Asia Securities in the early 1990s, specialising in stock brokering, the Company soon expanded its business portfolio to encompass the larger share of the investment banking market in Sri Lanka. As Asia Capital PLC (ACAP), we have ventured into diverse industries and sectors to fulfil our vision and become a powerhouse providing value-added investment opportunities and unmatched wealth creation services.

Since inception, we have pursued every opportunity in the market with a will to succeed. Our client focused approach coupled with our expertise and experience in the marketplace has gained us a reputation to be reckoned with. Our aspirations remain high, supported by intensive investment research and our wide ranging business portfolio. ACAP's dedicated team of professionals is integral to achieving our vision and mission, by successfully operationalising our strategies. They act as the conduit that binds our business together to create value for all stakeholders.

Currently, our operations consist of leisure, project management, investment banking, and advisory services. We also have a presence in property management, real estate, asset management and information technology services. We are always ready to add to our ever expanding tapestry of spheres, aligned to our business strategies.

'Why Asia Capital?' you may ask. Our tried and tested innovative approaches to investment management and wealth creation have resulted in many foreign and Sri Lankan investors seeking out our services. To date, the Group has secured more than USD 500 Mn in Foreign Direct Investment (FDIs) to the country by partnering with international high net worth corporates and individuals. We have assisted in creating employment opportunities in the country and contributed towards the economic growth of Sri Lanka. Furthermore, we have successfully completed major projects and have expanded our presence in the leisure industry. These achievements are a testament to the fact that we are a growing and dynamic firm in the industry.

Today, in more ways than one, we can truly say that we are a rising star in our sphere of business. For those who seek a secure partner who delivers above and beyond one's expectations, Asia Capital PLC is your ideal choice. We look forward to hearing about your biggest aspirations.

Financial Highlights

Year Ended 31st March	Group		Company	
	2019	2018	2019	2018
	(Reclassified)		(Reclassified)	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000

Operating Results

Total Revenue	1,108,108	900,013	651,050	947,124
Gross Profit	631,679	651,193	365,080	588,676
Finance Cost (Net)	(94,399)	(117,920)	(34,112)	(57,110)
Profit Before Tax	(33,289)	175,001	233,096	618,512
Income Tax Expenses	(1,683)	(52,368)	(1,683)	(49,871)
Profit After Tax	(34,972)	122,633	231,413	568,641

Financial Position

Shareholders' Fund	1,674,443	939,859	1,535,468	1,301,003
Cash & Cash Equivalents	179,179	201,518	10,722	9,414
Total Non-Current Assets	3,333,691	2,561,074	1,579,515	1,582,111
Current Assets	1,523,849	1,063,231	1,695,015	1,052,484
Current Liabilities	1,122,443	937,521	721,252	595,707

Share Information

Market Capitalisation	-	-	761,713	1,129,438
Earning Per Share (Rs.)	0.46	1.58	1.76	4.33
Last Traded Market Price (Rs.)	-	-	5.80	8.60
Highest Market Price (Rs.)	-	-	9.00	10.40
Lowest Market Price (Rs.)	-	-	5.30	7.10
Net Assets Per Share (Rs.)	12.75	7.16	11.69	9.91

Group Structure

Company	Board of Directors	Relationship to Asia Capital PLC
1 Asia Capital PLC	<ul style="list-style-type: none"> • J.H.P. Ratnayeke • S.A. Abeyesinhe • A.D. Ross • V. Siva Jr. (Alternate Director S.A. Abeyesinhe) • Z. Merchant • T. Tanaka • R.J. Wickramasinghe • Y. Watanabe (Alternate Director T. Tanaka) • S.S. Balasubramaniam (D.O.A. 20/06/2019) 	<ul style="list-style-type: none"> • Public Listed Company
2 Asia Capital Private Equity (Private) Limited	<ul style="list-style-type: none"> • S.A. Abeyesinhe • P.N. Jansen • T. Tanaka 	<ul style="list-style-type: none"> • Subsidiary
3 Asia Leisure Holdings (Private) Limited	<ul style="list-style-type: none"> • J.H.P. Ratnayeke • S.A. Abeyesinhe • V. Siva Jr. • P.N. Jansen • R.M. Morris • T. Tanaka • R.A.T.P. Perera • K. Senathirajah (Alternate Director S.A. Abeyesinhe) • H.D.S. Thushara • R.J. Wickramasinghe (D.O.R. 28/02/2019) • Y. Watanabe (Alternate Director T. Tanaka) • T. Watanabe (Alternate Director T. Tanaka) 	<ul style="list-style-type: none"> • Subsidiary
4 Asia Leisure (Private) Limited	<ul style="list-style-type: none"> • S.A. Abeyesinhe • P.N. Jansen • R.M. Morris • H.D.S. Thushara • S. Gunawijeya 	<ul style="list-style-type: none"> • Subsidiary
5 Asia Tea Packaging (Private) Limited	<ul style="list-style-type: none"> • P.N. Jansen • R.A.T.P. Perera 	<ul style="list-style-type: none"> • Subsidiary
6 Asia Fort Sri Lanka Direct Investment Fund Limited	<ul style="list-style-type: none"> • J.H.P. Ratnayeke • S.A. Abeyesinhe • V. Siva Jr. 	<ul style="list-style-type: none"> • Subsidiary
7 Asia Growth Fund 1 (Private) Limited	<ul style="list-style-type: none"> • J.H.P. Ratnayeke • S.A. Abeyesinhe 	<ul style="list-style-type: none"> • Subsidiary
8 Asia Capital Projects (Private) Limited	<ul style="list-style-type: none"> • S.A. Abeyesinhe • P.N. Jansen 	<ul style="list-style-type: none"> • Subsidiary
9 Asia Capital Technologies (Private) Limited	<ul style="list-style-type: none"> • S.A. Abeyesinhe • P.N. Jansen • R.A.T.P. Perera 	<ul style="list-style-type: none"> • Subsidiary
10 Asia Digital Entertainment (Private) Limited	<ul style="list-style-type: none"> • P.N. Jansen • V. Siva Jr. • R.A.T.P. Perera 	<ul style="list-style-type: none"> • Subsidiary
11 Strider Capital Asia (Private) Limited	<ul style="list-style-type: none"> • T. Tanaka • S.A. Abeyesinhe 	<ul style="list-style-type: none"> • Subsidiary
12 Asia Leisure Apartments (Private) Limited	<ul style="list-style-type: none"> • H.D.S. Thushara • R.A.T.P. Perera 	<ul style="list-style-type: none"> • Sub-Subsidiary

Company	Board of Directors	Relationship to Asia Capital PLC
13 River House Estate (Private) Limited	<ul style="list-style-type: none"> • S.A. Abeyesinhe • V. Siva Jr. • R.A.T.P. Perera 	<ul style="list-style-type: none"> • Sub-Subsidiary
14 Shinagawa Beach Resorts (Private) Limited	<ul style="list-style-type: none"> • S.A. Abeyesinhe (Alternate Director S. Gunawijeya) • P.N. Jansen • C.I. Hapugoda • S. Shinagawa • S. Ohki • T. Tanaka • R.M. Morris • N. Ishikawa • S. Gunawijeya 	<ul style="list-style-type: none"> • Sub-Subsidiary
15 Wadduwa Resorts (Private) Limited	<ul style="list-style-type: none"> • S.A. Abeyesinhe (Alternate Director S. Samaranayeke) • R.M. Morris (Alternate Director S. Anthony) • P.N. Jansen • S. Hamaguchi (Alternate Director P.N. Jansen) • O. Miyoshi • T. Tanaka • Y. Watanabe (Alternate Director R.M. Morris) • S. Samaranayeke • D. Ratnayake (D.O.R. 31/01/2019) • S. Anthony (D.O.A. 31/01/2019) 	<ul style="list-style-type: none"> • Sub-Subsidiary
16 River House (Private) Limited	<ul style="list-style-type: none"> • S.A. Abeyesinhe • P.N. Jansen • R.M. Morris • R. Gunaratna 	<ul style="list-style-type: none"> • Sub-Subsidiary
17 Asia Leisure Travels (Private) Limited	<ul style="list-style-type: none"> • S.A. Abeyesinhe • R.M. Morris • D. Ratnayake (D.O.R. 31/01/2019) • R.A.T.P. Perera • S. Gunawijeya • M. Senda • H.D.S. Thushara • T. Tanaka • S. Anthony (D.O.A. 31/01/2019) 	<ul style="list-style-type: none"> • Sub-Subsidiary
18 Galle Beach Hotel (Private) Limited	<ul style="list-style-type: none"> • S.A. Abeyesinhe • P.N. Jansen • R.M. Morris 	<ul style="list-style-type: none"> • Sub-Subsidiary
19 Galle Beach (Private) Limited	<ul style="list-style-type: none"> • S.A. Abeyesinhe • V. Siva Jr. • R.A.T.P. Perera 	<ul style="list-style-type: none"> • Sub-Subsidiary
20 Nuwara Eliya Hotels and Resorts (Private) Limited	<ul style="list-style-type: none"> • R.M. Morris • H.D.S. Thushara 	<ul style="list-style-type: none"> • Sub-Subsidiary
21 493 Talpe Lands (Private) Limited	<ul style="list-style-type: none"> • R.A.T.P. Perera • H.D.S. Thushara 	<ul style="list-style-type: none"> • Associate
22 Galle Beach CC Trust (Private) Limited	<ul style="list-style-type: none"> • S.A. Abeyesinhe • R.M. Morris • R.A.T.P. Perera • R. Gunaratna • R. Shiraishi • T. Ishizeki • Y. Saida 	<ul style="list-style-type: none"> • Associate

Board of Directors

J.H.P. Ratnayeke

Chairman

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

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

A.D. Ross

Director

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

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

R.J. Wickramasinghe

Director

Mr. Wickramasinghe is a fellow of the Chartered Institute of Management Accountants and Chartered Association of Certified Accountants. He is also an Accredited Director of Sri Lanka. He was the former Chairman of Sri Lanka Ports Authority between 1996 and 1998 and Chairman of Ceylon Shipping Corporation from 1994 to 1996. He worked for the National Shipping Line between 1970 and 1977 as Deputy Finance Manager. Among his private sector stints, he was Finance Director of George Steuart and Company from 2000 to 2002. Currently, Mr. Wickramasinghe functions as a consultant.

T. Tanaka

Director

Mr. Tanaka is the Chief Executive Officer and Managing Director of VEC Investment Japan. He has previously worked at the Credit Bank of Japan, Patnum Investment Tokyo and Fidelity International Tokyo as well as Gartmore Asset Management in London. He is a Chartered Member of the Securities Analysts Association of Japan (CMA) and has read for a B.A. in Economics at the Keio University.

Y. Watanabe

Director

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

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

S.A. Abeyesinhe

Director

Mr. Abeyesinhe is the Group Chief Executive Officer for Asia Capital PLC and also serves on the Boards of other subsidiaries of the Group.

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

V. Siva Jr.

Director

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

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

Z. Merchant

Director

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

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

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

S.S. Balasubramaniam

Director

Mr. Balasubramaniam is the CEO of the corporate venture arm of the Qi Group of Companies, called Qi Capital. He holds various Board level positions including one in a chain of health food supermarkets in America called Down to Earth and a top tier hilltop village development in New Zealand, among others. Prior to his present role, he worked with PricewaterhouseCoopers in Malaysia and Australia.

Mr Balasubramaniam is a fellow member of the Association of Chartered Certified Accountants. He has extensive experience in private equity, corporate restructuring, audit, advisory, transaction-related work in mergers and acquisitions and debt capital raising.

Chairman's Statement

With restructuring activities now well behind us, our main strategic thrust for the year was to gear up to maintain consistent results now and in the future

It is with great pleasure that I present to you the Annual Report for Asia Capital PLC for the year ended 31st March 2019. In my review I would like to touch on a few key areas that we focused on during the year.

Strengthening Business Fundamentals

With restructuring activities now well behind us, our main strategic thrust for the year was to gear up to maintain consistent results now and in the future. This meant putting in place a solid framework that would facilitate a steady growth momentum across all our businesses. Our first priority was to boost the prospects of our core business as an investment promoter. Drawing on our strengths, we sought out opportunities in the local real estate and leisure sectors, two areas that have continued to thrive in the past. Regrettably however our ability to forge new partnerships and secure new projects was greatly hampered by the downturn in economic activity in the country and the political crisis that erupted in October 2018, which together appears to have led to a weakening of overall investor confidence.

Meanwhile, in our other key business-the leisure sector, we successfully increased our presence following the launch of the Le Grand, Galle under the Asia Leisure banner in July 2018. Over the years we have continued to consolidate our presence in this space, by taking measured steps to expand our footprint along the southern coastal belt.

Including the Le Grand, our portfolio now consists of six hotel properties. I am very pleased to see that this calculated approach has helped Asia Leisure to grow market share in small luxury hotel space.

From an operational perspective we probed each business model to determine areas for improvement vis-a-vis their immediate operating environment. We felt this was critical especially given how unpredictable our immediate operating environment has proven to be over the past few years. We also placed strong emphasis on cost reduction, an area we felt would be critical in achieving our medium and long term profitability targets. To drive our focus on cost reduction, we initiated a broad based efficiency improvement programme that permeates across every aspect of the day to day management of the business. As part of this effort we set out a series of very demanding internal targets for our business units, and hotels. At the same time we also increased our investment in technology to improve efficiency and effectiveness especially in the leisure sector.

Governance and Stewardship

As Chairman, it is also my responsibility, working with my fellow Board colleagues, to ensure that good standards of corporate governance are embraced throughout the Group. As a Board, we set clear expectations concerning the Group's culture, values and behaviours. Maintaining good relations with

our stakeholders is another key responsibility of the ACAP Board. Premised on this we engage in regular dialogue with both existing and potential new shareholders in order to communicate the Group's strategy and progress and to understand shareholders needs and expectations.

Future Plans

I am confident that the ACAP Group is well-positioned to drive future growth over the long term. However the prospects of our core business as an Investment Promoter will largely depend on the government's efforts to create a more conducive environment that would build investor confidence and attract foreign direct investments to the country. The growth of our leisure sector operation meanwhile is linked to the recovery of the tourism industry, which took a hit following the Easter Sunday terror attacks in April 2019.

Furthermore, as our operating environment becomes increasingly uncertain, I believe it is important to take a diversified approach towards growing our business in the coming years. By ensuring greater diversity across our business model, we are looking to improve our resilience to negative headwinds and enable sustained long-term growth. In this context, we expect to invest in businesses that have a strong competitive position in their targeted markets, are capital efficient have the capacity for structural growth as well as a positive profitability outlook for the long term.

**I am confident that
the ACAP Group is
well-positioned to
drive future growth
over the long term**

Acknowledgements

I take this opportunity to thank my colleagues on the Board for their enthusiastic participation in all board matters. On behalf of the Board, I would also like to thank the Corporate Management, Senior Management and all Group employees for their unwavering commitment to fulfill our strategic purpose and deliver value to our stakeholders.

Finally, I wish to thank our shareholders and other stakeholders for their patronage. I rely on your continued support in the years ahead as well



J.H.P. Ratnayeke
Chairman

22nd August 2019

CEO's Review

We made good progress in our project pipeline. Two hotel projects-the 57-room Le Grand, Galle and the 70-room Maldives Miriandhoo were both completed on schedule by mid-2018

The FY 2018/19 has been a year of strong and sustained performance for the ACAP Group. The Group succeeded in delivering a healthy financial performance, notwithstanding the uncertain economic conditions and other externalities that negatively affected the business climate in the country.

Commendably Group Revenue grew by a robust 23% year on year from the Rs. 900 Mn reported in the previous financial year to reach Rs. 1.1 Bn in 2018/19. I am also very pleased to see that the leisure sector continues to increase its contribution to Group performance. This I believe is consistent with our ongoing efforts to accurately position each property in the Asia Leisure portfolio vis-a-vis the market.

Review of Operations

Project Operations

We made good progress in our project pipeline. Two hotel projects the 57 room Le Grand, Galle and the 70 room Maldives Miriandhoo were both completed on schedule by mid 2018. The management of the Le Grand was contracted out to Asia Leisure Holdings (Pvt) Ltd., with the property being brought under the AL portfolio with effect from July 2018, while the Maldives Miriandhoo was launched in November 2018 following a management contract with the internationally acclaimed Westin Group.

We will also likely consider business diversification as a strategy to spread risk. In this regard we are looking to break into the local IT sector, where we will be mainly focusing on end-to-end IT solutions for the corporate sector

Three projects remained ongoing as at 31st March 2019 the 96 room hotel project in Galle, the mixed development project on Marine Drive and the 447 Luna Tower residential condominium property. All projects remain on track and I am quite confident that each one would be completed on schedule over the next 12-18 months.

Meanwhile, sourcing new investments was a key challenge that we faced during the year, especially as investor confidence in Sri Lanka's economy continued to decline amidst political turbulence and widespread policy uncertainty. Moreover, with the general economic slowdown affecting several key sectors of the economy, local investors too seemed apprehensive and consequently no new turnkey projects were added to ACAP's pipeline in the year under review.

Leisure Sector

It was a good year for Asia Leisure Holdings (Pvt) Ltd. Benefitting from the record number of arrivals in the Country, all our properties recorded above average occupancy levels. I am particularly impressed to see the uptake for the newly launched 57 room Le Grand - Galle. The property was able to consistently maintain occupancy levels that exceeds expectation since coming on board in July 2018, a commendable achievement for a new property. More importantly, the popularity of this 57 room luxury hotel further reaffirms our decision to increase our presence along the southern coast and especially in Galle.

Not to be complacent with the success we have achieved so far, we continued to invest in improving front end and backend infrastructure across all our properties. Another key focus area for the year was staff training. I firmly believe that the high guest satisfaction levels that our properties continue to achieve, is the result of this relentless commitment to upgrade our standards.

Our travel arm too recorded a greatly improved results for the FY 2018/19 thanks to strong performances from both inbound and outbound operations.

Having achieved the desired financial outcomes for the past few years, I believe the ACAP Group is now well placed to move on to its next big growth phase

Corporate Advisory Services

Drawing on their expertise and the extensive knowledge on various industries, ACAP's Corporate Advisory unit continued offering its services to support clients looking to make inroads into new and emerging industries including, waste management, leather manufacturing and financial investment.

Moreover, with many sectors affected by the economic downturn, the team also focused on assisting clients tackle business challenges and sustain value for the long term.

Focus Going Forward

Having achieved the desired financial outcomes for the past few years, I believe the ACAP Group is now well placed to move on to its next big growth phase. To spearhead the effort we have begun making some important management level changes, starting with the appointment of Mr. Reyhan Morris and Mr. Sandun Hettige as joint Chief Operating Officers (COO's) to oversee the day to day operations of the Group, effective from August 2019. We are also in the process of setting up a new Management Committee to offer additional support. Sitting on the Committee are the two new COO's, together with Mr. Paul Ratnayeke (Chairman), myself, Mr. Shekhar Balasubramaniam, Mr. Valentino

Siva Jr., Mr. Thusitha Perera, Mr. Shehan Anthony, Mr. Peter Jansen, Ms. Sunela Samaranyake, Mr. Viduranga Perera, Ms. Dinusha Rathnayake, Mr. Shane Gunawijaya, Mr. Eraj Rajapakse & Mr. Ruwinda Gunaratne.

Furthermore, with the appointment of the two joint COO's, I will henceforth serve in the capacity of Executive Director, focusing mainly on new investments and business development opportunities for the Group. My main priority in this regard will be to seek out diverse opportunities that will drive growth and build resilience for the future.

I have earmarked two key areas that I expect to focus on in the near term. The first being the residential market, which appears to be on the rebound following a temporary slump in early 2018. Having entered into this space in 2017 vis the 447 Luna Tower condominium project, I believe we are now well equipped to further expand our footprint in this area. As a first step we will look to extend our condominium development model beyond Colombo by investing in other areas where a prospective demand exists. At the same time we will also pursue alternative residential developments based on the concept of gated living.

CEO's Review

The current financial year has delivered strong and sustained performance for the ACAP Group. The Group succeed in delivering a healthy financial performance, notwithstanding the uncertain economic conditions and other externalities that negatively affected the business climate in the country.

Going forward, we will also likely consider business diversification as a strategy to spread risk. In this regard we are looking to break into the local IT sector, where we see a very real opportunity to specialise as an end-to-end IT solutions provider for the corporate sector in the years ahead.

Appreciations

To conclude my review, I wish to extend my sincere appreciation to the Chairman, and the Board of Directors of Asia Capital PLC for their guidance and support throughout the year. I take this opportunity to thank all Group employees for their commitment and dedication. My grateful thanks also go out to our clients, guests, shareholders, business partners, and other stakeholders for their trust and confidence. I look forward to fulfilling your expectations in the coming years as well.



S.A. Abeyesinhe
Director/Group Chief Executive Officer

22nd August 2019



Value Creation Framework

Stakeholder Engagement.....	16
Materiality Determination.....	18

Stakeholder Engagement

STAKEHOLDERS



Employees

Our Commitment

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

Important Issues

- Career Development
- Remuneration and Benefits
- Workplace Equality
- Safe Working Environment
- Business Productivity
- Sustainability of the Group and Job Security

Engagement Methods

- One-on-One Meetings
- Quarterly Forums
- Knowledge Sharing Workshops
- Annual Performance Appraisals



Shareholders

Our Commitment

Providing shareholders a transparent, clear and unbiased view of the Group's activities. Conducting business operations to increase value created in terms of share price appreciations and increased earnings and dividend payments.

Important Issues

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

Engagement Methods

- Direct Interaction at the AGM
- Annual Report
- Quarterly Reports
- Regular Updates via Group Websites, Social Media, Forums and Press Releases



Business Partners

Our Commitment

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

Important Issues

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

Engagement Methods

- Face-to-Face Meetings
- Corporate Website

Our key stakeholders are those who have the power to impact our strategy, or are directly impacted by it. It is why we place strong emphasis on maintaining continuous and ongoing dialogue and developing collaborative partnerships with our key stakeholders.

Engaging with our stakeholders in this manner helps us to understand the matters they are most concerned with, in turn paving the way for us to define our strategic priorities and guide our initiatives accordingly.



Customers

Our Commitment

Formulating a dynamic value proposition through personalised communication and one-on-one dialogue with customers to build long term mutually beneficial relationships.

Important Issues

- Service Quality and Reliability
- Pricing
- Technology and Innovation

Engagement Methods

- Meetings
- Press Releases
- Corporate Website
- Social Media Platforms



Government/Industry

Our Commitment

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

Important Issues

- Statutory Compliance
- Tax Structure
- Governance Committees

Engagement Methods

- One-on-One Meetings
- Knowledge Sharing Sessions
- Participating in Business and Industry Forums



Local Communities

Our Commitment

Embracing corporate social responsibility through a range of direct communication opportunities that help integrate local communities into the mainstream business model whilst ensuring their rights and their interests with regard to safeguarding the environment.

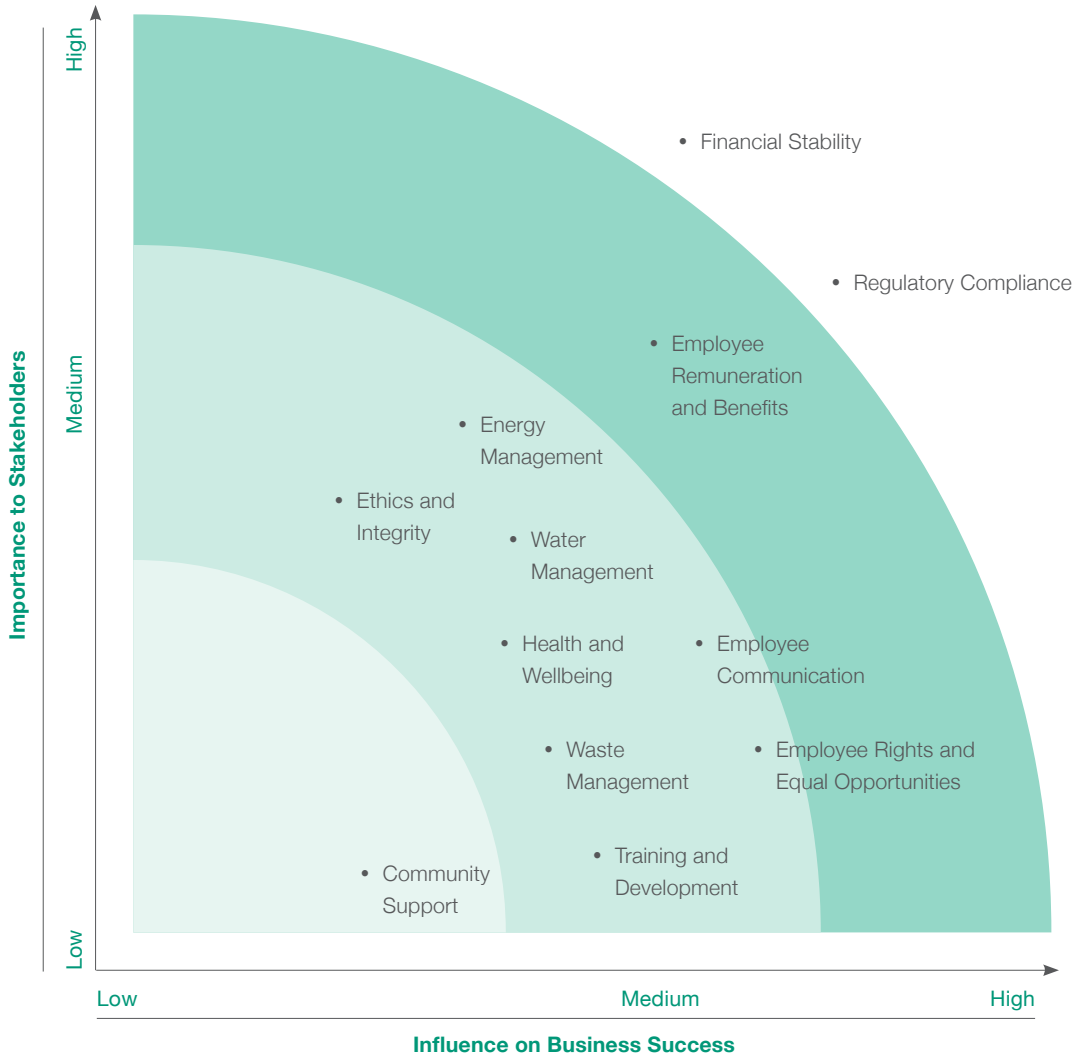
Important Issues

- Social Welfare and Livelihood Development
- Community Infrastructure Development
- Preservation of Eco-systems
- Disaster Relief

Engagement Methods

- Community Welfare Programmes
- Participation in Community Initiated Events

Materiality Determination



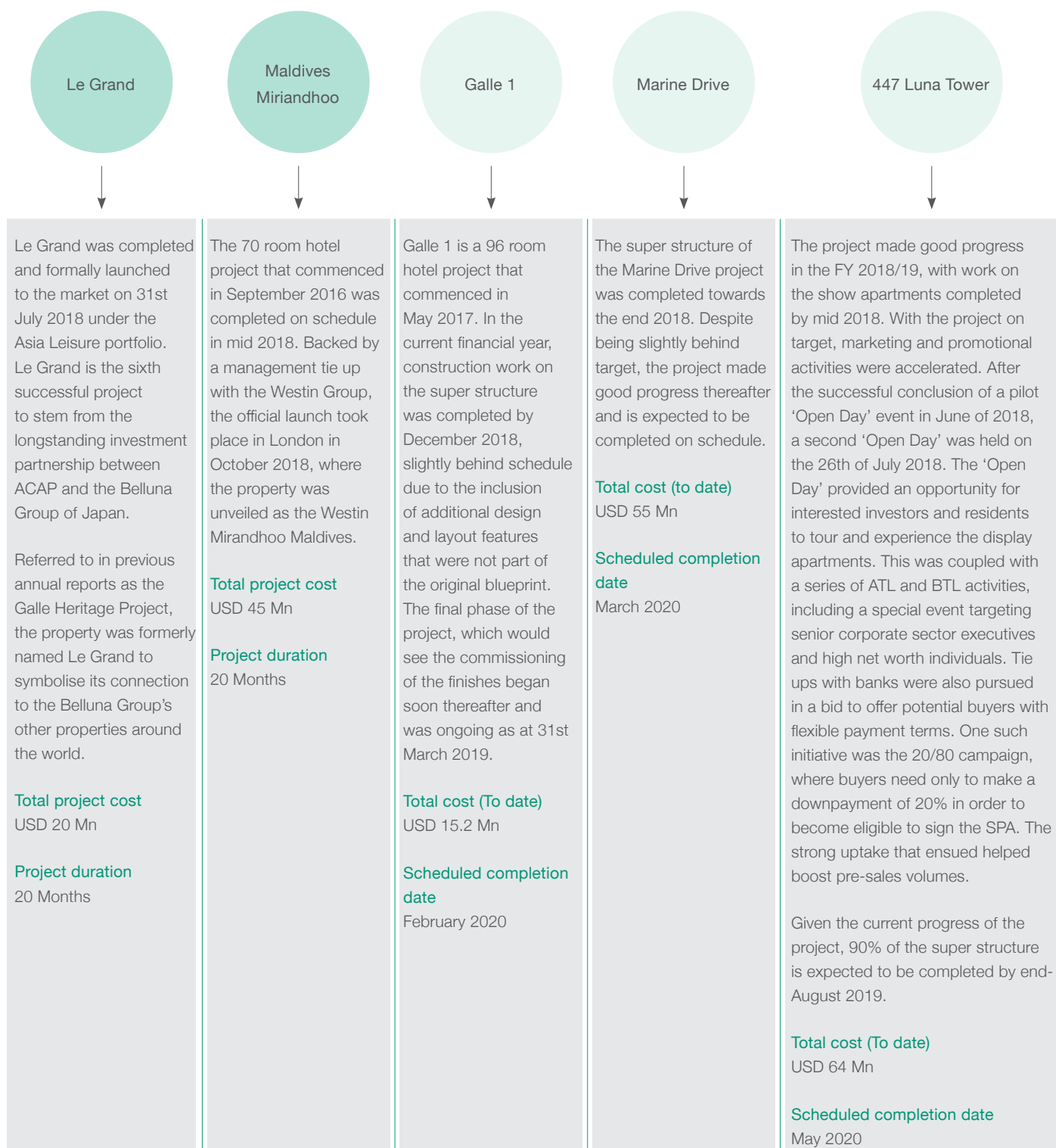


Management Commentary

Projects.....	20
Leisure	22
Travels	24
Corporate Advisory.....	25
Group Financial Review	28
Sustainability Report.....	29

Projects

It was a busy year for ACAP's projects team as a number of the ongoing turnkey projects were successfully concluded. Leveraging on the specialised expertise gained over the past couple of years in handling mainly large turnkey projects in the leisure sector, steps were also taken to expand the project pipeline, with the team commencing negotiations to undertake several new hotel projects.



● Completed ● Ongoing



Galle 1



Galle 1



Marine Drive



Marine Drive



447 Luna Tower



447 Luna Tower

Leisure

Asia Leisure Holdings (Pvt) Ltd (AL), the Group's flagship operation made steady progress in the year under review, with all key performance metrics showing improved results. Room inventory increased by 57 keys following the launch of Le Grand, Galle in July 2018, bringing the total inventory under the AL portfolio to 155 keys as at 31st March 2019.

AL recorded a strong performance for the FY 2018/19, backed by a record breaking number of tourists arriving in the country in 2018. All properties in the AL portfolio experienced higher arrival numbers, thanks in part to the direct marketing activities aimed at increasing the number of ground partners in key source markets in Europe, the far east and Australia. Consequently arrivals from all key source markets increased, with Europe and UK collectively accounting for major arrivals at all AL properties, compared to previous year. Higher arrivals were also observed from the far east and in particular from Australia.

Driven by record arrival numbers, all properties reported a healthy increase in occupancy levels while average occupancy for the year reaching a record high. Higher occupancy levels translated well for AL's top line, with revenue for 2018/19 recording a 5% year-on-year increase. Another key revenue driver was the new dynamic pricing mechanism offered on all leading online booking engines with the aim of fueling demand during off peak periods. Seeing a clear shift in global booking patterns from the conventional tour operator bookings to online booking platforms, AL also launched an aggressive campaign to strengthen its online presence. Steps taken in this regard included, the creation of dedicated Facebook and Instagram pages for each hotel and rebooting LinkedIn and Twitter handles targeting a more affluent and older segment along with the launch of a YouTube channel focusing more on video content. A new online advertising campaign and a several influencer

marketing programs were also initiated in a bid to increase exposure and raise awareness across multiple online channels.

With the demand for all AL properties on the rise, renewed emphasis was placed on front-end service improvements, prompting additional investments in staff training.

Ongoing efforts to streamline back end operations and improve overall efficiency also continued through the year. Key steps taken in this regard included, investments in a fully integrated property management system offering comprehensive functionality for all areas of hotel management to enable each property to enhance guest experiences, maximise revenues and occupancy through advanced rate management and improve business performance based on real-time business.

Sri Lanka's Tourism Industry

Sri Lanka's tourist industry continued to boom in 2018, bolstered by the highest ever recorded number of arrivals for a twelve month period. As per official records a total of 2,333,796 tourist arrivals were recorded in 2018, up by a mammoth 10.3% from the previous year. With 840,956 arrivals in 2018, Western Europe continued to be the largest tourist origin market for Sri Lanka, while South Asia, remained the second largest origin market with 543,160 arrivals. Notably however, while arrivals from Western Europe as a share of total arrivals increased to 36% in 2018, arrivals from South Asia, fell to 23.3% in 2018, from 24.5% in 2017. Meanwhile the share of tourist arrivals from East Asia, declined once again. In contrast arrivals from Australasia recorded a significant growth, partly attributed to the commencement of direct flights between Sri Lanka and Australia.

On the back of higher arrivals, earnings from tourism increased by 11.6% to US

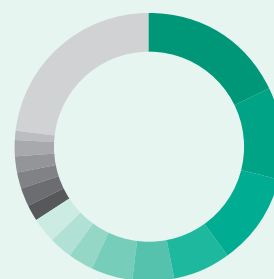
dollars 4,381 million in 2018, in comparison to US dollars 3,925 million in 2017. Meanwhile findings from the latest annual survey conducted by the Sri Lanka Tourism Development Authority (SLTDA), the average spending per tourist rose to US dollars 173.8 per day in 2018 from US dollars 170.1 per day in 2017, while the average duration of stay by a tourist was estimated at 10.8 days in 2018, in comparison to 10.9 days in 2017.

Investments in the tourism sector expanded further in 2018. During 2018, the SLTDA received proposals for 141 hotel projects amounting to US dollars 919 million, in comparison to 95 projects with a total investment of US dollars 314 million in 2017. Of these, final approvals were granted for 44 hotel projects with 1,302 rooms, resulting in investments worth US dollars 201 million.

As part of a broader effort to develop the tourism industry, the Budget 2019 introduced several tax incentives in order to reduce the up-front costs for businesses and investments related to the industry and

facilitate refurbishment of hotels and import of tourism related equipment.

Tourist Arrivals by Country - 2018



India	18%	Russia	3%
P.R. of China	11%	Netherlands	2%
UK	11%	Canada	2%
Germany	7%	Japan	2%
Australia	5%	Italy	2%
France	5%	Ukraine	2%
Maldives	3%	Saudi Arabia	1%
USA	3%	Other	23%



The Habitat, Kosgoda



Shinagawa Beach, Balapitiya



Tamarind Hill, Galle



Taprobana, Wadduwa



Le Grand, Galle



The River House, Balapitiya



Maldives, Miriandhoo



Le Grand, Galle

Item	2014	2015	2016	2017	2018(a)	Y-O-Y Change 2018
Tourist Arrivals (No.)	1,527,153	1,798,380	2,050,832	2,116,407	2,333,796	10.3
Arrivals by Purpose of Visit						
Pleasure	1,037,644	1,198,240	1,710,027	1,744,149(b)	1,979,819	13.5
Business	20,270	23,323	37,121	70,683(b)	71,255	0.8
Other	469,239	576,817	303,684	301,575(b)	282,722	-6.3
Tourist Guest Nights ('000)	15,119	18,163	20,918	23,068	25,205	9.3
Room Occupancy Rate (%)	74.3	74.5	74.8	73.3	72.8	-0.7
Gross Tourist Receipts (Rs. million)	317,479	405,492	512,373	598,143	711,961	19
Per Capita Tourist Receipts (Rs.)	207,889	225,476	249,837	282,622	305,066	7.9
Total Employment (No.) (c)	299,890	319,436	335,659	359,215	388,487	8.1
Direct Employment	129,790	135,930	146,115	156,369	169,003	8.1
Indirect Employment	170,100	183,506	189,544	202,846	219,484	8.2

- (a) Provisional
(b) Revised
(c) Estimates

Sources: Sri Lanka Tourism Development Authority Central
Bank of Sri Lanka

Source: CBSL AR 2018

Travels

It was a very successful year for Asia Leisure Travels (Pvt) Ltd, the Group's travel arm. The Company registered healthy revenue growth of 43% as at 31st March 2019. The Company's inbound segment was the main contributor to growth thanks to a healthy increase in arrivals from all key source markets. Europe remained the largest contributor to the mix, while arrivals from the far east, Australia and the USA also showed a significant increase over the previous year. Specialising in destination marketing, the

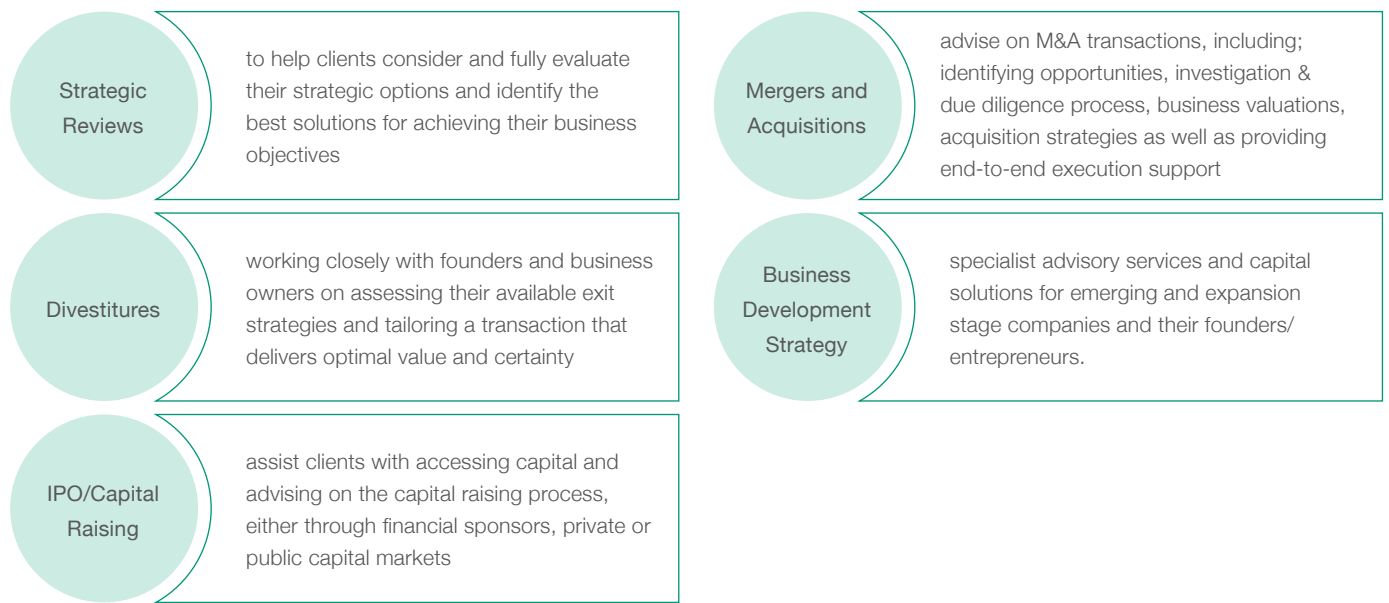
inbound segment did however face some notable challenges, key among them cost increases resulting from price hikes imposed by the local hotel sector especially after the Lonely Planet Magazine declared Sri Lanka as the #1 destination to visit in 2019. Another key concern was the growing global trend favouring online travel websites which has made possible for inbound travellers to bypass tour agents and directly arrange their trip to Sri Lanka.

The outbound segment too increased its contribution to overall revenue, but saw margins being squeezed amidst consecutive fare increases by a number of leading airlines over the past year. Concurrently several airlines also discontinued their agency commissions policy, adding further pressure on the inbound segment.

Corporate Advisory




ACAP's Corporate Advisory unit offers bespoke corporate finance and strategic advisory services to private companies, state institutions and entrepreneurs. Backed by a team of seasoned professionals, ACAP's Corporate Advisory team combines fresh ideas and creative solutions to provide tailored strategies that help clients to achieve their objectives.

The services provided include;



Over the years ACAP's Corporate Advisory unit has supported countless businesses and entrepreneurs in a wide range of industries, many of which have continued to make significant contribution to national GDP.

KEY CASE STUDIES FOR 2018/19

	 Client Profile	 Business	 Sector
	Industry Association	Tanning	Industry
Scope	To prepare a project proposal for a client seeking to make a pitch for a public-private partnership to set up a Industrial Processing Zone (IPZ) in the Eastern province. The proposed zone would be set up on a 40 acre property leased from the state and would serve as a dedicated IPZ that would consolidate the tanning industry. More importantly the IPZ would offer a sustainable and environmentally friendly waste management solution for local tanners who at present operate on an ad-hoc basis with no proper waste management process, thereby causing irreparable damage to the surrounding eco systems and biodiversity.		
Approach	A SWOT analysis was carried out and a roadmap was drawn up outlining the clients investment commitment in the initial development phase. Resource requirements for the facilitation process were also factored in. This was followed by a detailed projections of quantitative results and establish qualitative benchmarks for the medium to long term.		
Outcome	A presentation was prepared for the client.		

Corporate Advisory

 <p>Client Profile</p>	<p>Entrepreneur</p>	 <p>Business</p>	<p>Organic Retailer</p>	 <p>Sector</p>	<p>Export</p>
Scope	<p>To develop an exit strategy for an leading retailer catering to the niche retail market for organic products in the Gulf region. The clients' business model was based on sourcing organic products in generic form mainly from Sri Lanka and then adding value by way of branding before releasing to the retail market. The client was looking to exit from the business due to supply chain issues.</p>				
Approach	<p>ACAP sought the services of an external consultant to gain an insight into the organic food manufacturing industry. Combining these findings with various financial models, ACAP carried out an in-depth balance sheet analysis to provide the client with a more accurate business valuation.</p>				
Outcome	<p>An independent valuation report was prepared for the client along with several suggested exit strategies to help the client to divest his stake in the business.</p>				

 <p>Client Profile</p>	<p>Public-Private Partnership</p>	 <p>Business</p>	<p>Waste Management</p>	 <p>Sector</p>	<p>Public Infrastructure</p>
Scope	<p>To conduct a feasibility study for the CMC to determine the feasibility of investing in an organic fertiliser manufacturing plant, which would use the daily waste collection of approximately 400 MT to produce organic fertiliser for the country's agricultural sector.</p>				
Approach	<p>having secured the services of an external consultant to provide input regarding the waste-to-fertiliser conversion process, ACAP conducted a several scenario analyses to establish the potential market for commercially manufactured organic fertiliser. This included a three year comparative study to determine the use of chemical vs. organic fertiliser in the country's agriculture sector.</p>				
Outcome	<p>A full project report was prepared and presented to the client.</p>				

 Client Profile	Private Company	 Business	Domestic Courier Service	 Sector	Services
---	-----------------	---	--------------------------	---	----------

Scope	To conduct a business evaluation to determine the Company's market position and brand visibility in the market for a client who has been present in the domestic courier market for over a decade.				
Approach	ACAP carried out an industry analysis to determine current in the environment as well to identify emerging trends that can have an impact on the business in the future. The study included a comprehensive competitor analysis along with a brand health study.				
Outcome	The findings were tabulated and presented to the client.				

 Client Profile	Overseas Investor	 Business	Financial Infrastructure	 Sector	Financial Services
---	-------------------	---	--------------------------	---	--------------------

Scope	To develop a project report for a Japanese Company keen to invest in setting up the financial infrastructure to facilitate forex trading in Sri Lanka. The report was required to be presented to the CBSL to secure their approval for the project.				
Approach	ACAP conducted an detailed market study off the forex market in Sri Lanka along with the legal framework associated with forex trading.				
Outcome	A full project report was prepared and presented to the client.				

Group Financial Review

REVENUE ANALYSIS

The Group tabled Consolidated Revenue of Rs. 1.1 billion for the FY 2018/19, up by 23% from the Rs. 900 million reported in the previous financial year.

Of the Consolidated Revenue for the year ended 31st March 2019, ACAP accounts for more than 58% (Rs. 651 million), while the remaining 42% (Rs. 457 million) was the contribution made by the rest of the Group. It is noteworthy that in the current financial year, the leisure sector increased its share in the Group Revenue to 457 million from 436 million in 2018/19.

Meanwhile ACAP's (Company) Revenue declined from Rs. 947 million in 2017/18 to Rs. 651 million in 2018/19. The year on year drop of 31% was largely due to the lower gains realised on the disposal of non-quoted investments compared to the previous year.

COST ANALYSIS

Group costs registered an increase of 3%, from Rs. 866 in the previous financial year to Rs. 891 in 2018/19. The increase in costs was mainly on account of the higher costs recorded by the leisure sector, a direct result of the higher occupancy levels reported across all properties under the Asia Leisure portfolio. Also responsible for the higher costs are the expenses incurred on setting up new representative offices overseas which forms part of a long term business development strategy aimed at promoting Asia Leisure properties in all key source markets.

ACAP too recorded higher costs driven by general price increases in the economy.

EBIT

Group EBIT declined to Rs. (33) million in 2018/19, from the Rs. 175 million reported in the previous financial year. Partly responsible for the decline, is lower project fee income recorded by ACAP in 2018/19 compared to the previous financial year.

This trend is also reflected in ACAP's EBIT, which declined to Rs. 233 million in the year under review from Rs. 618 million in the previous financial year.

NET FINANCE COSTS

Group Net Finance Cost decreased from Rs. 117 million in the previous financial year to Rs. 94 million in the year under review, thanks to a significant increase in ACAP's Interest Income.

ACAP generates Interest Income through investments in FD's and Repo's. And the consistently high interest rates for most part of the financial year helped boost Interest Income for the year.

PROFIT/(LOSS) AFTER TAX

The Group recorded consolidated post tax Loss of Rs. 34 million for the year ending 31st March 2019, from the Profit of Rs. 122 million reported in the previous financial year.

ACAP too reported a decline in profit after tax from Rs. 568 million in 2017/18 to Rs. 231 million in the year under review.

ASSETS

The Group Asset base rose to Rs 4.8 billion as at 31st March 2019, from Rs 3.7 billion at the end of the previous financial year. The increase is attributed to two key reasons; the revaluation of Group properties as well as the capitalisation of project advances for several projects on ACAP's project pipeline. Consequently ACAP's Assets too increased to Rs 3.2 billion as at 31 March 2019 compared to Rs 2.9 billion reported last year.

EQUITY

The Group's total equity has increased by 61% year on year.

ACAP's total equity also rose to 1.5 billion as at 31st March 2019 from Rs. 1.3 billion recorded at the end of the previous year, as the profit of Rs. 231 million for 2018/19 helped to shave off brought forward accumulated losses.

Sustainability Report

What Sustainability Means to us

For us, sustainability means doing the right thing and doing it efficiently and responsibly. It is an integral part of ACAP's business principles and drives our strategy and long term objectives.

Our approach to sustainability is based on three key fundamentals; Caring for our People, Protecting the Environment and Serving the Community.

Caring for our People

We accept that our people are one of ACAP's greatest assets, which is why we remain fully committed to fostering a work environment to inspire our people to reach their full potential. Our strategy is to offer a superior value proposition based on the following guiding principles;

Employee Rights and Equal Opportunities

Respect for employee rights is fundamental to our human resources principles. At ACAP we are committed to maintaining a fair working environment that is free of discrimination, harassment, bullying and victimisation. In line with this commitment, we promote equal access to employment and recruit and develop individuals solely on the basis of their suitability for the job, regardless of gender, age, nationality, religion or marital status.

Employee Remuneration and Benefits

Acknowledging that competitive Remuneration is an important component that allows us to attract, retain and motivate employees, ACAP strives to ensure that Remuneration offered to all employees across the Group is market competitive and complies with all applicable rules and regulations, while being in line with the Group's stated corporate values. At ACAP we strive to recruit and retain highly qualified professionals and their remuneration is determined based on their knowledge and industry experience, while increments and annual bonuses are determined based on their performance and contribution towards the achievement of corporate goals.

Meanwhile in the leisure sector, where there is a high labour turnover rate, recruitments are mostly at an entry level. Our entry level remuneration package is in line with leisure sector benchmarks and local minimum wage laws, with men and women receiving equal pay. Furthermore the performance

of leisure sector employees is reviewed annually through a formal performance review process where they are assessed based on the achievement of predetermined quantitative and qualitative targets set at the beginning of the year, with high achievers identified through the performance review process incentivised accordingly.

Employee Training and Development

Training and development is a key priority especially for the leisure sector where continuous and ongoing up skilling is required to ensure employees achieve expected service benchmarks. We invest in a wide range of training and development activities to give employees the opportunity to gain the skills, knowledge and experience to assist them in improving their ability to perform their designated roles.

Training and development needs are mapped through the annual training plan prepared separately for each property, while additional training needs of staff are identified through Performance review process as well as the feedback we get back from our guests.

Employee Communication

We believe communication is the key to ensuring greater employee satisfaction. Based on this, we begin communicating with our employees from the very first day they join, starting with the Induction program. The Induction program serves as the initial platform to communicate with new recruits and help them to understand and

align with their respective Company's business objectives as well as the ACAP Group vision.

Moreover we maintain an open door policy to encourage employees at all levels to engage in continuous and ongoing dialogue with the Management. Several other formal communication channels are also in place including; team briefings, monthly meetings, budget meetings etc., while informal engagement through the annual sports meet, annual trip and the year end Christmas party serve to build team spirit and enhance their sense of belonging.

Employee Health and Wellbeing

The health, safety and well-being of our employees is an absolute priority. At a Group level, we follow strict safety protocols in line with applicable national safety guidelines, while all hotels in the Asia Leisure portfolio maintain their health and safety systems, consistent with legislative requirements applicable to the hotel industry. The senior management at each property along with the Property Manager provide oversight to ensure safety procedures are being followed at all times. As part of his duties, the Property Manager is also tasked with regularly monitoring safety systems to identify gaps, run improvement action plans and follow up on the results.

Sustainability Report

Protecting the Environment

Reducing our environmental impact and continually improving our environmental performance is a fundamental part of our business strategy and operating procedure. In this regard, we focus on areas that are within our control.

Energy Management

As a Group our energy consumption is primarily composed of electricity from grid used to power ACAP's head office and 5 hotels. The hotels account for nearly 90% of the energy consumed by the Group. As such, we aim to operate our hotels by maximising energy efficiency without affecting the quality of our services. We are always on the lookout for energy saving opportunities to optimise the operational efficiency wherever possible and practical. By creating the necessary infrastructure and using the latest available technology in energy management, we endeavour to reduce our energy consumption. In this regard, we have invested in LED lighting solutions, solar energy hot water systems and inverter air conditioning units for all our properties.

All the employees are trained in how to reduce energy consumption in their respective working area. We also inform our guests about our actions and encourage them to support our efforts. For example;

we post notices inside all guest rooms requesting that lights be turned off when not in use and that all windows and doors remain closed when air conditioning is on.

Water Management

With accessibility to clean water becoming a pressing global issue, we have come to realise the importance of responsible water usage especially given that our hotel operations rely heavily on water for hygiene and cooking purposes. In an effort to reduce the Group's water footprint, we have installed water efficient equipment across several of our properties. In addition, we continue to raise staff awareness among employees regarding water conservation and also offer water saving tips to encourage guests to contribute towards our water saving initiatives.

Moreover, all water used in daily operations at each hotel is first recycled, using the on-site effluent treatment plant before being used for gardening purposes.

Waste Management

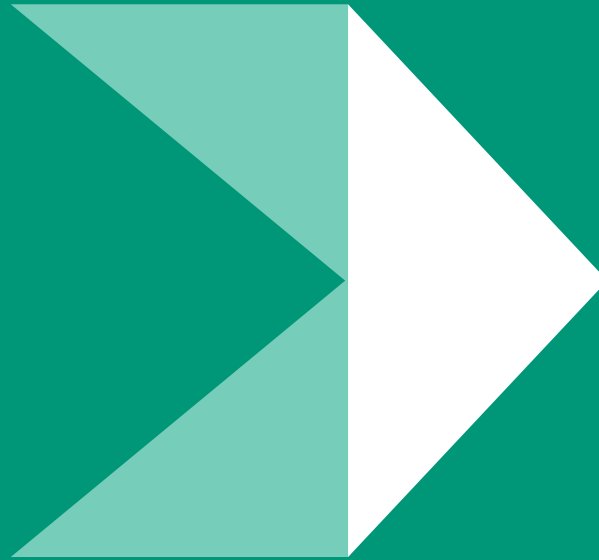
Reducing the amount of waste being sent to landfill has become an increasing concern in the hospitality industry. For our part, we continue to seek out opportunities to better manage the waste generated each day. Steps taken in this regard, include recycling/reusing (paper, metal, plastics, cardboard, glass bottles, cooking oil, printer cartridges, wet amenities, soap, wine corks), food waste donation programs and composting initiatives.

Special Projects

While reducing our environmental footprint used caused by our direct actions, we believe it is equally important to preserve the quality of the environment surrounding our hotels. For this reason, we undertake special projects, mainly coast conservation initiatives aimed at protecting the biodiversity and natural ecosystems surrounding our beach properties.

Serving the Community

Much of our community work we undertake is centered around the communities who live in close proximity to our hotels. We extend our support in various ways. In addition to making philanthropic contributions, we have over the years built close ties with these communities by recruiting local youth and also by sourcing products and services from the local area for our hotels. For example all daily essentials such as fresh fruits and vegetables are purchased from local vendors. Moreover we promote local craftsman and artisans to our guests and also encourage them to use the services of small scale transport operators and tour guides based around our properties.



Governance and Risk Management

Risk Management	32
Corporate Governance	35
Annual Report of The Board of Directors on The Affairs of The Company	43
Statement of Directors' Responsibilities	47
Audit Committee Report	48
Remuneration Committee Report	49
Related Party Transactions Review Committee Report	50

Risk Management

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

Risk Management System

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

Risk Policy Manual

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

Internal Control System

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

Risk Management Committee

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

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

ACAP Risk Management Process

PHASE 1 - Risk Identification

Risk identification at ACAP is a detailed procedure which includes brainstorming sessions, surveys, questionnaires, team

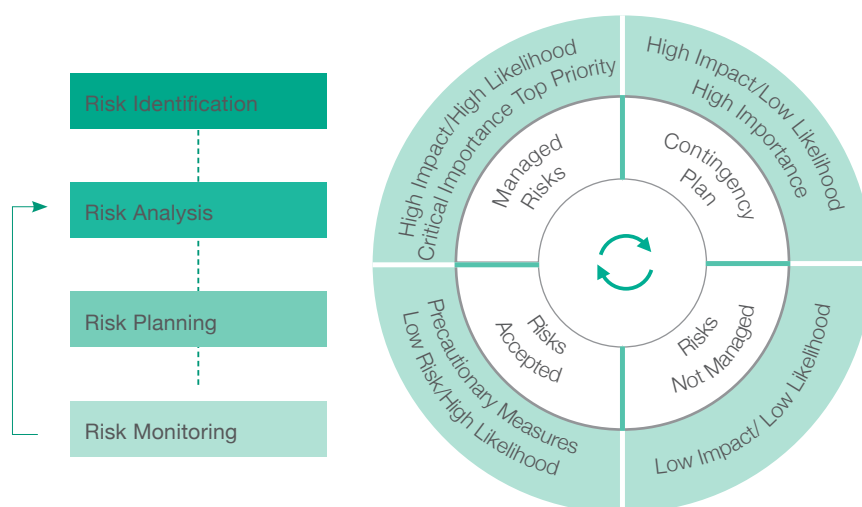
meetings and other reliable techniques used to identify internal risks to the Group. In-depth market study, competitor analysis, technology evaluation and customer studies are some of the techniques carried out to identify pertinent external risk factors. The entire risk identification process is conducted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

PHASE 2 - Risk Analysis

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

PHASE 3 - Risk Planning

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



Risk Category	Elements of Risk	Risk Control Strategy
BUSINESS RISK	<ul style="list-style-type: none"> • Inability to implement selected strategies or plans • Not achieving business objectives • Inappropriate or adverse decision making • Lack of responsiveness to industry changes • Ill-timed investments in capital ventures • Failure to optimise risk/return formula through business strategies 	<ul style="list-style-type: none"> • The Risk Management Committee has recommended a 5 year strategic plan, revised annually. • Comprehensive budgeting and variance analysis done at company and SBU level
COMPETITION RISK	<ul style="list-style-type: none"> • Over reliance on existing services • Inability to introduce new services and deviate from the market • Introduction of new services by competitors • Lack of promotional campaigns 	<ul style="list-style-type: none"> • Direct competitor analysis is carried out on a quarterly basis and Key Performance Indicators are analysed and compared industry wide • Strategic diversification • Leverage on service assurance and brand strength
LIQUIDITY RISK	<ul style="list-style-type: none"> • Non-availability of adequate working capital funds • Lack of liquid resources to secure a viable business opportunity • Inability to meet regulatory cash reserves 	<ul style="list-style-type: none"> • Continuous review of group working capital requirements • Strict management and control of funding • Continuous monitoring and control of debtors and creditors mismatch
MARKET RISK	<ul style="list-style-type: none"> • Adverse financial impact on the Company resulting from the fluctuation of interest rates • Currency fluctuations • Variations in equity and commodity prices • Volatile property values 	<ul style="list-style-type: none"> • In accordance with the risk management committee recommendations, the research division monitors economic indicators • Findings are presented to the strategic planning committee along with recommendations on strategies that negate any adverse effects
CREDIT RISK	<ul style="list-style-type: none"> • Partial or full default of obligations by Asia Capital counterparties 	<ul style="list-style-type: none"> • Regular review of counterparty exposure limits and eliminates excessive exposure to one party • Formulation of solid legally binding agreements for all contracts with third parties • Ensure proper security/collateral/back ground checks prior to granting loans to third parties • Maintaining strong relationships with creditors
IT RISK	<ul style="list-style-type: none"> • System failures • System errors and breakdowns • Unauthorised system access • Improper use of information • Non-availability of required IT platforms or inadequate IT support • Non-availability of backups 	<ul style="list-style-type: none"> • The comprehensive group IT policy is outlined in the IT security policy manual • Asia Capital has appointed an IT security, risk and infrastructure manager to overlook the IT risk management function • Frequent updating of backups

Risk Management

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

PHASE 4 - Risk Monitoring

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

Corporate Governance

	Reference to SEC & ICASL Code, CSE Listing Rules	Compliance	Details of Compliance
1. COMPANY			
A. DIRECTORS			
A.1 Directors (The Board)	A.1/7.10.1(a), 7.10.2(a) and 7.10.3(c-d)	Complied	<p>The Board of Directors currently consists of eight (08) members including the Chairman.</p> <p>The day to day monitoring of operations of the organisation has been delegated to the CEO and the Executive Committee governed by policies, procedures and authority by the Board of Directors.</p> <p>The Board is accountable to the stakeholders of the Group to ensure that the business is conducted in an appropriate manner based on an approved business plan and the financial and non-financial targets of the Group are achieved. The Board's Terms of Reference stipulate the specific duties of the Board and the following are some key matters which come under the Board's review and approval:</p> <ul style="list-style-type: none"> I Group strategy and business plan II Financial reporting and internal controls III Financial performance IV Dividend policy V Changes to capital structure VI Constitution and performance of the Board Committees VII Regulatory compliance
Company Board Meetings	A.1.1	Complied	Although ideally, more regular Board Meetings should have been held, a limited number of Board meetings were held due to Directors being abroad from time to time. However, regular discussions took place among the Directors on important matters and resolutions were given effect to in writing.
Responsibilities of the Board	A.1.2	Complied	The Board is collectively responsible for formulation, implementation and monitoring of business strategies. In order to do so, the Board appoints sub committees of the main Board to assist the main Board in fulfilling its stewardship function by reviewing systems of internal control, internal and external audit, risk management, IT system and financial reporting to shareholders.
Compliance with Laws and Access to Independent Professional Advice	A.1.3	Complied	The Board Members are permitted to obtain independent professional advice from third parties as deemed necessary which includes the Company's external lawyers and auditors at the expense of the Company.
Company Secretary	A.1.4	Complied	The Company Secretary possesses the required qualifications and expertise, and advises the Board on matters concerning the Companies Act and other relevant rules, regulations and regulatory guidelines.

Corporate Governance

	Reference to SEC & ICASL Code, CSE Listing Rules	Compliance	Details of Compliance
Independent Judgement of the Directors	A.1.5	Complied	All the Board Members actively participate in the Board meetings by bringing up their own independent judgement.
Dedicating Adequate Time and Effort	A.1.6	Complied	The Board Members dedicate adequate time for the affairs of the Company by attending Board meetings, Board sub-committee meetings and by making decisions via circular resolutions.
Training for New and Existing Directors	A.1.7	Complied	The Directors are provided with training as and when required.
A.2 Chairman and Chief Executive Officer			
There is a clear demarcation of the responsibilities between our Chairman and our CEO. The functions performed by the Chairman and our CEO are distinct and separate, ensuring the balance of power and authority within the organisation, so that no person has unfettered powers of decision-making and implementation.			
A.3 Chairman's Role			
The Chairman is responsible for the leadership of the Board, managing Board Meetings and the business undertaken thereat. The Chairman, is responsible to ensure all relevant issues are on the Board Agenda and Directors receive all appropriate information and documentation in a timely manner, thus facilitating the Directors to contribute at the deliberations.			
Role of Chairman	A.3.1	Complied	The Chairman should ensure Board proceedings are conducted in a proper manner.
A.4 Financial Acumen			
Financial Acumen	A.4	Complied	Our Directors with their academic and/or entrepreneurial financial skills, business acumen and wide practical wisdom contribute substantial value, knowledge and independent judgment to decision making on matter concerning finance and investment.
A.5 Board Balance			
Presence of Non-Executive Directors	A.5.1 7.10.1(a), 7.10.2(a) and 7.10.3(a)	Complied	Seven (07) of the eight (08) Directors on the Board hold office in a non-executive capacity.
Independence of Non-Executive Directors	A.5.2 & A.5.3 5.5, 7.10.2(a-b) and 7.10.3(a-b)	Complied	The Board comprises of three (03) independent Non-Executive Directors page 44.
Annual Declaration of Non-Executive Directors	A.5.4 7.10.2(b)	Complied	Each Non-Executive Director has submitted his/her declaration to the CSE. Each Non-Executive Director submits a signed and dated declaration annually of his independence or non-independence against a specified criteria as set out in Appendix 7A of Colombo Stock Exchange listing rule section 7.10.2(b).

	Reference to SEC & ICASL Code, CSE Listing Rules	Compliance	Details of Compliance
Requirement to appoint a 'Senior Non-Executive Director'	A.5.6 and A.5.7	Not applicable	This is not relevant to the Group as the Chairman and CEO roles are segregated.
Chairman conducting meetings with the Non-Executive Directors	A.5.9	Complied	The Chairman meets with the Independent Non-Executive Directors as and when necessary.
Recording of concerns in the Board minutes	A.5.10	Complied	Where Directors have concerns about the matters of the Group which cannot be unanimously resolved, their concerns are recorded in the Board minutes.
A.6 Supply Information			
Obligation of the Management to provide appropriate and timely information	A.6.1	Complied	The Group has a state-of-the-art management information system to process and monitor the performance of the Group and appropriate and timely information is made available to the Board members who make further inquiries when necessary.
Adequate time for circulation at respective Board documents	A.6.2	Complied	Board papers, agenda and previous board minutes are tabled one week prior to the Board Meeting.
A.7 Appointment to the Board			
Nomination Committee and the assessment of composition of the Board	A.7.1 and A.7.2	Complied	The names of the members of the Committee are on page 44-45 and on the inner back cover of this Annual Report.
Disclosure to Shareholders	A.7.3	Complied	New Directors' details are disclosed to the relevant authorities at the time of appointment. The existing as well as new Directors to the Board are disclosed in the Directors' Report on pages 44-45 of this Annual Report.
A.8 Re-election			
Re-election of Directors	A.8.1 and A.8.2	Complied	To comply with the Articles of Association, the Directors who have been appointed to the Board during the year hold office until the next AGM, and are required to retire and a new Director to be re-elected by the shareholders.
A.9 Appraisal of Board Performance			
Appraisals of the Board and the subcommittees	A.9.1,A.9.2 and A.9.3	Complied	The Board annually appraises itself on its performance in the discharge of its key responsibilities. The Board also undertakes an annual self evaluation of its own performance and that of its committees and the Board states how such performance evaluations have been conducted.

Corporate Governance

	Reference to SEC & ICASL Code, CSE Listing Rules	Compliance	Details of Compliance
A.10 Disclosure of information in respect of Directors			
Directors' disclosures	A.10.1 7.10.3(c-d)	Complied	The names of the Directors of the Board, their leadership expertise, skills and their profiles are disclosed on pages 8 to 9 of this Annual Report. Director's interests in contracts are indicated in Note 32 of the Financial Statements of this Annual Report. Names of the Chairman and the members of the Board Committees are provided on pages 44 to 45 and in the inner back cover of this Annual Report.
A.11 Appraisal of Chief Executive Officer (CEO)			
Setting of the annual targets and the appraisal of the CEO	A.11.1 and A.11.2	Complied	The CEOs performance is reviewed annually.
B. DIRECTORS' REMUNERATION			
B.1/ 7.10.5 Remuneration Procedure			
Establishment of a remuneration and its composition	B.1.1, B.1.2 and B.1.3 7.10.5(a) and 7.10(b)	Complied	The Remuneration Committee comprises of Three (3) Independent Non-Executive Directors. Mr. R. J. Wickramasinghe is the Chairman of the Committee. The details of the Remuneration Committee's composition, policies and responsibilities are set out on page 49 of this Annual Report.
Determination of the remuneration of the Non-Executive Directors	B.1.4	Complied	The Board as a whole decides the remuneration of the Non-Executive Directors. The Non-Executive Directors receive a fee for being a Director of the Board and a fee for participating as a sub committee member.
Consultation with the Chairman and the CEO	B.1.5	Complied	Input of the Chairman is obtained as the Chairman of the said Sub Committee. External professional advice is sought on a need basis.
B.2 Level and Makeup of Remuneration			
Level and makeup of the remuneration of Directors and comparison of remuneration with other companies	B.2.1, B.2.2 and B.2.3	Complied	The remuneration scheme for Executive Directors is structured to align rewards to their individual and Corporate performance targets.
Performance-based remuneration	B.2.4	Complied	The performance related payments for Executive Directors is structured to align with individual and Corporate performance targets.
Executive share options	B.2.5	Not applicable	
Designing the remuneration	B.2.6	Complied	Provisions set-out in Schedule E of the Code of Best Practice is considered.
Early termination of Directors	B.2.7 and B.2.8	Complied	

	Reference to SEC & ICASL Code, CSE Listing Rules	Compliance	Details of Compliance
Remuneration of Non-Executive Directors	B.2.9	Complied	Non-Executive Directors fees are compared with the market rates.
B.3 / 7.10.5 Disclosure of Remuneration			
Disclosure of remuneration policy and aggregate remuneration	B.3.1	Complied	Please refer Remuneration Committee Report on page 49 of this annual report
C. RELATIONS WITH SHAREHOLDERS			
C.1 Constructive use of Annual General Meeting and conduct of general meetings			
Use of Proxy	C.1.1	Complied	We ensure that all proxy votes are counted and the quantum of proxies lodged on each resolution is conveyed to our Chairman.
Separate resolution for substantially separate issues	C.1.2	Complied	Separate resolutions are proposed at an Annual General Meeting on each substantially issue.
Chairman of Board Committees to be present	C.1.3	Complied	At an AGM, the respective Chairmen of the Remuneration, Audit and Nomination Committees are present to provide any clarification to shareholders as necessary.
Adequate notice of Annual General Meeting and summary of procedure	C.1.4 and C.1.5	Complied	The notice and the agenda of the AGM together with the Annual Report of the Company containing the relevant documents are sent to the shareholders giving 15 working days notice prior to the date of the AGM.
C.2 Communication with Shareholders			
Effective communication with the shareholders	C.2.1, C.2.2, C.2.3 and C.2.4	Complied	The Board maintains a two-way communication with all investors providing an opportunity to seek non-price sensitive information throughout the year by conducting meetings and discussions and answering queries through our Company Secretarial Division and/ or Communications Teams.
Contact person in relation to shareholder matters.	C.2.4 and C.2.6	Complied	Shareholders may, at any time, direct questions, request for publicly available information and provide suggestions to Directors or management of the Group. Such questions, requests and suggestions should be addressed to the Company Secretary.
Process to make all Directors aware of major issues and concerns of shareholders	C.2.5	Complied	The Company Secretary maintains records of all correspondence received and will deliver as soon as practical such correspondence to the Board or individual Director/s as applicable and the Board or individual Director/s will respond to the shareholders and will direct the Company Secretary to send the response to the shareholder.
The process of responding to shareholder matters	C.2.7	Complied	Refer above.

Corporate Governance

	Reference to SEC & ICASL Code, CSE Listing Rules	Compliance	Details of Compliance
--	--	------------	-----------------------

C.3 Major and material transactions

As per the requirement of the Companies Act, Directors should disclose to shareholders, all proposed material transactions which would materially alter/vary the Company's net asset base.

Major and material transactions	C.3.1	Complied	In terms of Listing Rules pertaining to immediate disclosures, the Company always notifies the Colombo Stock Exchange about the relevant transactions as soon as they are approved by the Board of Directors in order to ensure dissemination of information to the public. All major transaction are disclosed where necessary.
--	-------	----------	---

D. ACCOUNTABILITY AND AUDIT

D.1 Financial Reporting

Board responsibility to present the financial statements	D.1.1	Complied	The Board presents a balanced and understandable assessment which extends to interim and other price-sensitive public reports to regulators, as well as to information required to be presented by statutory requirements complying with regulatory deadlines.
Annual Report of the Directors	D.1.2	Complied	Declaration by the Directors that the company has not engaged in any activities, which contravene laws and regulations, declaration of all material interests in contracts, equitable treatment of shareholders and going concern with supporting assumptions or qualifications as necessary. Please refer to the Annual Report of the Directors on pages 43 to 46.
Statement by the Directors and the Auditors	D.1.3	Complied	Please refer the Statement of Directors Responsibility on page 47.
Management Discussion and Analysis	D.1.4	Complied	Please refer Business Review on pages 20 to 30.
Declaration by the Board as to whether the business is a going concern	D.1.5	Complied	Please refer to the Annual Report of the Directors on page 44.
Requirement for an Extraordinary General meeting in a situation of serious loss of capital	D.1.6	Not Applicable	

	Reference to SEC & ICASL Code, CSE Listing Rules	Compliance	Details of Compliance
Related party transactions	D.1.7	Complied	<p>Process for identifying, recording and disclosure of related party transactions is in place. All related party transactions as defined in Sri Lanka Accounting Standard 24 - 'Related Party Transactions' is disclosed in Note 32 to the financial statements.</p> <p>A related party transaction review subcommittee is in place. Refer report of the related party transactions review committee on page 50.</p>
D.2 Internal Control			
Directors to review Internal Controls	D.2.1	Complied	The Board is responsible for establishing a sound framework of risk management and internal controls and monitoring its effectiveness on a continuous basis.
Requirement to review the need for an Internal Audit function	D.2.2	Not Applicable	
Board responsibility for the disclosure on internal control	D.2.3	Complied	
Directors' responsibility in maintaining a sound system of internal control	D.2.4	Complied	Audit Committee Report on page 48 and Risk Management Report on page 34 of this Annual Report is given to review the effectiveness of Group's system of internal controls to safeguard shareholders' investment and company's' assets.
D.3/7.10.6 Audit Committee			
Composition of the Audit Committee and its duties	D.3.1 and D.3.2/ 7.10.6(a) and 7.10.6(b)	Complied	Please refer to the Audit Committee Report on page 48.
Terms of Reference of the Audit Committee	D.3.3	Complied	Please refer to the Audit Committee Report on page 48.
Disclosure of names of the members of the Audit Committee	D.3.4 7.10.6(c)	Complied	Please refer to the Audit Committee Report on page 48.
D.4 Code of Business Conduct and Ethics			
We are committed to carrying out all business activities to the highest standards of integrity, ethical values and professionalism, whilst following the laws of the country, international laws and compliance as per our stakeholders' expectations.			
Disclosure on a presence of code of business conduct and ethics	D.4.1	Complied	As per our Chairman's Statement on Pages 10-11 of this Annual Report, we affirm our adherence to good business conduct and ethics.
Affirmation of the code of conduct and ethics	D.4.2	Complied	

Corporate Governance

	Reference to SEC & ICASL Code, CSE Listing Rules	Compliance	Details of Compliance
D.5 Corporate Governance Disclosures			
Disclosures of Corporate Governance	D.5.1	Complied	We aim to achieve greater year-on-year growth and value creation, improve stakeholder satisfaction and relationships in all our business activities, whilst adhering to the highest standards of corporate governance as is evident in this Annual Report on pages 37 to 44.
2. SHAREHOLDERS			
E. INSTITUTIONAL INVESTORS			
Shareholder voting	E.1.1	Complied	We conduct regular and structured dialogue with shareholders based on a mutual understanding of objectives.
E.2 Evaluation of governance initiatives			
When evaluating the Company's governance arrangements, institutional investors should be encouraged to give due weight to all relevant factors drawn to their attention			
Evaluation of governance initiatives	E.2	Complied	Institution investors are encouraged to provide any feedback on the governance related issues.
F. OTHER INVESTORS			
F.1 Investing and divesting decision			
Investing and divesting decision	F.1	Complied	Individual shareholders, investing directly in shares of companies are encouraged to carry out adequate analysis or seek independent advice in investing or divesting decisions.
F.2 Shareholders Voting			
Individual shareholders' voting	F.2	Complied	Notice of meeting is sent to all shareholders on time to encourage their participation at the Annual General Meeting and exercise their voting rights. In case of appointing proxy form and instructions are given in the annual report.

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

The Directors of Asia Capital PLC have pleasure in submitting their Report together with the audited Financial Statements of the Company and the audited Consolidated Financial Statements of the Group for the year ended 31st March 2019.

Principal Activities

To carry on whether by itself or through a subsidiary the business of an Investment company; of Financiers, Financial Agents, Monetary Agents, Promoters, Guarantors, Fund Managers, Trustees, Custodians, Receivers, Consultants, Advisors of assisting any body corporate, company, association or individual with capital, credit, means or resources; of executing undertakings, projects or enterprises for financial, commercial trading, industrial or other operations; of dealing in interests, including reversionary and contingent interests, in real and personal property; of buying, selling and sealing and dealing in bills, notes, warrants, coupons, and other negotiable or transferable securities or documents; of dealing in, making placement and underwriting shares, stocks, bonds, debentures, obligations, notes securities and any other documents whatsoever.

Review of Business and Futuer Developments

The Chairman's Review on pages 10 to 11 of this report provides an overall assessment of the financial performance and financial position of the Company and describes in detail its affairs and important events for the year. A detailed analysis of the operations and financial results is contained in the Management Discussion and Analysis on pages 22 to 30 in this report.

Financial Statements

The Directors are of the view that the Income Statement, Balance Sheet, Statement of Changes In Equity, Cash Flow Statement, Significant Accounting Policies, and Notes thereto appearing on pages 56 to 107 have been prepared in conformity with the Sri Lanka Accounting Standards and the requirements of the Companies Act No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange.

Auditors Report

The Auditor's Report on the Financial Statements is given in pages 52 to 55.

Accounting Policies

The accounting policies adopted in the preparation of Financial Statements are given on pages 60 to 71.

Revenue

The Revenue of the Group from its operations amounted to Rs.1,108 Mn (2017/18 - Rs. 900 Mn). Revenue contribution to the Group from different business segments is provided in Note 35 to the Financial Statements.

Financial Results

For the year ended 31st March	Group		Company	
	2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
Profit/(Loss) for the Year Before Tax	(33,289)	175,001	233,096	618,512
Income Tax	(1,683)	(52,368)	(1,683)	(49,871)
Profit/(Loss) for the Year After Tax	(34,972)	122,633	231,413	568,641
Non-Controlling Interest	(95,027)	(85,460)	-	-
Profit/(Loss) Attributable to Equity Holders of the Parent Company	60,055	208,093	231,413	568,641

Dividends

No dividends were declared as at 31st March 2019.

Property, Plant and Equipment

An analysis of the Property, Plant and Equipment of the Company is disclosed in Note 12 of the Financial Statements on pages 75 to 79.

Market Value of Properties

Freehold Land and buildings of the Group are subject to routine revaluation by independent qualified valuer. The most recent valuation in respect of Group was carried out as at 31st March 2019. Details of property valuations, including the valuation method and effective date of these valuations are provided in Note 12.3 to the Financial Statements.

Stated Capital

The Stated Capital of the Company as at 31st March 2019 was Rs. 1,498,498,000/- representing no of shares 131,329,995.

Donations

There were no donations made during the year.

Capital Commitments

There is no Capital Commitments as at 31st March 2019.

Liabilities and Provisions

The Board of Directors have taken all steps to ensure adequate provisioning has been made for unearned premiums, unexpired risks and claims, including claims incurred but not reported and not enough reserved.

The basis adopted for provisioning is disclosed on page 68 to the Financial Statements.

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

Employment

There were no material issues pertaining to employees and industrial relations in the year under review.

Statutory Payments

The Directors confirm that to the best of their knowledge and belief, all statutory payments in relation to all relevant regulatory and statutory authorities have been paid. A statement of compliance by the Board of Directors in relation to statutory payments is included in the Statement of Directors' Responsibilities on page 49.

Contingent Liabilities

There were no material contingent liabilities outstanding as at 31st March 2019.

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

Events after the reporting period

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

Risk Management and Internal Control

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

Going Concern

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

Directors who held office during the year

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

Mr. J.H.P. Ratnayeke	Chairman
Mr. D.A.S.A. Abeyesinhe	Executive Director
Mr. A. D. Ross	Independent Non-Executive Director
Mr. V. Siva Jr.	Independent Non-Executive Director
Mr. R.J. Wickramasinghe	Independent Non-Executive Director
Mr. T. Tanaka	Non Executive Director
Mr. Z. Merchant	Non Executive Director
Mr. Y. Watanabe	Non Executive Director

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

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

Mr. T. Tanaka (Alternate Director to Mr. Y. Watanabe, appointed with effect from 1st March 2016)

Appointments during the year

No appointments were made during the financial year

Resignations during the year

No resignations were made during the financial year

Appointments after the conclusion of the year

Mr. S. S. Balasubramaniam - Non Executive Director
(Appointed with effect from 20th June 2019)

Directors who held office as at the end of the Accounting period 31st March 2019

Mr. J.H.P. Ratnayeke - (Chairman)

Mr. D.A.S.A. Abeyesinhe

Mr. A. D. Ross

Mr. V. Siva Jr.

Mr. R.J. Wickramasinghe

Mr. T. Tanaka

Mr. Z. Merchant

Mr. Y. Watanabe

Mr. D.A.S.A. Abeyesinhe
[Alternate Director to Mr. V. Siva Jr.]

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

Mr. T. Tanaka
[Alternate Director to Mr. Y. Watanabe]

Of the Eight (08) Directors, Mr. A. D. Ross, Mr. V. Siva Jr and Mr. R. J. Wickramasinghe are Non-Executive Independent Directors.

Directors retiring (at the Annual General Meeting)

1. To re – elect Mr. V. Siva Jr who retires by rotation in accordance with Article 98 of the Articles of Association of the Company and being eligible, offers himself for re-election under Article 99 of the Articles of Association.
2. Mr. R. J. Wickramasinghe who is presently 70 years of age will cease to hold office at the conclusion of the Annual General Meeting and it is proposed to move a resolution for his re-appointment for a further period of one year or up to the date of the next Annual General Meeting (whichever occurs first) and for the non-application of the age limit referred to in Section 210 of the Companies Act No. 7 of 2007.
3. To re – elect Mr. S. S. Balasubramaniam who was appointed to office on 20th June 2019 will cease to be a Director and will be eligible under Article 103 of the Articles of Association of the Company

Corporate Governance

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

An Audit Committee, Remuneration Committee, Nominations Committee and Related Party Transactions Review Committee function as Board sub committees with Directors who possess the requisite qualifications and experience. The composition of the said committees is as follows

Audit Committee

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

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

Mr. V. Siva Jr
(Independent Non – Executive Director)

Remuneration Committee

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

Mr. V. Siva Jr.
(Independent Non – Executive Director)

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

Nominations Committee

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

Mr. V. Siva Jr.
(Independent Non – Executive Director)

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

Related Party Transactions Review Committee

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

Mr. V. Siva Jr.
(Independent Non – Executive Director)

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

Directors' Interest Register

In terms of the Companies Act No.7 of 2007 an Interest Register was maintained during the accounting period under review. This Annual Report also contains particulars of entries made in the Interest Register.

Directors' Remuneration and Other Benefits of Directors

Directors' remuneration and other benefits of directors are stated in the Note 9 on pages 73 of the Financial Statements.

Directors' Interest In Shares

Name	No. of Shares as at 31st March 2019	No. of Shares as at 31st March 2018
Mr. J.H.P. Ratnayeke	101,272	101,272
Mr. A.D.Ross	-	-
Mr. V. Siva Jr.	-	-
Mr. R.J. Wickramasinghe	50,636	50,636
Mr.D.A.S.A. Abeyesinhe	536,077	536,077
Mr.T. Tanaka	450,636	450,636
Mr. Z. Merchant	-	-
Mr. Y. Watanabe	11,539,353	11,539,353

Directors' Interest In Contracts

None of the Directors had a direct or indirect interest in any contracts or proposed contracts with the Company other than as disclosed in Note 31.2 on page 93 of the Financial Statements.

Shareholders' Information

The distribution and analysis of shareholdings were as follows;

	As at 31st March 2019			As at 31st March 2018		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1 -1,000	5,280.00	751,086	0.57	5,326.00	769,170.00	0.59
1,001 -10,000	695.00	2,014,902	1.53	687.00	2,041,471.00	1.55
10,001 -100,000	134.00	3,641,712	2.77	134.00	3,494,840.00	2.66
100,001 -1,000,000	11.00	2,758,433	2.10	12.00	2,860,652.00	2.18
1,000,001 & over	4.00	122,163,862	93.03	4.00	122,163,862.00	93.02
Total	6,124.00	131,329,995.00	100.00	6,163.00	131,329,995.00	100.00

	As at 31st March 2019			As at 31st March 2018		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
Resident	6,074.00	8,537,319.00	6.50	6,125.00	8,542,387.00	6.50
Non-Resident	50.00	122,792,676.00	93.50	38.00	122,787,608.00	93.50
Total	6,124.00	131,329,995.00	100.00	6,163.00	131,329,995.00	100.00

	As at 31st March 2019			As at 31st March 2018		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
Individual	5,985.00	123,107,235.00	93.74	6,024.00	123,390,523.00	93.95
Institutional	139.00	8,222,760.00	6.26	139.00	7,939,472.00	6.05
Total	6,124.00	131,329,995.00	100.00	6,163.00	131,329,995.00	100.00

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

Top 20 Largest Holders of Equity

Name	As at 31st March 2019		As at 31st March 2018	
	No. of Shares	%	No. of Shares	%
1 MR. VIJAYESWARAN S VIJAYARATNAM	94,039,467	71.61	94,039,467	71.61
2 MR. YOSHIMICHI WATANABE	11,539,353	8.79	11,539,353	8.79
3 MR. EIJI WATANABE	9,790,642	7.45	9,790,642	7.45
4 FAST GAIN INTERNATIONL LIMITED	6,794,400	5.17	6,794,400	5.17
5 MR. DILAN ANDREW STEFAN DE ABREW ABEYESINHE	536,077	0.41	536,077	0.41
6 MR. TOSHIKI TANAKA	450,636	0.34	450,636	0.34
7 ASHA FINANCIAL SERVICES LIMITED/MR.C.N.PAKIANATHAN	350,040	0.27	341,400	0.26
8 MR. PETER NEVILLE JANSEN	268,266	0.20	268,266	0.20
9 PEOPLE'S MERCHANT FINANCE PLC/H.P.C.R. PRIYADARSHANA	257,020	0.20	261,006	0.20
10 MR. RANASINGHE ARACHCHIGE THUSITHA PRIYANTHA PERERA	198,550	0.15	198,550	0.15
11 DFCC BANK PLC/MR.C.R.PERERA	170,000	0.13	170,000	0.13
12 MR. SANDUN THUSHARA HETTIGE DON	147,591	0.11	147,591	0.11
13 MR. HANS ANTON VAN STARREX	144,898	0.11	149,320	0.11
14 MR. DAMITHA RATHNAYAKE	134,083	0.10	134,083	0.10
15 MR. JAMES HENRY PAUL RATNAYEKE	101,272	0.08	101,272	0.08
16 MRS. CONCEICAO APARECIDA DOS SANTOS WOODWARD	98,300	0.07	98,300	0.07
17 SEYLAN BANK LIMITED/RUWAN PRASANNA SUGATHADASA	98,200	0.07	102,451	0.08
18 MISS. SUNELA RADHINI SAMARANAYAKE	96,836	0.07	96,836	0.07
19 MR. CHRISTOPHER WAYLON VANDORT	84,116	0.06	84,116	0.06
20 MR PANAVALA VIDANELAGE DANESH CHRISHANTHA PEIRIS	76,140	0.06	-	-

Public Shareholding

The percentage of public shareholding as at the 31st of March 2019 was 18.59% (2018-18.59%)

Annual General Meeting

The notice of the 27th Annual General Meeting is on page 114.

Auditors

The Financial Statements for the year ended 31st March 2019 have been audited by Messrs. BDO Partners (Chartered Accountants) who offer themselves for reappointment. As far as the Directors are aware, the Auditors do not have any relationship (other than that of an Auditor) with the Company other than those disclosed above. The Auditors also do not have any interest in the Company.

The Auditors Messrs. BDO Partners, Chartered Accountants were paid Rs. 900,000/- as Audit fees by the Company.

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


By Order of the Board



J. H.P. Ratnayeke
Chairman/Director



S. A. Abeyesinhe
Director/Group CEO



P.R. Secretarial Service (Private) Limited
Secretaries

22nd August 2019

Statement of Directors' Responsibilities

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

In the circumstances, the Directors of the Company state below their responsibilities in relation of the Financial Statements of the Company and its subsidiaries and associates for the year ended 31st March 2019. These differ from the Auditors responsibilities, which are set out in their report given on page 52. The Board of Directors have a responsibility to ensure that the Company and its subsidiary and associates are maintaining sufficient accounting policies to ensure the accuracy and reliability of financial statements. The Directors have a general responsibility to take steps to safeguard the assets of the Company.

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

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

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

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



S.A. Abeyesinhe
Director/Group CEO



R.J. Wickramasinghe
Director

22nd August 2019

Audit Committee Report

Role of the Audit Committee:

The Committee's responsibilities extend to the Group as a whole, and in discharging its responsibilities the Committee relies on the work of the Internal Auditors of Asia Leisure Group and the External Auditors BDO Partners. The role of the Committee is to assist the Board in fulfilling its oversight responsibilities in relation to the integrity of the financial statements of the Company and the Group, thus it is responsible for;

- Assessing the Company's internal control and risk management systems.
- Assessing the independence and adequacy of performance of External Auditors.
- Ensuring that an effective internal audit function is in place and monitoring the internal audit activities.
- Making recommendations to the Board, pertaining to the appointment, re-appointments and in appropriate circumstances the removal of External Auditors.
- Approving the remuneration and the engagement of External Auditors.
- Ensuring that there is a mechanism for the confidential receipt, retention and treatment of allegations of fraud by internal/external sources pertaining to accounts or internal controls and assuring confidentiality to whistle-blowing employees.

Composition of the Committee

The Composition of the Committee is as follows during the financial year 2018/19;

Mr. R.J. Wickramasinghe (Chairperson),

Mr. V. Siva Jr

Mr. A.D. Ross,

all of whom are Independent Non-Executive Directors.

Committee Meetings

The Committee met five times during the year 2018/19. Mr. Wickramasinghe and Mr. Siva Jr attended all the meetings as members. The proceedings of the Committee meetings have been reported to the Board of Directors during the year.

The Executive Director, the Group Chief Financial Officer, Accounts Manager, the Accountant, and the Chief Financial Officer of the Asia Leisure Group attend meetings by invitation. The Company Secretaries, P R Secretarial (Pvt) Ltd., function as the Secretaries to the Audit Committee.

Throughout the year, the Committee members periodically held private sessions with the Group Chief Financial Officer, Manager Accounts and the Accountant.

The activities and the views of the Committee are communicated to the Board at the quarterly board meetings by tabling the minutes of the Committee meetings.

Financial Reporting:

The Audit Committee facilitates the Board of Directors in its oversight on the preparation and presentation of the unaudited quarterly financial statements and the financial statements for the year prior to the recommendation of same to the Board; by ensuring the true and fair assessment of the financial position and performance of the Companies state of affairs in compliance with Sri Lanka Accounting Standards (SLFRSs) and the Companies act no. 7 of 2007.

The external auditor's final management reports on the audit of the Company and Group financial statements of the year 2018/19 were discussed with the management and the auditors.

The Committee obtained independent input from the External Auditors on the impact of several new Sri Lanka Accounting Standards that will come into effect in the future years and satisfied themselves that the necessary preparatory work was being undertaken to enable the Company and the Group to comply and adopt them.

Risk and internal control

The Committee reviews the effectiveness of the Company's internal control systems over financial reporting and other relevant operations. The Committee also recommended systems and procedures to reduce risks identified.

External Audit:

The external auditors' letter of engagement including the scope of the audit was reviewed and discussed by the Committee and the Management.

The Committee reviewed the Management letter issued by the auditors, the Management responses thereto and also attended to matters specifically addressed to them. The external auditors kept the Audit Committee informed on an on-going basis of all matters of significance. The Committee met with the auditors and discussed issues arising from the audit and corrective action taken where necessary.

The committee is satisfied that the independence of the external auditors had not been impaired by any event or activity that gives rise to a conflict of interest. Due consideration has been given to the nature of the services provided by the auditors and the level of audit and non-audit fees received by the auditors.

The external auditors have also given a confirmation by letter of their compliance with the independent guidance given in the code of ethics of the Institute of Chartered Accountants Sri Lanka.

The Audit Committee reviewed the performance of the external auditors and reviewed the outcomes with the Management. The Committee recommends to the Board the re-appointment of BDO Partners, Chartered Accountants as the external auditors of the Company for the ensuing financial year subject to the approval of the shareholders at the AGM.

Recommendations

The Committee recommended the setting up of a whistle blowing system for the Group.



R. J. Wickramasinghe
Chairperson - Audit Committee

22nd August 2019

Remuneration Committee Report

Composition

The Remuneration Committee consists of Non-Executive Directors, all of whom are Independent. During the year under review, there were no changes in the membership of the Remuneration Committee.

The members of the remuneration Committee as at 31st March 2019 are as follows;

Mr. R.J. Wickramasinghe (Chairperson)

Mr. V. Siva Jr

Mr. A.D. Ross

all of whom are Independent Non-Executive Directors.

Please refer pages 8 to 9 of the Annual Report to refer to the profiles of the members of the Committee. Mr. S. A. Abeyesinhe who is the Executive Director in charge of the day to day management of the Company participates in the Committee meetings by invitation in all deliberations except when his own performance and remuneration is discussed. M/s P.R. Secretaries (Pvt) Ltd., Company Secretaries of the Company, function as the Secretary to the Committee.

The Role of the Committee

The Committee is entrusted with the duty of evaluating and recommending to the Board of Directors on matters that affect the remuneration structure of the Company including the following;

- To determine the remuneration and other benefits of Key Management Personnel.
- To determine and recommend the remuneration of the Executive Directors and the Independent Non-Executive Directors.
- To review remuneration policies and parameters for all staff members of the Company.
- To recommend annual increments, profit share bonus and incentives to staff.

Independence of the Committee

All members of the Committee are Independent Non-Executive Directors. The members are independent from the management, the business, personal or other relationships that may interfere with the exercise of their independent, unbiased judgement.

Committee Meetings

The Committee held one meeting during the financial year 2018/19. The proceedings of the Committee meetings have been reported to the Board of Directors during the year.

The Remuneration Policy

The Company follows a formal and transparent procedure to ascertain the remuneration packages for individual Directors. The Committee considers the importance of formulating remuneration packages that are sufficient to motivate, attract and retain the Directors and the key functional heads of the Company.

Directors' Remuneration

The total of Directors' remuneration paid during the year under review is set out in Note 9 to the Financial Statements. This comprises fees for all the sub-committees of the company that Directors serves on.

Recommendations

The Committee will discuss and recommend to the Management the need to review the remuneration policies and parameters for all staff members of the Company, and Annual increments, profit share bonus and incentives to staff during the ensuing year.



R. J. Wickramasinghe

Chairperson - Remuneration Committee

22nd August 2019

Related Party Transactions Review Committee Report

The Related Party Transactions Review Committee was constituted in 2014 with the main objective to review and recommend related party transactions of the Company, and ensure that the Company and its Subsidiaries are in compliance with the code of best practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka and the section 09 of the Listing Rules of the Colombo Stock Exchange.

Composition:

The Related Party Transactions Review Committee consists of three Independent Non-Executive Directors. The following Independent Non-Executive Directors served as members of the Committee during the FY 2018/19;

Mr. R.J. Wickramasinghe (Chairperson)

Mr. V. Siva Jr

Mr. A.D. Ross

In addition, the Executive Director, the Group Chief Financial Officer, Accounts Manager, Accountant and the Chief Financial Officer of Asia Leisure Group attends meeting by invitation. M/s P R Secretarial Services (Pvt) Ltd who are the Secretaries of the Company functions as Secretaries of the Committee.

Committee Meetings

The Committee held five meetings during the financial year 2018/19. The quorum for the meeting is two members, where Mr. R J Wickramasinghe and Mr. V. Siva Jr. attended all meetings. The Group Chief Financial Officer, the Manager Accounts, the Accountant and the Chief Financial Officer of Asia Leisure group attended all meetings.

Policies and Procedures

The objective of the Committee is to exercise oversight on behalf of the Board of Asia Capital PLC and its Subsidiaries, to ensure compliance with the code on Related Party Transactions, as issued by the Securities and Exchange Commission of Sri Lanka ("Code") and the Listing Rules of the Colombo Stock Exchange (CSE). The Committee has also adopted the best practices as recommended by the Institute of Chartered Accountants of Sri Lanka and the CSE.

The Committee in discharging its functions primarily relied on processes that were validated from time to time and periodic reporting by the relevant entities and Key Management Personnel (KMP), and the advice of the Company Secretaries.

The Committee reviewed and discussed with Management, the quarterly Related Party Transaction reports, and where necessary recommended market disclosure.

The activities and views of the Committee have been communicated to the Board at the quarterly board meetings by tabling the minutes of the committee.

Review of Related Party Transactions

The Committee reviewed the systems in place to report related party transactions to the Committee and advised the management on improvements required. The Committee reviewed related party transactions reported by the management in compliance with its terms of reference. The Related Party Transactions Review Committee has reviewed the Related Party Transactions during the financial year and has communicated the

comments / observations to the Board of Directors of Asia Capital PLC. Related Party Disclosures are given in Note 32 of the Financial Statements. No other related party transactions which required approval of shareholders by way of a Special Resolution in terms of section 9.4.1 or those which required immediate disclosure in terms of section 9.3.2 were reported to the Committee by the Management during the year.



R. J. Wickramasinghe

Chairperson - Related Party Transactions Review Committee

22nd August 2019



Financial Information

Independent Auditor's Report.....	52
Statement of Profit or Loss and Other Comprehensive Income.....	56
Statement of Financial Position	57
Statement of Cash Flows.....	58
Statement of Changes in Equity	59
Notes to the Financial Statements	60
Ten Year Summary	108
Glossary.....	109
Notes	111
Notice of the 27th Annual General Meeting	114
Form of Proxy	115

Independent Auditor's Report



Tel : +94-11-2421878-79-70
+94-11-2387002-03
Fax : +94-11-2336064
E-mail : bdopartners@bdo.lk
Website : www.bdo.lk

Chartered Accountants
"Charter House"
65/2, Sir Chittampalam A Gardiner Mawatha
Colombo 02
Sri Lanka

TO THE SHAREHOLDERS OF ASIA CAPITAL PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Asia Capital PLC ('the Company') and the consolidated financial statements of the Company and its subsidiaries ('the Group'), which comprise the statement of financial position as at 31st March 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out in pages 60 to 107.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31st March 2019, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by CA Sri Lanka

(Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1 Valuation of Land and Building of the Group

The company has Land and Building carried at fair value amounting to Rs. 2.7Bn as at 31st March 2019 which represents a significant part of total assets recorded in the statement of financial position. The fair value of such properties was determined by qualified external valuer engaged by the Group. The valuation of Land and Building was significant to our audit due to the use of significant estimates and assumptions. Accordingly, valuation of the Land and Building has been considered as a Key Audit matter.

We have performed the following audit procedures to address the above:

- Assessed the key assumptions and methodology used in the valuation, in particular the discount rate and average market price and verified the mathematical accuracy of the valuation;
- Assessed the competency, capability and objectivity of the external valuer engaged by the Group;
- On a selective basis, reviewed recent market prices of lands to ensure that land values have not been declined since the last revaluation;
- Ensured that revaluation of Land and Building is in compliance with the Group's accounting policies and requirements of Sri Lanka Accounting Standards. We have also assessed the adequacy of the disclosures made in the financial statements on same.

The group's accounting policies and other related disclosures regarding property, plant and equipment are included in notes 3.3 and 12 of the financial statements.

BDO Partners, a Sri Lankan Partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

Partners : Sujeewa Rajapakse FCA, FCMA, MBA. Ashane J.W. Jayasekara FCA, FCMA (UK), MBA. H. Sasanka Rathnaweera FCA, ACMA. R. Vasanthakumar Bsc (Acc), ACA. F. Sarah Z. Afker ACA, ACMA (UK), CGMA, MCSI (UK). M.N. Mohamed Nabeel ACA.

2 Measurement of Investment in Subsidiaries and Associates

As at 31st March 2019, the Company holds an investment in subsidiaries and associates amounting to Rs. 878Mn and Rs.399Mn, respectively. The carrying amount of each investment in subsidiary and associate investment have been tested for impairment as individual Cash Generating Units.

Investments which does not generate adequate returns may be an indication of impairment. Due to the investments being material it will have a significant impact on financial performance of the Company/Group.

We have identified the impairment of investments in subsidiaries and associates as a key audit matter since that is based on forecasting and discounting cash flows, which is inherently judgemental.

Among the other procedures, we have performed the following key audit procedures to address the above:

- Reviewed the reasonableness of fair values of assets and liabilities of the related companies in arriving at the net assets of those related companies;
- Assessed the impairment indications of investments made in subsidiaries and associates and assessed the reasonableness of the discounted cash flows, principles and arithmetical accuracy of the same;
- Compared the cash flow forecasts to the latest budgets approved by the Board and assessed the reasonableness of the forecasts with the business proposals provided by the management and those charged with governance;

The Company's accounting policies and other related disclosures regarding investment in subsidiaries and associates are included in notes 3.1 and 14 of the financial statements.

Other Information

Management is responsible for the other information. The other information comprises information included in the annual report, but does not include the financial statements and the auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based upon the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management and Those Charged with Governance for the Financial Statements

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

Independent Auditor's Report



In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such

disclosures, are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

BDO Partners, a Sri Lankan Partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

Partners : Sujeewa Rajapakse FCA, FCMA, MBA. Ashane J.W. Jayasekara FCA, FCMA (UK), MBA. H. Sasanka Rathnaweera FCA, ACMA. R. Vasanthakumar Bsc (Acc), ACA. F. Sarah Z. Afker ACA, ACMA (UK), CGMA, MCSI (UK). M.N. Mohamed Nabeel ACA.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by Section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 4324.

BDO Partners

CHARTERED ACCOUNTANTS
Colombo

22nd August 2019

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31st March	Note	Group		Company	
		2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Revenue	5	1,108,108	900,013	651,050	947,124
Cost of Sales		(476,429)	(248,820)	(285,970)	(358,448)
Gross Profit		631,679	651,193	365,080	588,676
Other Operating Income	6	230,576	392,435	206,198	370,114
Selling and Distribution Expenses		(118,887)	(106,872)	(37,942)	(44,102)
Administrative Expenses		(581,978)	(565,702)	(170,163)	(155,788)
Other Operating Expenses		(98,790)	(78,077)	(88,262)	(73,244)
Provision for Impairment of Receivables (Net)	7	-	-	(7,703)	(10,034)
Net Finance Income/(Cost)	8	(94,399)	(117,920)	(34,112)	(57,110)
Share of Profit/(Loss) of Equity - Accounted Investees (Net of Tax)		(1,490)	(56)	-	-
Profit/(Loss) Before Taxation	9	(33,289)	175,001	233,096	618,512
Income Tax Expense	10	(1,683)	(52,368)	(1,683)	(49,871)
Profit/(Loss) for the Year		(34,972)	122,633	231,413	568,641
Other Comprehensive Income/(Expense)					
Items that may not be reclassified subsequently to Profit or Loss					
Actuarial Gain/(Loss) on Defined Benefit Obligations (Net of Tax)	24	4,763	(3,636)	3,052	(3,821)
Revaluation Surplus on Property, Plant and Equipment		855,240	-	-	-
Other Comprehensive Income/(Expenses) for the Year, Net of Tax		860,003	(3,636)	3,052	(3,821)
Total Comprehensive Income/(Expenses) for the Year, (Net of Tax)		825,031	118,997	234,465	564,820
Profit/(Loss) Attributable to					
Equity Holders of the Parent Company		60,055	208,093	231,413	568,641
Non-Controlling Interests		(95,027)	(85,460)	-	-
		(34,972)	122,633	231,413	568,641
Total Comprehensive Income/(Expenses) Attributable to					
Equity Holders of the Parent Company		575,019	204,255	234,465	564,820
Non-Controlling Interests		250,012	(85,258)	-	-
Total Comprehensive Income for the Year		825,031	118,997	234,465	564,820
Basic Earning Per Share (Rs.)	11.1	0.46	1.58	1.76	4.33

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the accounting policies and related notes, which are set out on pages 60 to 107.

Statement of Financial Position

As at 31st March	Note	Group		Company	
		2019	2018	2019	2018
			(Reclassified)		(Reclassified)
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	12	2,924,524	2,142,240	16,081	18,350
Intangible Assets	13	116,021	115,306	926	-
Investments in Subsidiaries	14.1	-	-	878,264	878,264
Investments in Associates	14.2	173,166	174,656	398,839	398,839
Equity Instruments measured at fair value through OCI	15	114,853	114,853	114,853	114,853
Long Term Deposits and Advances	16	5,127	14,019	170,552	171,805
Deferred Taxation	23	-	-	-	-
Total Non-Current Assets		3,333,691	2,561,074	1,579,515	1,582,111
Current Assets					
Inventories	17	12,472	12,614	-	-
Other Financial Assets	18	124,457	59,334	104,192	59,718
Income Tax Receivable		1,284	1,449	-	-
Trade and Other Receivables	19	540,859	281,295	37,523	9,126
Amounts Due from Related Companies	20	665,598	507,021	1,542,578	974,226
Cash and Cash Equivalents	21	179,179	201,518	10,722	9,414
Total Current Assets		1,523,849	1,063,231	1,695,015	1,052,484
Assets Classified as Held for Sale	14.3	-	126,666	-	285,970
Total Assets		4,857,540	3,750,971	3,274,530	2,920,565
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	22	1,498,498	1,498,498	1,498,498	1,498,498
Revaluation Reserve		1,361,370	852,694	5,905	5,905
Retained Earnings/(Accumulated Losses)		(1,185,425)	(1,411,333)	31,065	(203,400)
Shareholders' Fund		1,674,443	939,859	1,535,468	1,301,003
Non-Controlling Interests		913,661	663,645	-	-
Total Equity		2,588,104	1,603,504	1,535,468	1,301,003
Non-Current Liabilities					
Retirement Benefit Obligations	24	39,963	35,954	23,928	22,738
Non - Interest Bearing Borrowings - Due after one year	25	790,795	790,795	790,795	790,795
Interest Bearing Borrowings - Due after one year	26	294,756	367,425	203,087	206,872
Lease Liability - Due after one year	27	21,479	15,772	-	3,450
Total Non-Current Liabilities		1,146,993	1,209,946	1,017,810	1,023,855
Current Liabilities					
Non-Interest Bearing Borrowings- Due within one year	25	68,920	75,611	68,920	75,611
Interest Bearing Borrowings - Due within one year	26	359,838	263,028	321,331	226,019
Lease Liability - Due within one year	27	10,520	22,084	1,874	1,095
Deferred Income	28	4,035	11,485	4,035	11,485
Trade and Other Payables	29	249,300	236,276	40,853	40,895
Amounts Due to Related Companies	30	-	-	38,089	39,117
Income Tax Payable		42,848	69,024	42,846	69,264
Bank Overdraft	21	386,982	260,013	203,304	132,221
Total Current Liabilities		1,122,443	937,521	721,252	595,707
Total Liabilities		2,269,436	2,147,467	1,739,062	1,619,562
Total Equity and Liabilities		4,857,540	3,750,971	3,274,530	2,920,565
Net Assets Per Share (Rs.)		12.75	7.16	11.69	9.91

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the accounting policies and related notes, which are set out on pages 60 to 107.

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



R.A.T.P. Perera

Group Chief Financial Officer

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

Approved and signed for and on behalf of the Board of Directors,



J.H.P. Ratnayake

Chairman

22nd August, 2019
Colombo



S.A. Abeyesinhe

Director/Group CEO

Statement of Cash Flows

For the year ended 31st March	Note	Group		Company	
		2019	2018	2019	2018
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
			(Reclassified)		(Reclassified)
CASH FLOW FROM OPERATING ACTIVITIES					
Profit/(Loss) Before Income Tax Expense		(33,289)	175,001	233,096	618,512
Adjustments for:					
Provision for Retiring Benefit Obligation	24	10,454	9,040	5,222	4,361
Depreciation on Property, Plant and Equipment	12	116,680	147,105	4,857	7,649
Deferred Income		(7,450)	-	(7,450)	-
Amortisation on Intangible Assets		227	376	16	165
(Gain)/Loss on Translation of Foreign Currency		18,028	3,163	15,540	1,863
(Gain)/Loss on Disposal Property, Plant and Equipment		(6,946)	310	-	-
(Gain)/Loss on Disposal of Shares in Subsidiary		-	(357,376)	-	(584,527)
Profit on Disposal of Assets Held for Sale		(364,650)	-	(365,080)	-
Net Proceeds from Disposal of Subsidiary		-	942,975	-	942,975
Net Proceeds from Disposal of Assets Held for Sale		651,050	-	651,050	-
Share of (Profit)/Loss of Equity Accounted Investees (Net of Tax)		1,490	56	-	-
Provision for Long Term Deposits and Advances		-	-	7,703	10,034
Bad Debts Write Offs		-	-	-	11,154
Finance Income	8	(17,317)	(11,777)	(17,358)	(11,404)
Finance Expenses	8	111,716	129,697	51,470	68,514
Operating Profit/(Loss) Before Working Capital Changes		479,993	1,038,570	579,066	1,069,296
Changes in					
Inventories		142	(84)	-	-
Other Financial Assets		(65,123)	(7,677)	(44,474)	(23,887)
Trade and Other Receivables		(259,564)	(49,689)	(28,397)	(27,361)
Amount Due from Related Companies		(158,577)	(259,042)	(576,055)	(426,719)
Trade and Other Payables		13,024	65,202	(42)	(873)
Amount Due to Related Companies		-	-	(1,028)	37,506
Cash Used in Operations		9,895	787,280	(70,930)	627,961
Gratuity Paid	24	(1,682)	(1,332)	(980)	(150)
Income Tax Paid		(27,859)	(4,054)	(28,101)	(1,176)
Net Cash from/(used in) Operating Activities		(19,646)	781,894	(100,011)	626,635
CASH FLOW FROM INVESTING ACTIVITIES					
Acquisition of Property, Plant and Equipment		(64,759)	(55,960)	(2,588)	(1,966)
Acquisition of Intangible Assets		(942)	-	(942)	-
Proceeds from Disposal of Property, Plant and Equipment		27,981	-	-	-
Finance Income Received		17,317	11,777	17,358	8,142
Long Term Advances	16	8,892	(2,106)	1,253	(156,631)
Net Cash Flows from/(used in) Investing Activities		(11,511)	(46,289)	15,081	(150,455)
CASH FLOW FROM FINANCING ACTIVITIES					
Net Proceeds from /Repayment of Other Loans		(1,732)	(207,043)	66,694	(168,070)
Net Proceeds from /Repayment of Leases		(5,857)	(6,915)	(2,671)	(2,671)
Net Proceeds from/Repayment of Amounts Payable under Re-purchase Agreement		-	2	-	2
Net Proceeds from/Repayment of Commercial Papers		1,154	(274,203)	2,602	(272,062)
Finance Cost Paid		(111,716)	(129,697)	(51,470)	(68,514)
Net Cash Flows from/(used in) Financing Activities		(118,151)	(617,856)	15,155	(511,315)
Net Increase/(Decrease) in Cash and Cash Equivalents		(149,308)	117,750	(69,775)	(35,135)
Cash and Cash Equivalents at the Beginning of the Year	21	(58,495)	(176,245)	(122,807)	(87,672)
Cash and Cash Equivalents at the End of the Year	21	(207,803)	(58,495)	(192,582)	(122,807)

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the accounting policies and related notes, which are set out on pages 60 to 107.

Statement of Changes in Equity

For the year ended 31st March 2019	Stated Capital	Revaluation Reserve	Retained Earnings/ (Accumulated Losses)	Total Attributable to Equity Holders	Non-Controlling Interest	Total
GROUP	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 01st April 2017	1,498,498	1,197,364	(1,325,293)	1,370,569	677,705	2,048,274
Adjustment on Acquisition, Disposal and Change in Holding of Subsidiary	-	(344,670)	(290,295)	(634,965)	71,198	(563,767)
Profit / (Loss) for the Year	-	-	208,093	208,093	(85,460)	122,633
Other Comprehensive Income for the Year (Net of Tax)	-	-	(3,838)	(3,838)	202	(3,636)
Balance as at 31st March 2018	1,498,498	852,694	(1,411,333)	939,859	663,645	1,603,504
Adjustment on Acquisition, Disposal and Change in Holding of Subsidiary	-	-	159,569	159,569	-	159,569
Profit/(Loss) for the Year	-	-	60,055	60,055	(95,027)	(34,972)
Transferred To Reserves	-	(1,628)	1,628	-	-	-
Other Comprehensive Income for the Year (Net of Tax)	-	510,304	4,656	514,960	345,043	860,003
Balance as at 31st March 2019	1,498,498	1,361,370	(1,185,425)	1,674,443	913,661	2,588,104

For the year ended 31st March 2019	Stated Capital	Revaluation Reserve	Retained Earnings/ (Accumulated Losses)	Total
COMPANY	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 01st April 2017	1,498,498	5,905	(768,220)	736,183
Profit for the Year	-	-	568,641	568,641
Other Comprehensive Income for the Year (Net of Tax)	-	-	(3,821)	(3,821)
Balance as at 31st March 2018	1,498,498	5,905	(203,400)	1,301,003
Profit for the Year	-	-	231,413	231,413
Other Comprehensive Income for the Year (Net of Tax)	-	-	3,052	3,052
Balance as at 31st March 2019	1,498,498	5,905	31,065	1,535,468

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the accounting policies and related notes, which are set out on pages 60 to 107.

Notes to the Financial Statements

1. REPORTING ENTITY

1.1. General

Asia Capital PLC ('the company') is a public quoted company incorporated and domiciled in Sri Lanka. During the Financial year ended 31st March 2019 the registered office of the Company and the principal place of business were both situated at Level 21, West Tower, World Trade Center, Colombo 01.

With effect from 1st May 2019, the Registered Office and the principal place of the business of the Company have been changed to 102, Baudhaloka Mawatha, Colombo 04.

Ordinary shares of the company are listed on the main board of the Colombo Stock Exchange (CSE).

1.2. Parent and Ultimate Parent Company

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

2. BASIS OF PREPARATION

2.1. Statement of Compliance

The financial statements have been prepared in accordance with the Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka and the requirements of the Companies Act No. 07 of 2007. These financial statements also provide appropriate disclosures as required by the listing rules of the Colombo Stock Exchange.

The financial statements were authorised for issue by the Board of directors on 22nd August, 2019.

2.2. Consolidated Financial Statements

The consolidated financial statements of the company as at and for the year ended 31st March, 2019 comprise of the company and its subsidiaries (together referred to as the "group")

and individually as "group entities") and the group's interest in Associates.

2.2.1 Principle Activities and Nature of Operations

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

During the year the principal activities of the group were corporate finance, asset management, treasury management, dealing and investing in securities, financial services and operating hotels. Registered office and principal place of the business of the group companies have been disclosed in note 31.2 to page 93.

2.3. Basis of Measurement

The financial statements of the group has been prepared on the historical cost basis with no adjustments being made for inflationary factors affecting the financial statements, except for the following material items in the statement of financial position.

- Available-for-sale financial assets are measured at fair value
- The liability for defined benefit obligations are measured at the present value
- Property, plant and equipment are stated at its revalued amounts

2.4. Functional and Presentation Currency

The financial statements are presented in Sri Lankan Rupees (LKR), which is the company's functional currency. All amounts have been rounded to the nearest thousand unless stated otherwise.

2.5. Use of Estimates and Judgements

In preparing these financial statements in conformity with SLFRSs/LKAS's, management has made judgements, estimates and assumptions that affect the

application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underline assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in Note 3.16 to the Financial Statements.

2.6. Changes in Accounting Standards

The Company applied SLFRS 15 and SLFRS 09 for the first time. The nature and effect of the changes as a result of the adoption of these new accounting standards are described below.

There are other amendments and interpretations applied for the first time in the 2018/2019 financial year, which do not have a significant impact on the consolidated financial statements of the Company. The Company has not adopted any standards, interpretations or amendments that have been issued but are not yet effective.

a) SLFRS 15 - Revenue from Contracts with Customers

SLFRS 15 supersedes LKAS 11 Construction Contracts, LKAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under SLFRS 15, revenue is recognised at an amount that reflects the consideration to which an

entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Company adopted SLFRS 15 using the full retrospective method of adoption. Based on the impact assessment performed, the Company concluded that SLFRS 15 does not have a material impact on the Company's financial statements.

b) **SLFRS 09 - Financial Instruments**

SLFRS 09 Financial Instruments replaces LKAS 39 Financial Instruments: Recognition and Measurement, bringing together all three aspects of accounting for financial instruments which are classification and measurement, impairment and hedge accounting.

With the exception of hedge accounting, which the Company applied prospectively, the Company has applied SLFRS 9 retrospectively, with the initial application date of 1 April 2018. The Company has taken an exception not to restate comparative information for prior periods with respect to classification and measurement requirements.

2.7. **Materiality and Aggregation**

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature

or function are presented separately unless they are immaterial.

2.8. **Comparative Information**

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

The comparative figures which have been re-classified were disclosed in Note no 38 to the financial statement.

2.9. **Going Concern**

The Directors have made an assessment of company's and the group's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Board is not aware of any material uncertainties that may cast significant doubt upon the company's and the group's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of the company and the group. Therefore, the financial statements continue to be prepared on the going concern basis.

2.10. **Directors' Responsibility for the Financial Statements**

Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards and as per the provisions of Companies Act No. 07 of 2007. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and

applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by entities within the group.

3.1. **Basis of Consolidation**

3.1.1. **Business Combinations and Goodwill**

The group accounts for business combinations using the acquisition method when control is transferred to the group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Notes to the Financial Statements

3.1.2. Subsidiaries

Subsidiaries are entities controlled by the group. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Investment in Subsidiaries are stated at cost, net of any impairment losses which are changed to the statement of profit or loss and it is in accordance with Sri Lanka Accounting Standards (LKAS) 27 - Separate Financial Statements.

3.1.3. Non-Controlling Interests (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

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

3.1.4. Loss of Control

When the group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

3.1.5. Investment in Joint Venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant

activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The company's investments in its joint venture is accounted for using the equity method.

Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the company's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the company's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the company's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the company recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the company and the joint venture are eliminated to the extent of the interest in the joint venture.

Upon loss of significant influence over the joint control over the joint venture, the company measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

3.1.6. Investment in Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The group's share of its associates' post-acquisition profits or losses is recognised in the statement of profit or loss, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. When an investment ceases to be an associate, the fair value of the investment at the date when it ceases to be an associate is regarded as its carrying value on initial recognition as financial asset.

On disposal of investment in associates, the difference between the net disposal proceeds and its carrying amount is included in the statement of profit or loss.

3.1.7. Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2. Foreign Currency

3.2.1. Foreign Currency Transactions

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

The group does not have any subsidiary, associate or joint operation incorporated outside Sri Lanka which can be considered as a foreign operation.

3.3. Property, Plant and Equipment

3.3.1. Basis of Recognition

Property, plant and equipment are recognised if it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be reliably measured.

3.3.2. Basis of Measurement

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss other than for Land and Buildings. Land and Buildings are measured at fair value less accumulated depreciation on Buildings and impairment charged subsequent to the date of the revaluation if any.

The Group has adopted a guideline of revaluing the assets by a professional valuer at least once in every three years.

Accordingly, the Group has done a revaluation for Land and Buildings as at 31st March, 2019 and made relevant adjustments to the consolidated financial statements.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

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

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the income statement, in which case the increase is recognised in the income statement. A revaluation deficit is recognised in the income statement, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the

asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings. Where land and buildings are subsequently revalued, the entire class of such assets is revalued at fair value on the date of revaluation.

3.3.3. De-Recognition

An item of property, plant and equipment are de-recognised upon replacement, disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset is included in the income statement in the year the asset is de-recognised.

3.3.4. Depreciation

Depreciation is calculated by using a straight-line method on the cost or valuation of all property, plant and equipment, other than freehold land, in order to write off such amounts over the estimated useful economic life of such assets or over the unexpired period of lease, whichever is lower.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Buildings and improvements	15 years
Computer equipment	05 years
Office equipment	10 years
Furniture and fittings	10 years
Fixtures and fittings	10 years
Motor vehicles	04 years
Plant and machinery	04 years
Hotel equipment	04 years

Notes to the Financial Statements

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.3.5. Impairment of Property Plant and Equipment

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognised in the income statement, except that, impairment losses in respect of property, plant and equipment previously revalued are recognised against the revaluation reserve through the statement of other comprehensive income to the extent that it reverses a previous revaluation surplus.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses

may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

3.4. Intangible Assets and Goodwill

3.4.1. Recognition and Measurement

Goodwill	Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.
Research and Development	Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.
Other Intangible Assets	Other intangible assets, including customer relationships, patents and trademarks that are acquired by the group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

3.4.2. Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

3.4.3. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straightline method over their estimated useful lives, and is generally recognised in profit or loss. Goodwill is not amortised.

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

Computer Software 05 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.5. Financial Instruments - Initial Recognition and Subsequent Measurement

3.5.1. Financial Assets

Financial assets within the scope of SLFRS 09 are classified as amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. This assessment is referred to as the SPPI test and is performed at an instrument level. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient others are measured at the transaction price.

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

The group's financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables, quoted and unquoted financial instruments.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories.

- Financial assets at amortised cost
- Financial assets at fair value through OCI with recycling of cumulative gains and losses
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

Debt Instruments

a) Financial Assets at Amortised Cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely the payments of principal and interest are measured at amortised cost. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The subsequent measurement of financial assets depends on their classification as described below:

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables and short term investments.

b) Financial Assets at Fair Value Through OCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains or losses. Interest income from these financial assets is included in finance income using the

Notes to the Financial Statements

effective interest rate method. Foreign exchange gains and losses are presented in other gains or losses and impairment expenses are presented as a separate line item in the income statement.

Equity Instruments

c) Financial Assets Designated at Fair Value through OCI

The Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 32 Financial Instruments: Presentation, and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss.

Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

d) Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if

they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

De-recognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Impairment of Financial Assets

From 1 April 2018, the Company assesses on a forward looking basis

the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by SLFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

3.5.2. Financial Liabilities

a) Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

b) Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by SLFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

i) Loans and Borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

c) De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

d) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset with the net amount reported in the consolidated statement of financial position only if there is a current enforceable legal right to offset the recognised amounts and intent to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

e) Fair value of Financial Instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions;
- Reference to the current fair value of another instrument that is substantially the same;
- A discounted cash flow analysis or other valuation models.

SLFRS 7 requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement. The fair value hierarchy has the following levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) and;

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement, financial assets and financial liabilities are classified in their entirety into only one of the three levels.

3.6. Trade and Other Receivables

The requirement for an impairment is analysed at each reporting date on an individual basis for major customers. Additionally, a large number of minor receivables are grouped in to homogeneous groups and assessed for impairment collectively. The calculation is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

3.7. Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand and demand deposits.

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts.

The cash flow statements are reported based on the indirect method.

Notes to the Financial Statements

3.8. Inventories

Inventories are valued at the lower of cost and estimated net realisable value, after making due allowances for obsolete and slow moving items. Net realisable value is the price at which inventories can be sold in the normal course of business less the estimated cost of completion and the estimated cost necessary to make the sale. The cost incurred in bringing the inventories to its present location and conditions are accounted using the following formula.

- Food & Beverage - at purchase cost - First in first out basis
- Other consumables - at purchase cost - First in first out basis

3.9. Leases

3.9.1. Determining Whether an Arrangement Contains a Lease

At inception of an arrangement, the group determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the group's incremental borrowing rate.

3.9.2. Leased Assets

Assets held by the group under leases that transfer to the group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets

are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

3.9.3. Lease Payments

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3.10. Liabilities and Provisions

3.10.1. Liabilities

Liabilities classified under current liabilities in the statement of financial position are those expected to fall due within one year from the statement of financial position date. Items classified as non-current liabilities are those expected to fall due at a point of time after one year from the reporting date.

a) Trade and other Payables

Trade payables are the aggregate amount of obligations to pay for goods or services, that have been acquired in the ordinary course of business. Trade payables are classified as current liabilities if payment is due within one year.

b) Provisions, Contingent Assets and Contingent Liabilities

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

All the contingent liabilities are disclosed as notes to the financial statements unless the outflow of resources is remote.

3.11. Employee Benefits

3.11.1. Short-term Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.11.2. Defined Contribution Plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

All employees of the group are members of the Employees' Provident Fund and Employees' Trust Fund to which the group contributes 12% and

3% respectively of such employee's qualifying salary.

3.11.3. Defined Benefits Plans

The company and the group are liable to pay retirement benefits under the payment of Gratuity Act, No. 12 of 1983. Under the said Act, the liability to an employee arises only on completion of 5 years of continued service.

The group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets (if applicable) are deducted.

The discount rate is the yield at the reporting date on high quality corporate bonds, that have maturity dates approximating the terms of the group's obligations and that are denominated in the currency in which the benefits are expected to be paid.

The group recognises all actuarial gains and losses arising from the defined benefit plan in other comprehensive income (OCI) and all other expenses related to defined benefit plans are recognised as personnel expenses in profit or loss.

The calculation is performed annually using the projected unit credit method.

3.12. Revenue

3.12.1. Revenue Recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be

entitled in exchange for those goods or services.

Services transferred over time

Under SLFRS 15, the Group determines at contract inception whether it satisfies the performance obligation over time or at a point in time. For each performance obligation satisfied overtime, the Group recognises the revenue over time by measuring the progress towards complete satisfaction of that performance obligation.

a) Corporate and Government Securities Income

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

b) Income from Fee Based Activities

Income from consultancy fees is recognised in the period which such performance obligations were performed.

c) Room Revenue

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

d) Food and Beverage

Food and beverage revenue is recognised at the time of performance of relevant obligations.

e) Dividend Income

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

3.13. Expenses

3.13.1. Expenses Recognition

Expenses are recognised in the statement of profit and loss on the basis of a direct association between the cost incurred and the earning of specific items of income. All

expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

For the presentation of the statement of profit and loss the Directors are of the opinion that the function of the expenses method present fairly the elements of the group performance, and hence such a presentation method is adopted.

Preliminary and pre-operational expenditure is recognised in the statement of profit or loss.

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

3.13.2. Finance Income and Expenses

Finance income comprises interest income on funds invested. Interest income is recognised in the statement of profit or loss as it accrues.

Finance costs comprise interest expense on borrowings and impairment losses recognised on financial assets (other than trade receivables), are recognised in the statement of profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the statement of profit or loss using the effective interest method.

3.14. Income Tax

Income tax expense comprises current and deferred tax. It is recognised in the statement of profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Notes to the Financial Statements

3.14.1. Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

3.14.2. Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at

each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

3.15. Statement of Cash Flows

The statement of cash flows has been prepared using the 'Indirect Method' of preparing cash flows in accordance with the Sri Lanka Accounting Standard - LKAS 7 'Statement of Cash Flows.' Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Cash and cash equivalents comprise of cash in hand and cash at banks and other highly liquid financial assets which are held for the purpose of meeting short-term cash commitments with original maturities of less than three months which are subject to insignificant risk of changes in their fair value.

3.16. Critical Accounting Estimates and Judgements

The company and the group make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

a) Income Tax and Deferred Tax

Judgement is involved in determining the company's and the group's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The company and the group recognise liabilities for tax matters based on the estimates of whether additional taxes will be due. If the final outcome of these tax matters results in a difference in the amounts initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made.

Deferred tax assets are recognised on deductible temporary differences and for all tax losses to the extent it is probable that taxable profits will be available against which the

losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely level of future taxable profits together with future planning strategies. The directors' and management's assessment of taxable profit forecast involves making a judgement, at the particular point in time, about inherent uncertain future outcomes of events or conditions. Accordingly, subsequent events may result in outcomes that are significantly different from assessment.

Deferred tax liabilities are recognised on taxable temporary differences over accounting and tax carrying amounts in respect of property, plant and equipment. The management's decision in recording its deferred tax liabilities requires significant judgement about inherent uncertain future outcomes of events or conditions. Accordingly, subsequent events may result in outcomes that may be different from the assessment.

b) Impairment of Property, Plant and Equipment

The group assesses whether there are any indicators of impairment of all property, plant and equipment at each reporting date. Property, plant and equipment are tested for impairment and when there are indicators that the carrying amount may not be recoverable, a reasonable allowance for impairment is created. The directors' and management's assessment of recoverable amount involves making a judgement, at the particular point in time, about inherent uncertain future outcomes of events or conditions. Accordingly,

subsequent events may result in outcomes that are significantly different from assessment.

c) Defined Benefit Plan – Gratuity

The present value of the defined benefit plan depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for the defined benefit plan include the discount rate, future salary increase rate, mortality rate, withdrawal and disability rates and retirement age. Any changes in these assumptions will impact the carrying amount of defined benefit plan. The company and the group determine the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows, expected to be required to settle the defined benefit plan. In determining the appropriate discount rate, the company and the group consider the interest yield of long-term government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related defined benefit plan. Other key assumptions for the defined benefit plan are based in part on current market conditions.

4. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS THAT HAVE BEEN ISSUED BUT ARE NOT MANDATORILY EFFECTIVE AS AT 31ST MARCH, 2019

The following are some relevant new standards, interpretations and amendments, which are not yet mandatorily effective and have not been adopted early in these financial statements, which will or may have an effect on the group's future financial statements. The group intends to adopt these standards, interpretations and amendments, if applicable, when they become effective.

SLFRS 16 – Leases

SLFRS 16 eliminates the classification by a lessee of leases as either operating or finance. Instead all leases are treated in a similar way to finance leases in accordance with LKAS 17. Under SLFRS 16, leases are recorded on the balance sheet by recognising a liability for the present value of its obligation to make future lease payments with an asset (comprised of the amount of the lease liability plus certain other amounts) either being disclosed separately in the statement of financial position (within right-of-use assets) or together with property, plant and equipment. The most significant effect of the new requirements will be an increase in recognised lease assets and financial liabilities.

SLFRS 16 applies to annual periods commencing on or after 01st January, 2019. Earlier adoption is permitted, but only SLFRS 15 Revenue from Contracts with Customers is also adopted. The group is currently assessing the impact of SLFRS 16 and plans to adopt the new standard on the required effective date.

Notes to the Financial Statements

For the year ended 31st March	Group		Company	
	2019	2018	2019	2018
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
5 REVENUE				
5.1 Summary				
Gross Revenue	1,109,844	1,385,459	651,050	947,124
Less: Intra Group Transactions	(1,736)	(485,446)	-	-
	1,108,108	900,013	651,050	947,124
5.2 Segments				
Investments	651,050	463,249	651,050	947,124
Leisure	457,058	436,764	-	-
	1,108,108	900,013	651,050	947,124
6 OTHER OPERATING INCOME				
Gains on Disposal of Property, Plant and Equipment	6,946	-	-	-
Sundry Income	223,630	392,435	206,198	370,114
	230,576	392,435	206,198	370,114
7 (PROVISION)/REVERSAL FOR IMPAIRMENT OF RECEIVABLES				
Balance at the Beginning of the Year	62,355	526,428	517,501	966,071
Provision made During the Year	-	-	7,703	10,034
Bad Debt Write Offs	-	(464,073)	-	(458,604)
Balance at the End of the Year (Note 7.1)	62,355	62,355	525,204	517,501
7.1 Provision for Impairment of Receivables Reflected in,				
Trade Receivables (Note 19)	1,199	1,199	-	-
Other Receivables (Note 19)	61,156	61,156	43,076	43,076
Amounts Due from Related Companies (Note 20)	-	-	482,128	474,425
Balance at the End of the Year	62,355	62,355	525,204	517,501
8 NET FINANCE INCOME/(COST)				
Finance Income				
Interest Income - Related Parties	-	-	7,639	3,262
- Others	17,317	11,777	9,719	8,142
	17,317	11,777	17,358	11,404
Finance Cost				
Interest on Overdraft	(37,639)	(26,028)	(23,040)	(15,874)
Interest on Other Borrowings	(74,077)	(103,669)	(28,430)	(52,640)
	(111,716)	(129,697)	(51,470)	(68,514)
Net Finance Cost	(94,399)	(117,920)	(34,112)	(57,110)

For the year ended 31st March	Group		Company	
	2019	2018	2019	2018
	Rs.'000	Rs.'000	Rs.'000	Rs.'000

9 PROFIT/(LOSS) BEFORE TAXATION

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

Administrative Expenses Includes;

Auditors Remuneration - Audit Fees and Expenses	1,653	1,498	900	825
- Non-Audit Services	16	92	16	92
Director's Emoluments	48,134	42,058	48,134	42,058
Director's Fees	13,530	11,580	13,530	11,580
Secretarial Fees	1,536	1,967	651	1,278
Depreciation on Property Plant and Equipment	116,680	147,105	4,857	7,649
Amortisation of Intangible Assets	16	376	16	165
Legal Fees	9,809	8,773	1,754	1,073

Personnel Costs Includes;

Defined Benefit Plan - Gratuity	10,454	9,040	5,222	4,361
Defined Contribution Plan Cost - EPF and ETF	25,446	22,329	8,553	8,210
Staff Incentives	4,817	6,741	2,118	1,432
Other Staff Cost	205,866	191,182	64,223	67,060

Other Operating Expenses Includes;

Exchange Loss	18,028	3,163	15,540	1,863
Number of Employees	310	291	44	44

For the year ended 31st March	Group		Company	
	2019	2018	2019	2018
	Rs.'000	Rs.'000	Rs.'000	Rs.'000

10 INCOME TAX EXPENSES

Current Tax Expenses - Company	-	49,064	-	49,064
Current Tax Expenses - Subsidiaries (Note 10.2)	-	2,497	-	-
Current Tax Expenses - Total	-	51,561	-	49,064
Under/(Over) Provision in Respect of Prior Years	1,683	807	1,683	807
	1,683	52,368	1,683	49,871

Notes to the Financial Statements

For the year ended 31st March	Group		Company	
	2019	2018	2019	2018
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
10.1 Reconciliation of Accounting Profit/(Loss) and Taxable Income				
Accounting Profit/(Loss) Before Tax	(33,289)	175,001	233,096	618,512
Aggregate Disallowed Items	420,413	987,252	319,428	45,323
Aggregate Allowable Items	(758,508)	(897,187)	(5,998)	(5,765)
Income Not Subject to Tax	-	-	(675,859)	(399,662)
Tax Profit/(Loss) on Trade or Business	(371,384)	265,066	(129,333)	258,408
Other Taxable Income	534	15,207	-	11,173
Tax Losses Set Off under Section 32	-	(96,127)	-	(94,353)
Tax Losses Set Off under Section 19 of Inland Revenue Act No 24 of 2017	(47,834)	-	(45,839)	-
Taxable Income/(Loss)	(418,684)	184,146	(175,172)	175,228
Income Tax @ 28%	-	51,561	-	49,064
Current Tax Expense	-	51,561	-	49,064

Current Tax has been computed in accordance with the provisions of Inland Revenue Act No 24 of 2017.

10.1.1 Reconciliation of Unrelieved Tax Losses				
Opening Balance	2,287,612	2,419,410	470,335	564,875
Under/(Over) Provision in Respect of Prior Years	(4,541)	(35,671)	(83)	(187)
Unrelieved Loss for the year	378,777	-	129,334	-
Loss Utilised during the year	(47,828)	(96,127)	(45,839)	(94,353)
Closing Balance	2,614,020	2,287,612	553,747	470,335

10.2 Current Tax Expense on Subsidiary Companies				
Asia Leisure Holdings (Private) Limited	-	346	-	-
Asia Leisure (Private) Limited	-	31	-	-
Wadduwa Resorts (Private) Limited	-	1	-	-
Strider Capital Asia (Private) Limited	-	1,803	-	-
Asia Fort Sri Lanka Direct Investment Fund Limited	-	316	-	-
	-	2,497	-	-

10.3 Summary

Company

Asia Capital PLC is liable to taxation on its income from Business and Investment at the rate of 28%. However, no provision has been made during the year due to tax loss on business income and income generated from investment has been set off against the brought forward tax losses as per provisions of new Inland Revenue Act No 24 of 2017.

Asia Leisure Holdings (Private) Limited

The Company is liable to taxation on its Business Profits at the rate of 14%. However, no provision has been made during the year due to tax losses. The accumulated tax loss carried forward to the year of assessment 2019/2020 was Rs.204,705,852/- (2018/2019 - Rs.181,504,656/-).

Asia Leisure (Private) Limited

The Company is liable to taxation on its Business Profits at the rate of 14% However, no provision has been made during the year due to tax losses. Tax loss carried forward to the year of assessment 2019/2020 is Rs. 339,766,070/- (2018/2019 - Rs. 308,108,738/-)

Wadduwa Resorts (Private) Limited

The Company is liable to taxation on its Business Profits at the rate of 14%. However, no provision has been made during the year due to tax losses. The accumulated tax loss carried forward to year of assessment 2019/2020 is Rs. 548,209,391/- (2018/2019 - Rs. 408,002,473/-).

Shinagawa Beach Resorts (Private) Limited

The Company is liable to taxation on its Business Profits at the rate of 14% However, no provision has been made during the year due to tax losses. The accumulated tax loss carried forward to year of assessment 2019/2020 is Rs.275,985,317/- (2018/2019 - Rs.234,611,625/-).

Strider Capital Asia (Private) Limited

The Company is liable to taxation at the rate of 28% on its taxable profit. However, no provision has been made during the year due to tax losses. The accumulated tax loss carried forward to the year of assessment 2019/2020 is Rs.1,803,155/- (2018/2019 - Rs.1,803,155/-).

11 BASIC EARNING PER SHARE

- 11.1 Basic Earnings Per Share is calculated by dividing the profit attributable to ordinary shareholders for the year by the weighted average number of ordinary shares outstanding during the year.

The following data has been used in the computation of the basic earnings per share:

For the year ended 31st March	Group		Company	
	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Profit After Tax Attributable to Equity Holders of the Company	60,055	208,093	231,413	568,641
Weighted Average Number of Ordinary Shares Outstanding During the Year	131,330	131,330	131,330	131,330
Basic Earnings Per Share (Rs.)	0.46	1.58	1.76	4.33

12 PROPERTY, PLANT AND EQUIPMENT

12.1 Group

Cost / Valuation	Balance As at 01.04.2018 Rs.'000	Additions Rs.'000	Adjustment due to Revaluation Rs.'000	Disposals / Transfers Rs.'000	Balance As at 31.03.2019 Rs.'000
Freehold Assets					
Land	1,160,397	-	599,780	-	1,760,177
Buildings and Improvements	922,437	6,025	96,082	-	1,024,544
Motor Vehicles	1,060	796	-	-	1,856
Office Equipment	36,854	3,311	-	(912)	39,253
Fixtures and Fittings	18,414	63	-	-	18,477
Furniture and Fittings	98,208	2,483	-	(419)	100,272
Computer Equipment	28,485	4,129	-	-	32,614
Plant and Machinery	63,439	1,375	-	(234)	64,580
Hotel Equipment	103,635	1,978	-	-	105,613
Leasehold Assets					
Motor Vehicles	78,568	41,599	-	(44,881)	75,286
Computer Equipments	2,897	-	-	-	2,897
Total	2,514,394	61,759	695,862	(46,446)	3,225,569

Notes to the Financial Statements

12.1.1 In the Course of Construction

Cost	Balance As at 01.04.2018 Rs.'000	Incurred During the Year Rs.'000	Reclassified/ Transferred Rs.'000	Balance As at 31.03.2019 Rs.'000
Building Work in Progress	22,051	3,000	-	25,051

12.1.2 Accumulated Depreciation

Cost / Valuation	Balance As at 01.04.2018 Rs.'000	Charge for the year Rs.'000	Adjustment due to Revaluation Rs.'000	Disposals / Transfers Rs.'000	Balance As at 31.03.2019 Rs.'000
Freehold Assets					
Buildings and Improvements	140,065	54,327	(159,378)	-	35,014
Motor Vehicles	480	141	-	-	621
Office Equipment	18,722	5,233	-	(912)	23,043
Fixtures and Fittings	9,192	2,457	-	-	11,649
Furniture and Fittings	55,619	15,649	-	(419)	70,849
Computer Equipment	20,976	4,485	-	-	25,461
Plant and Machinery	36,992	9,312	-	(234)	46,070
Hotel Equipment	65,267	13,521	-	-	78,788
Leasehold Assets					
Motor Vehicles	46,541	10,950	-	(23,846)	33,645
Computer Equipments	351	605	-	-	956
Total Depreciation	394,205	116,680	(159,378)	(25,411)	326,096
Net Carrying Value as at 31.03.2018					2,142,240
Net Carrying Value as at 31.03.2019					2,924,524

12.1.3 Revaluation Surplus recognised during the year

Assets Category	Net Carrying Value prior to Revaluation Rs.'000	Revaluation Surplus Rs.'000	Fair Value as at 31.03.2019 Rs.'000
Land	1,160,397	599,780	1,760,177
Building & Improvement	769,084	255,460	1,024,544
	1,929,481	855,240	2,784,721

12.2 Company

Cost / Valuation	Balance As at 01.04.2018 Rs.'000	Additions Rs.'000	Disposals / Transfers Rs.'000	Balance As at 31.03.2019 Rs.'000
Cost				
Freehold Assets				
Motor Vehicles	321	-	-	321
Office Equipment	3,775	582	-	4,357
Fixtures and Fittings	9,390	-	-	9,390
Furniture and Fittings	11,736	23	-	11,759
Computer Equipment	12,209	1,983	-	14,192
Leasehold Assets				
Motor Vehicles	14,800	-	-	14,800
Total	52,231	2,588	-	54,819

12.2.1 Accumulated Depreciation

Cost / Valuation	Balance As at 01.04.2018 Rs.'000	Charge for the year Rs.'000	Disposals / Transfers Rs.'000	Balance As at 31.03.2019 Rs.'000
Freehold Assets				
Motor Vehicles	321	-	-	321
Office Equipment	1,436	348	-	1,784
Fixtures and Fittings	4,543	649	-	5,192
Furniture and Fittings	5,646	810	-	6,456
Computer Equipment	8,990	1,195	-	10,185
Leasehold Assets				
Motor Vehicles	12,945	1,855	-	14,800
Total Depreciation	33,881	4,857	-	38,738
Net Carrying Value as at 31.03.2018				18,350
Net Carrying Value as at 31.03.2019				16,081

Notes to the Financial Statements

12.3 Group Freehold Land and Buildings Value of Lands and Ownership

Company	Location	Land Extent in Acres/ Perches and Roods	Number of Buildings	Carrying Value of Lands As at 31.03.2019 Rs.	Carrying Value of Building As at 31.03.2019 Rs.
Shinagawa Beach Resorts (Pvt) Ltd	No 30, Old Guruniwasa Road, Welithara, Balapitiya	1A, 10P	2	204,000,000	250,000,000
Wadduwa Resorts (Pvt) Ltd	No 352/16c, Ratnayaka Road, Talpitiya, Wadduwa	3A, 1R, 36.22P	3	834,330,000	533,271,500
Asia Leisure Holdings (Pvt) Ltd	No 70, Uththamagana Mawatha, Welagedara, Balapitiya	1R	1	7,200,000	23,000,000
Asia Leisure (Pvt) Ltd	No 288, Galle Road, Dadalla, Galle	1A, 3R , 9P	1	79,197,900	68,091,000
River House Estate (Pvt) Ltd	Robert De Soysa Mawatha, Walagedara, Balapitiya	5A, 1R, 26P	0	173,200,000	-
Nuwara Eliya Hotel & Resorts (Pvt) Ltd	Misty Hills, Badulla Road, Katumanna, Nuwara-Eliya	63.8P	1	47,850,000	47,919,000
Rive House (Pvt) Ltd	No 70, Uttamana Mawatha, Welagedara, Balapitiya	06A, 01R, 36P	3	414,400,000	92,300,000
				1,760,177,900	1,014,581,500

All above revaluations are based on market values and were carried out by an independent valuer Mr D. Jayawardene (B.sc Estate Management & Valuation - Special, Incorporated Valuer, A.I.V - Sri Lanka). The effective date of valuation was 31st March 2019.

12.4 Carrying Amount of Revalued Assets

The carrying amount of revalued assets of the Group that would have been included in the financial statements had that been carried at cost less depreciation is as follows:

Cost / Valuation As at 31st March	Cost Rs.'000	Cumulative Depreciation If assets were carried at cost Rs.'000	Net Carrying Amount 2019 Rs.'000	Net Carrying Amount 2018 Rs.'000
Group				
Freehold Assets				
Buildings and Improvements	756,516	295,250	461,266	502,324
Motor Vehicles	1,856	772	1,084	580
Office Equipment	50,351	35,218	15,133	16,412
Fixtures and Fittings	18,562	13,245	5,317	7,107
Furniture and Fittings	115,449	104,395	11,054	19,937
Computer Equipment	35,259	34,799	460	2,500
Plant and Machinery	75,285	73,895	1,390	12,564
Hotel Equipment	1,003,608	200,376	803,232	901,516
Leasehold Assets				
Motor Vehicles	65,672	42,337	23,335	32,027
Computer Equipment	2,902	930	1,972	2,546
Total	2,125,460	801,217	1,324,243	1,497,513

12.5 Cost of Fully Depreciated Assets

As at 31st March	Group		Company	
	2019	2018	2019	2018
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Office Equipment	1,310	926	997	716
Fixtures and Fittings	2,925	2,925	2,925	2,925
Furniture and Fittings	12,236	10,226	2,037	2,037
Motor Vehicles	321	321	321	321
Leasehold Motor Vehicles	18,660	-	14,800	-
Total	35,452	14,398	21,080	5,999

Notes to the Financial Statements

13 INTANGIBLE ASSETS

13.1 Computer Software

As at 31st March	Group		Company	
	2019	2018	2019	2018
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cost				
Balance at the Beginning of the Year	66,374	66,374	30,471	30,471
Additions During the Year	942	-	942	-
Balance at the End of the Year	67,316	66,374	31,413	30,471

13.1.1 Amortisation

Balance at the Beginning of the Year	56,436	56,060	30,471	30,306
Amortisation for the Year	227	376	16	165
Balance at the End of the Year	56,663	56,436	30,487	30,471
Net Carrying Value	10,653	9,938	926	-

13.2 Goodwill

As at 31st March	Group		Company	
	2019	2018	2019	2018
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance at the Beginning of the Year	105,368	105,368	-	-
Balance at the End of the Year	105,368	105,368	-	-
Total Net Carrying Value	116,021	115,306	926	-

13.2.1 Summary of Goodwill -Group

As at 31st March	2019	2018
	Rs.'000	Rs.'000
Wadduwa Resorts (Pvt) Ltd	100,347	100,347
Asia Leisure (Pvt) Ltd	5,021	5,021
	105,368	105,368

Goodwill as at the reporting date has been tested for impairment and no impairment loss was noted. The recoverable value of goodwill has been estimated based on the future cash flows.

14 LONG TERM INVESTMENTS

As at 31st March	Group		Company	
	2019	2018	2019	2018
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Investments in Subsidiaries (Note 14.1)	-	-	878,264	878,264
Investments in Associates (Note 14.2)	173,166	174,656	398,839	398,839
Total Investments	173,166	174,656	1,277,103	1,277,103

14.1 Investments in Subsidiaries

As at 31st March	Company			
	2019 Effective % Holding	Rs.'000	2018 Effective % Holding	Rs.'000
Non-Quoted				
Asia Growth Fund 1 (Private) Limited	100%	10,050	100%	10,050
Asia Fort Sri Lanka Direct Investment Fund Limited	100%	5,001	100%	5,001
Asia Capital Projects (Private) Limited	100%	25,000	100%	25,000
Asia Capital Technologies (Private) Limited	100%	32,000	100%	32,000
Asia Digital Entertainment (Private) Limited	100%	4,088	100%	4,088
Asia Tea Packaging (Private) Limited	100%	86,787	100%	86,787
Asia Leisure Holdings (Private) Limited	73%	730,249	73%	730,249
Asia Leisure (Private) Limited	98%	109,494	98%	109,494
Strider Capital Asia (Private) Limited	100%	33,520	100%	33,520
		1,036,189		1,036,189
Less: Provision for fall in value of investments (Note 14.1.1)		(157,925)		(157,925)
Total Investments in Subsidiaries		878,264		878,264

14.1.1 Provision for Fall in value of Investments

As at 31st March	Company	
	2019 Rs.'000	2018 Rs.'000
Asia Growth Fund 1 (Private) Limited	(10,050)	(10,050)
Asia Capital Projects (Private) Limited	(25,000)	(25,000)
Asia Digital Entertainment (Private) Limited	(4,088)	(4,088)
Asia Tea Packaging (Private) Limited	(86,787)	(86,787)
Asia Capital Technologies (Private) Limited	(32,000)	(32,000)
	(157,925)	(157,925)

14.1.2 The Carrying value of the investments in subsidiaries has been reviewed based on the future cash flows to be generated by each cash generating unit, as per the strategic business plans of each entity.

14.2 Investment in Associates

As at 31st March	Group			Company		
	Effective % Holding	2019 Rs.'000	2018 Rs.'000	Effective % Holding	2019 Rs.'000	2018 Rs.'000
493 Talpe Lands (Private) Limited	49%	(190)	(56)	49%	-	-
Galle Beach CC Trust (Private) Limited	40%	173,356	174,712	40%	398,839	398,839
Total Investment in Associates		173,166	174,656		398,839	398,839

Notes to the Financial Statements

14.2.1 Summarised Financial Information - Associates

The group has 40% interest in "Galle Beach CC Trust (Pvt) Ltd" and 49% in "493 Talpe Lands (Pvt) Ltd". The following table illustrates the summarised financial information of the group's investment in "Galle Beach CC Trust (Pvt) Ltd" and "493 Talpe Lands (Pvt) Ltd".

Share of the Associate's Statement of Financial Position

As at 31st March	493 Talpe Lands (Pvt) Ltd		Galle Beach CC Trust (Pvt) Ltd	
	2019	2018	2019	2018
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Non Current Assets	40,989	40,989	1,161,509	963,245
Current Assets	1	1	93,573	1,101
Total Assets	40,990	40,990	1,255,082	964,346
Non Current Liabilities	-	-	400,000	250,000
Current Liabilities	41,377	41,103	421,692	277,567
Total Liabilities	41,377	41,103	821,692	527,567
Net Assets	(387)	(113)	433,390	436,779
Carrying Amount of the Investment	(190)	(55)	173,356	174,712

Share of the Associate's Revenue and Profit/(Loss)

Revenue	-	-	-	-
Loss	273	114	3,389	1,390

14.3 Assets Classified as Held for Sale

14.3.1 Group

As at 31st March	2019		2018	
	Fair Value	Cost	Fair Value	Cost
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Galle Beach CC Trust (Private) Limited	-	-	614,941	126,666
	-	-	614,941	126,666

As at 31st March, 2018, 28% of investment in Galle Beach CC Trust (Pvt) Ltd has been classified as assets held for sale in the group financial statements. The carrying amount of assets and liabilities in the disposal may be analysed as follows:

Assets	Rs.'000	Liabilities	Rs.'000
Property, Plant and Equipment	963,245	Interest Bearing Borrowing	250,000
Other Receivables	1,059	Amount Due to Related Parties	247,979
Cash and Cash Equivalents	42	Other Payables	17,842
		Bank Overdraft	11,746
Total Assets	964,346	Total Liabilities	527,567
Assets Directly Associated with Assets Held for Sale			964,346
Liabilities Directly Associated with Assets Held for Sale			527,567
Net Assets of the Subsidiary Before Classification of the Held for Sale			436,779
Net Assets Attributable to the Parent			126,666

14.3.2 Company

As at 31st March	2019		2018	
	Fair Value Rs.'000	Cost Rs.'000	Fair Value Rs.'000	Cost Rs.'000
Galle Beach CC Trust (Private) Limited	-	-	614,941	126,666
	-	-	614,941	126,666

15 EQUITY INSTRUMENTS MEASURED AT FAIR VALUE THROUGH OCI

As at 31st March	Group		Company	
	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Non-Current				
Investment in Equity Securities - Non-Quoted (Note 15.1)	114,853	114,853	114,853	114,853
	114,853	114,853	114,853	114,853

15.1 Investments in Equity Securities - Non-Quoted

As at 31st March	No. of Shares	Carrying Value 2019 Rs.'000	No. of Shares	Carrying Value 2018 Rs.'000
Group				
Galle Heritage Lanka (Private) Limited	20	74,506	20	74,506
Marine Drive Hotels (Private) Limited	10	40,347	10	40,347
Total	30	114,853	30	114,853
Company				
Galle Heritage Lanka (Private) Limited	20	74,506	20	74,506
Marine Drive Hotels (Private) Limited	10	40,347	10	40,347
Total	30	114,853	30	114,853

The Management has made a fair value assessment of investment in those equity securities as at March 2019 and noted that the fair value has not changed significantly. Therefore, no adjustments were made to the financial statements.

Notes to the Financial Statements

16 LONG TERM DEPOSITS AND ADVANCES

As at 31st March	Group		Company	
	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Rent Deposit	5,127	14,109	5,127	14,019
Advances	-	-	165,425	157,786
	5,127	14,109	170,552	171,805
Less: Provision for Impairment	-	-	-	-
	5,127	14,109	170,552	171,805
Maturity Analysis of Long Term Deposits				
Within 2-3 Years	-	7,231	165,425	165,017
Within 3-5 Years	-	6,281	-	6,281
After 5 Years	5,127	507	5,127	507
	5,127	14,019	170,552	171,805

17 INVENTORIES

As at 31st March	Group		Company	
	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Food and Beverages	12,472	12,614	-	-
Films Stock	267,224	267,224	-	-
	279,696	279,838	-	-
Less: Provision for Impairment	(267,224)	(267,224)	-	-
	12,472	12,614	-	-

18 OTHER FINANCIAL ASSETS

As at 31st March	Group		Company	
	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Investments in Fixed Deposits	106,354	58,950	85,664	39,187
Investments in Overnight Repo	18,103	-	18,103	20,147
Investments in Reverse Repurchase Agreements	-	384	425	384
	124,457	59,334	104,192	59,718
Less: Provision for Impairment	-	-	-	-
	124,457	59,334	104,192	59,718

19 TRADE AND OTHER RECEIVABLES

As at 31st March	Group		Company	
	2019	2018	2019	2018
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Trade Debtors	143,589	209,606	-	-
Less: Provision for Bad and Doubtful Debts	(1,199)	(1,199)	-	-
	142,390	208,407	-	-
Staff Loan (Note 19.1)	-	-	-	-
Advances and Prepayments	395,269	82,006	25,749	5,655
Deposits	-	-	-	-
Other Debtors	64,356	52,038	54,850	46,547
	602,015	342,451	80,599	52,202
Less: Provision for Bad and Doubtful Debts	(61,156)	(61,156)	(43,076)	(43,076)
	540,859	281,295	37,523	9,126

19.1 Staff Loan

Balance at the Beginning of the Year	-	276	-	276
Loans Granted During the Year	83	185	83	185
Less: Repayments	(83)	(194)	(83)	(194)
Bad Debt Written Off	-	(267)	-	(267)
Balance at the End of the Year	-	-	-	-

Notes to the Financial Statements

20 AMOUNTS DUE FROM RELATED COMPANIES

As at 31st March	Relationship	Group		Company	
		2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Asia Growth Fund 1 (Private) Limited	Subsidiary	-	-	601	420
Asia Fort Sri Lanka Direct Investment Fund Limited	Subsidiary	-	-	1,899	1,685
Asia Capital Technologies (Private) Limited	Subsidiary	-	-	37,198	32,964
Asia Capital Projects (Private) Limited	Subsidiary	-	-	23,124	20,292
Asia Leisure Holdings (Private) Limited	Subsidiary	-	-	212,453	73,905
Asia Digital Entertainment (Private) Limited	Subsidiary	-	-	378,404	378,067
Asia Leisure (Private) Limited	Subsidiary	-	-	6,090	6,091
Asia Tea Packaging (Private) Limited	Subsidiary	-	-	10,739	10,731
Asia Capital Private Equity (Private) Limited	Subsidiary	-	-	31,739	31,636
Galle Beach (Private) Limited	Subsidiary	-	-	323	315
Wadduwa Resorts (Private) Limited	Sub-subsidiary	-	-	252,546	173,059
Shinagawa Beach Resorts (Private) Limited	Sub-subsidiary	-	-	157,068	154,980
River House (Private) Limited	Sub-subsidiary	-	-	5,539	5,521
River House Estate (Private) Limited	Sub-subsidiary	-	-	87,224	69,952
Asia Leisure Apartments (Private) Limited	Sub-subsidiary	-	-	178,500	-
Asia Leisure Travels (Private) Limited	Sub-subsidiary	-	-	11,424	17,775
Galle Beach CC Trust (Private) Limited	Associate	396,907	247,979	361,144	212,216
493 Talpe Lands (Private) Limited	Associate	41,367	40,703	41,367	40,703
Katumankelle Hill Estate (Private) Limited	Affiliate	227,324	218,339	227,324	218,339
		665,598	507,021	2,024,706	1,448,651

Less: Provision for Bad and Doubtful Debts

Asia Growth Fund 1 (Private) Limited	-	-	(601)	(420)
Galle Beach (Private) Limited	-	-	(323)	(315)
Asia Capital Projects (Private) Limited	-	-	(23,124)	(20,292)
Asia Tea Packaging (Private) Limited	-	-	(10,739)	(10,731)
Asia Capital Technologies (Private) Limited	-	-	(37,198)	(32,964)
Asia Digital Entertainment (Private) Limited	-	-	(378,404)	(378,067)
Asia Capital Private Equity (Private) Limited	-	-	(31,739)	(31,636)
	-	-	(482,128)	(474,425)
	665,598	507,021	1,542,578	974,226

21 CASH AND CASH EQUIVALENTS

As at 31st March	Group		Company	
	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Favourable Balances				
Cash in Hand and at Bank	179,179	201,518	10,722	9,414
	179,179	201,518	10,722	9,414
Unfavourable Balances				
Bank Overdrafts	(386,982)	(260,013)	(203,304)	(132,221)
Cash and Cash Equivalents for the Cash Flow Purpose	(207,803)	(58,495)	(192,582)	(122,807)

22 STATED CAPITAL

As at 31st March	Group /Company			
	2019		2018	
	No of Shares	Value Rs.'000	No of Shares	Value Rs.'000
Ordinary Shares	131,329,995	1,498,498	131,329,995	1,498,498
	131,329,995	1,498,498	131,329,995	1,498,498

23 DEFERRED TAXATION

As at 31st March	Group			
	2019		2018	
	Temporary Differences Rs.'000	Temporary Tax Effect Rs.'000	Temporary Differences Rs.'000	Temporary Tax Effect Rs.'000
On Temporary Differences of Property, Plant and Equipment	(662,791)	(95,717)	(395,134)	(55,551)
On Retirement Benefit Obligations	39,963	8,970	35,758	7,879
On Tax Losses Carried Forward	2,614,020	588,102	2,287,612	291,352
	1,991,192	501,355	1,928,236	243,680

As at 31st March	Company			
	2019		2018	
	Temporary Differences Rs.'000	Temporary Tax Effect Rs.'000	Temporary Differences Rs.'000	Temporary Tax Effect Rs.'000
On Temporary Differences of Property, Plant and Equipment	(10,027)	(2,808)	(9,419)	(2,637)
On Retirement Gratuity	23,927	6,700	22,737	6,366
On Tax Losses Carried Forward	553,934	155,102	470,335	131,694
	567,834	158,994	483,653	135,423

Note:

Group Due to the uncertainty of availability of future taxable profit for utilisation of tax losses, the recognition of deferred tax asset has been limited only up to deferred tax liability as at the reporting date.

Company Due to the uncertainty of availability of future taxable profit for utilisation of tax losses, the recognition of deferred tax asset has been limited only up to deferred liability as at the reporting date. Therefore, the unrecognised deferred tax asset of the Company is Rs.158Mn (2018- Rs.135Mn).

Notes to the Financial Statements

24 RETIREMENT BENEFIT OBLIGATIONS

As at 31st March	Group		Company	
	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Balance at the Beginning of the Year	35,954	24,610	22,738	14,706
Interest for the Year	2,409	2,498	2,409	1,511
Provision made during the Year	8,045	6,542	2,813	2,850
(Gain)/Loss arising from changes in assumptions or (over)/under provision in the previous year	(4,763)	3,636	(3,052)	3,821
Payments made during the Year	(1,682)	(1,332)	(980)	(150)
Balance at the end of the Year	39,963	35,954	23,928	22,738

As required by the Sri Lanka Accounting Standard 19 - "Employee Benefits" all the Companies in the Group have provided gratuity liability based on the Gratuity Formula Method.

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

As at 31st March	2019	2018
Rate of Interest	11.15%	10.60%
Rate of Salary Increase	10%	10%
Labour Turnover	6%	5.5%
Retirement Age	60	60

24.1 Sensitivity of Assumption Employed in the Valuation

Sensitivity analysis on discounting rate and salary increment rate to Statement of Financial Position and Statement of Profit and Loss is as follows:

As at 31st March	Sensitivity Effect on	
	Total Comprehensive Income Increase / (Reduction) Rs.'000	Employment Benefit Obligation Increase/ (Reduction) in the Liability Rs.'000
Group		
Increase in Discounts Rate (1%)	517	(3,640)
Decrease in Discount Rate (1%)	(630)	4,007
Increase in Salary Increment Rate (1%)	(369)	4,015
Decrease in Salary Increment Rate (1%)	261	(2,955)
Company		
Increase in Discounts Rate (1%)	(46)	(2,194)
Decrease in Discount Rate (1%)	79	2,466
Increase in Salary Increment Rate (1%)	296	2,469
Decrease in Salary Increment Rate (1%)	(267)	(2,234)

25 NON-INTEREST BEARING BORROWINGS

As at 31st March	Group		Company	
	2019	2018	2019	2018
	(Reclassified)		(Reclassified)	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance at the Beginning of the Year	866,406	87,485	866,406	87,485
Loan Obtained During the Year	-	790,795	-	790,795
Installments Paid During the Year	(6,691)	(11,874)	(6,691)	(11,874)
Balance at the End of the Year	859,715	866,406	859,715	866,406

25.1 Summary

Questnet Limited (Note 25.1.1)	68,920	75,611	68,920	75,611
CC Trust Pte Ltd	790,795	790,795	790,795	790,795
	859,715	866,406	859,715	866,406
Amount Repayable Within One Year	68,920	75,611	68,920	75,611
Amount Repayable After One Year	790,795	790,795	790,795	790,795

25.1.1 The loan is payable (on demand) to Questenet Limited, a shareholder related party.

26 INTEREST BEARING BORROWINGS

As at 31st March	Group		Company	
	2019	2018	2019	2018
	(Reclassified)		(Reclassified)	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Direct Borrowing	430	389	430	389
Preference Facility Loan	443,014	339,065	443,014	339,065
Borrowing Under Commercial Papers	13,876	12,722	28,990	26,388
Borrowing Under Repurchase Agreement	794	794	794	794
Other Long Term Loans	196,480	277,483	51,190	66,255
	654,594	630,453	524,418	432,891
Amount Repayable Within One Year (Note 26.2)	359,838	263,028	321,331	226,019
Amount Repayable After One Year (Note 26.2)	294,756	367,425	203,087	206,872
	654,594	630,453	524,418	432,891

Notes to the Financial Statements

26.1 Assets Pledged

Company	Nature of Facility	Name of the Lender	Facility Limit Rs.	Details of the Assets Pledged	Balance as at 31st March	Balance as at 31st March
					2019 Rs.	2018 Rs.
Asia Capital PLC	Long Term Loan	Seylan Bank PLC	100,000,000/-	Arachchige Watta, Waduwanakaduwwatta, and Ratranhadiligeliyadda, Kosgoda	51,190,477	70,800,122
Wadduwa Resorts (Private) Limited	Long Term Loan	Seylan Bank PLC	325,000,000/-	Taprobana Land and Building located at No.325/16,Ratnayaka Road, Thalpitiya,Wadduwa. Corporate guarantee of Asia Capital PLC	141,669,708	195,835,333
Asia Leisure Holdings (Private) Ltd	Long Term Loan	Seylan Bank PLC	52,000,000/-	Rs 40Mn Cash Back Guarantee and Corporate Guarantee of Asia Capital PLC	3,621,283	6,052,121

26.2 Analysis of Current/Non-Current Portion of Interest Bearing Borrowings

As at 31st March	2019		2018 (Reclassified)	
	Payable within one year Rs.'000	Payable after one year Rs.'000	Payable within one year Rs.'000	Payable after one year Rs.'000
Group				
Direct Borrowing	430	-	389	-
Preference Facility Loan (Note 26.3)	276,832	166,182	181,708	157,357
Borrowing Under Commercial Papers	13,876	-	13,517	-
Borrowing Under Repurchase Agreement	794	-	-	-
Other Long Term Loans	67,906	128,574	67,414	210,068
	359,838	294,756	263,028	367,425
Company				
Direct Borrowing	430	-	389	-
Preference Facility Loan (Note 26.3)	276,832	166,182	181,708	157,357
Borrowing Under Commercial Papers	28,990	-	26,388	-
Borrowing Under Repurchase Agreement	794	-	-	-
Other Long Term Loans	14,285	36,905	17,534	49,515
	321,331	203,087	226,019	206,872

26.3 Interest Bearing Borrowings includes Preference Facility Loan amounting to Rs. 222,525,000/- (2018 - Rs. 118,117,500/-) obtained from Fast Gain International Limited, a shareholder related entity.

27 LEASE LIABILITY

As at 31st March	Group		Company	
	2019	2018	2019	2018
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Finance Lease Liability				
Balance at the Beginning of the Year	48,217	49,989	5,803	9,672
Lease Obtained During the Year	18,000	13,358	-	-
Repayment During the Year	(26,101)	(15,130)	(3,869)	(3,869)
Balance at the End of the Year	40,116	48,217	1,934	5,803
Interest in Suspense	(8,117)	(10,361)	(60)	(1,258)
Balance at the End of the Year	31,999	37,856	1,874	4,545
Amount repayable within one Year	10,520	22,084	1,874	1,095
Amount repayable after one Year	21,479	15,772	-	3,450
	31,999	37,856	1,874	4,545

28 DEFERRED INCOME

As at 31st March	Group		Company	
	2019	2018	2019	2018
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Deferred Income from Investment in Equity Securities	4,035	11,485	4,035	11,485
	4,035	11,485	4,035	11,485

29 TRADE AND OTHER PAYABLES

As at 31st March	Group		Company	
	2019	2018	2019	2018
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Trade Creditors	38,311	18,968	-	-
Sundry Creditors including Accrued Expenses	210,989	206,809	40,853	30,396
Refundable Deposits	-	10,499	-	10,499
	249,300	236,276	40,853	40,895

30 AMOUNTS DUE TO RELATED COMPANIES

As at 31st March	Relationship	Group		Company	
		2019	2018	2019	2018
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Strider Capital Asia (Private) Limited	Subsidiary	-	-	38,064	38,993
Shinagawa Beach Resorts (Private) Limited	Sub-Subsidiary	-	-	-	124
Galle Beach Hotel (Private) Limited	Sub-Subsidiary	-	-	25	-
		-	-	38,089	39,117

Notes to the Financial Statements

31 DETAILS OF SUBSIDIARIES/ASSOCIATES

31.1 Summarised Financial Information of Subsidiaries

	Assets		Liabilities		Equity		Revenue		Profit After Tax		Total Comprehensive Income	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Asia Growth Fund 1 (Private) Limited	-	22	691	508	(691)	(486)	-	-	(205)	(184)	(205)	(184)
Asia Fort Sri Lanka Direct Investment Fund Limited	15,834	14,581	2,199	2,241	13,635	12,340	1,736	1,571	1,295	1,424	1,295	1,424
Asia Capital Private Equity (Private) Limited	26,269	26,269	31,877	31,773	(5,608)	(5,504)	-	-	(104)	(95)	(104)	(95)
Asia Capital Technologies (Private) Limited	12,214	12,511	40,599	36,384	(28,385)	(23,873)	-	-	(4,815)	(5,790)	(4,512)	(6,022)
Asia Digital Entertainment (Private) Limited	17,567	17,652	378,536	378,199	(360,969)	(360,547)	-	-	(422)	(1,036)	(422)	(1,036)
Asia Capital Projects (Private) Limited	167,581	159,172	188,674	178,252	(21,093)	(19,080)	-	-	(2,013)	(2,643)	-	(2,643)
Galle Beach Hotel (Private) Limited	35,915	36,018	26	26	35,889	35,992	-	-	(103)	(95)	(103)	(95)
Asia Leisure Holdings (Private) Limited	1,167,139	1,053,451	604,309	135,695	562,830	917,756	25,922	21,205	(26,159)	(20,175)	(23,926)	(20,398)
Asia Leisure (Private) Limited	222,695	237,811	213,524	198,905	9,171	38,906	67,263	72,712	(35,376)	(30,389)	(29,735)	(30,293)
Shinagawa Beach Resorts (Private) Limited	664,451	597,667	339,996	333,084	324,455	264,583	161,882	165,506	(40,141)	(39,766)	59,872	(39,284)
Wadduwa Resorts (Private) Limited	1,488,574	919,457	604,309	514,742	884,265	404,715	117,035	118,081	(144,012)	(124,137)	479,550	(124,216)
Asia Tea Packaging (Private) Limited	3,868	3,901	11,282	11,275	(7,414)	(7,374)	-	-	(41)	(1,337)	1,392	(1,337)
River House (Private) Limited	508,751	410,563	7,688	7,670	501,063	402,893	-	-	(18)	(73)	98,170	(73)
River House Estate (Private) Limited	213,995	188,733	114,076	95,257	99,919	93,476	-	-	(4,756)	(12,615)	6,444	(12,615)
Asia Leisure Travels (Private) Limited	35,774	37,277	66,756	52,631	(30,982)	(15,354)	84,956	59,260	(15,670)	(10,883)	(15,628)	(10,742)
Nuwara Eliya Hotel & Resorts (Private) Limited	95,769	80,000	80,030	80,020	15,739	(20)	-	-	(10)	(10)	(10)	(10)
Strider Capital Asia (Private) Limited	38,172	39,409	57	1,246	38,115	38,163	-	-	(48)	(254)	(48)	(254)
Asia Leisure Apartments (Private) Limited	178,501	-	178,500	-	1	-	-	-	-	-	-	-

31.2 Non-Controlling Interest (NCI) in Subsidiaries

	of Ownership % Held by NCI		of Voting Rights % Held by NCI		Share of Loss of NCI for the year ended		Share of Total Comprehensive Income		Non-Controlling Interest as at March	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Shinagawa Beach Resorts (Private) Limited	50	50	50	50	(20,071)	(19,883)	29,936	(19,642)	162,228	132,292
Wadduwa Resorts (Private) Limited	42	42	42	42	(60,485)	(52,137)	201,411	(52,170)	371,392	169,980
Asia Leisure Holdings (Private) Limited	26	26	26	26	(6,801)	(5,245)	(7,156)	(5,245)	232,396	238,617
Asia Leisure Travels (Private) Limited	41	41	41	41	(6,425)	(4,462)	(6,408)	(4,462)	(12,703)	(6,295)
River House Estate (Private) Limited	26	26	26	26	(1,237)	(3,280)	1,675	(3,280)	25,979	24,304
River House (Private) Limited	26	26	26	26	(5)	(19)	25,524	(19)	130,276	104,752
Nuwara Eliya Hotel & Resorts (Private) Limited	26	26	26	26	(3)	(3)	4,097	(3)	4,092	(5)

31.2 Details of Subsidiaries/Associates -(Contd)

Name of the Subsidiary and Sub-subsidiary	Registered Office	Principal place of Business
Asia Growth Fund 1 (Private) Limited	No 102, Baudhdhaloka Mawatha, Colombo 04	- Do -
Asia Fort Srilanka Direct Investment Fund Limited	No 102, Baudhdhaloka Mawatha, Colombo 04	- Do -
Asia Capital Private Equity (Private) Limited	No 102, Baudhdhaloka Mawatha, Colombo 04	- Do -
Asia Capital Technologies (Private) Limited	No 102, Baudhdhaloka Mawatha, Colombo 04	- Do -
Asia Digital Entertainment (Private) Limited	No 102, Baudhdhaloka Mawatha, Colombo 04	- Do -
Asia Capital Projects (Private) Limited	No 102, Baudhdhaloka Mawatha, Colombo 04	- Do -
Galle Beach Hotel (Private) Limited	No 102, Baudhdhaloka Mawatha, Colombo 04	No 471, Colombo Road ,Daddalla,Galle.
Asia Leisure Holding (Private) Limited	No 102, Baudhdhaloka Mawatha, Colombo 04	No 170,Utthamanana Mawatha,Welagedara,Balapitiya
Asia Leisure (Private) Limited	No 102, Baudhdhaloka Mawatha, Colombo 04	No 288,Galle Road,Dadella,Galle
Shinagawa Beach Resorts (Private) Limited	No 102, Baudhdhaloka Mawatha, Colombo 04	No 30,Old Guruniwasa Road,Welithara,Balapitiya
Wadduwa Resorts (Private) Limited	No 102, Baudhdhaloka Mawatha, Colombo 04	325/16,Ratnayaka Road,Thalpitiya,Wadduwa.
Asia Tea Packaging (Private) Limited	No 102, Baudhdhaloka Mawatha, Colombo 04	- Do -
River House (Private) Limited	No 102, Baudhdhaloka Mawatha, Colombo 04	No 170,Utthamanana Mawatha,Welagedara,Balapitiya
River House Estate (Private) Limited	No 102, Baudhdhaloka Mawatha, Colombo 04	- Do -
Asia Leisure Travels (Private) Limited	No 102, Baudhdhaloka Mawatha, Colombo 04	- Do -
Nuwara Eliya Hotel & Resorts (Private) Limited	No 102, Baudhdhaloka Mawatha, Colombo 04	Misty Hill, katumanakelle, Nuwara-Eliya
Strider Capital Asia (Private) Limited	No 102, Baudhdhaloka Mawatha, Colombo 04	- Do -
Asia Leisure Apartments (Private) Limited	No 102, Baudhdhaloka Mawatha, Colombo 04	- Do -
Name of the Associates		
Galle Beach CC Trust (Private) Limited	No 102, Baudhdhaloka Mawatha, Colombo 04	No 471, Colombo Road ,Daddalla,Galle.
493 Talpe Lands (Private) Limited	No 102, Baudhdhaloka Mawatha, Colombo 04	493 Talpe Habaraduwa,Galle

32 RELATED PARTY DISCLOSURE

The Company carried out transactions in the ordinary course of its business with parties who are defined as related parties as per Sri Lanka Accounting Standards-LKAS 24 on "Related Party Disclosures". The Related party transactions were made on terms equivalent to those that prevail in arms length basis.

32.1 Transactions, Arrangements and Agreements involving Key Management Personnel (KMP) and their Close Family Members (CFM)

According to Sri Lanka Accounting Standard - LKAS 24 on 'Related Party Disclosures', Key Management Personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly. Accordingly, the members of the Board of Directors of the Company (Executive and Non-Executive Directors), Chief Executive Officer and Group Chief Financial Officer have been classified as KMP. As the Company is the ultimate parent of the subsidiaries, the Board of Directors of the Company has the authority and responsibility for planning or controlling the activities of the Group directly or indirectly.

Compensation to Key Management Personnel of the Company was as follows:

For the Year Ended 31st March	Group		Company	
	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Short Term Employment Benefits	78,784	76,358	78,784	76,358
Post Employment Benefits Paid	Nil	Nil	Nil	Nil
Other Long Term Benefits	Nil	Nil	Nil	Nil
Termination Benefits	Nil	Nil	Nil	Nil

The Company contributes towards a post employment contribution plan for the Executive Director (CEO) and Group Chief Financial Officer. There are no share based payments made to the KMP during the Year.

No loans were granted to KMP of the Company & Group.

Notes to the Financial Statements

32.2 Transactions with Close Family Members of Key Management Personnel (KMP)

CFM of KMP are those family members who may be expected to influence or be influenced by those individuals in their dealings with the entity. They may include:

- the individual's domestic partner and children
- children of the individual's domestic partner
- dependants of the individual or the individual's domestic partner

CFM are related parties to the entity. There were no transactions with CFM during the year.

32.3 Transactions with Related Companies

Name of the Related Party	Nature of the Relationship	Name of the Common Director	Details of the Transactions/ Balances	Value of the Transactions	
				2019 Rs.000	2018 Rs.000
a) Transactions with Subsidiaries/Sub-Subsidiaries					
Asia Growth Fund 1 (Private) Limited	Subsidiary	Mr. J.H.P.Ratnayeke	Reimbursement of Expenses (Net)	181	173
		Mr. S.A.Abeyesinhe	Provision for Bad and Doubtful Debts Expense during the year	181	420
Asia Fort Sri Lanka Direct Investment Fund Limited	Subsidiary	Mr. J.H.P.Ratnayeke	Interest Expense on Commercial Papers	1,744	1,154
		Mr. S.A.Abeyesinhe	Reimbursement of Expenses (Net)	215	215
Asia Capital Technologies (Private) Limited	Subsidiary	Mr. S.A.Abeyesinhe	Reimbursement of Expenses (Net)	4,040	5,104
			Intercompany Fund Transfers	195	421
			Provision for Bad and Doubtful Debts Expense during the year	4,235	5,525
Asia Capital Projects (Private) Limited	Subsidiary	Mr. S.A.Abeyesinhe	Intercompany Fund Transfers	2,751	3,397
			Reimbursement of Expenses (Net)	80	25
			Fund Transferred to Escrow A/C at Asia Capital Projects	-	154,525
			Reimbursement of expenses (Net)	10,900	3,261
			Provision for Bad and Doubtful Debts Expense during the year	2,832	5,913
			Intercompany Fund Transfers	127,300	67,341
Asia Leisure Holdings (Private) Limited	Subsidiary	Mr. S.A.Abeyesinhe	Inter Company Balance Settlement	(1,500)	(1,595)
			Reimbursement of Expenses (Net)	10,071	8,117
			Inter Company Fund Transfers	-	7,480
Asia Leisure (Private) Limited	Subsidiary	Mr. S.A.Abeyesinhe	Inter Company Fund Transfers	5	-
Asia Capital Private Equity (Private) Limited	Subsidiary	Mr. S.A.Abeyesinhe	Reimbursement of Expenses (Net)	98	92
			Provision for Bad & Doubtful Debts Expense during the year	103	266
			Intercompany Fund Transfers (Net)	190	763
Asia Digital Entertainment (Private) Limited	Subsidiary	Mr. V Siva Jr	Reimbursement of Expenses	147	75
			Provision for Bad & Doubtful Debts Expense during the year	337	887
			Reimbursement of Expenses	8	105
Asia Tea Packaging (Private) Limited	Subsidiary	-	Provision for Bad & Doubtful Debts Expense during the year	8	2,424
			Inter Company Fund Transfers (Net)	230	39,000
			Reimbursement of Expenses	(1,159)	6

Name of the Related Party	Nature of the Relationship	Name of the Common Director	Details of the Transactions/ Balances	Value of the Transactions	
				2019 Rs.000	2018 Rs.000
Shinagawa Beach Resorts (Private) Limited	Sub-Subsidiary	Mr. S.A.Abeyesinhe	Inter Company Fund Transfers (Net)	1,762	15,600
			Reimbursement of Expenses	325	5,532
			Inter Company Balance Settlement	-	(7,600)
River House (Private) Limited	Sub-Subsidiary	Mr. S.A.Abeyesinhe	Reimbursement of Expenses	18	72
Wadduwa Resorts (Private) Limited	Sub-Subsidiary	Mr. S.A.Abeyesinhe	Inter Company Fund Transfers (Net)	87,582	105,347
		Mr. T.Tanaka	Reimbursement of Expenses	-	175
		Mr. Y.Wattanabe	Inter Company Balance Settlement	(8,095)	(6,675)
River House Estate (Private) Limited	Sub-Subsidiary	Mr. S.A.Abeyesinhe	Inter Company Fund Transfers (Net)	16,353	11,838
		Mr. V Siva Jr	Reimbursement of Expenses	920	793
Galle Beach Hotel (Private) Limited	Sub-Subsidiary	Mr. S.A.Abeyesinhe	Reimbursement of Expenses	98	87
		Mr. V Siva Jr	Inter Company Fund Transfers	10	10
Asia Leisure Travels (Private) Limited	Sub-Subsidiary	Mr. S.A.Abeyesinhe	Reimbursement of Expenses	2,704	963
			Inter Company Fund Transfers (Net)	15,520	14,020
			Inter Company Balance Settlement	-	(282)
Asia Leisure Apartments (Private) Limited	Sub-Subsidiary	Mr. S.A.Abeyesinhe	Advanced paid to purchase of Apartments	178,500	-
b) Transaction with Associates					
Galle Beach CC Trust (Private) Limited	Associate	Mr. S.A.Abeyesinhe	Fund Transferred for Construction of the Hotel	124,300	180,000
			Fund Transferred for Repayment of Bank Loan interest	3,215	14,575
			Reimbursement of Expenses	41	21
			Inter Company Fund Transfers (Net)	21,372	(36,300)
493 Talpe Lands (Private) Limited	Associate	-	Payment for Acquisition of Thalpe Land	-	40,599
			Reimbursement of Expenses	663	130
c) Transaction with Affiliates					
Katumanakele Hill Estate (Private) Limited Affiliate		Mr. S.A.Abeyesinhe	Interest Paid by ACAP for Loan obtained to Purchase Kosgoda Land	8,929	12,630
			Inter Company Fund Transfers (Net)	-	430
			Reimbursement of Expenses	56	101
d) Transaction with Shareholder Related Entities					
Fast Gain International Limited		-	Sale of Shares of Galle Beach CC Trust (Pvt) Ltd to Fast Gain International Limited	651,050	459,100
			Preference Facility Loan Outstanding Balance	222,525	118,117
			Interest on Preference Facility Loan	13,648	11,826
			Net Settlement	(6,691)	(11,874)

Amount Receivable and Payable to Related Companies are disclosed in the Note 20 and 30 to the Financial Statements. Closing balance of the provision for bad & doubtful debts are disclosed under respective Related Party balances. Outstanding balances at the year end are unsecured and Non-interest bearing. Interest is charged based on the purpose for which funds are used.

Corporate guarantees issued by the Company for its subsidiaries have been disclosed in Note no 33.

Notes to the Financial Statements

Name of the Related Party	Nature of the Relationship	Name of the Common Director	Details of the Transactions/ Balances	Value of the Transactions	
				2019 Rs.000	2018 Rs.000
(b) Transactions with Other Related Parties					
P.R. Secretarial Services (Private) Limited	Common Directors	Mr.J.H.P.Ratnayake	Secretarial Fees	245	436
P.R Corporate Services (Private) Limited			Secretarial Fees	-	643
			Lawyers Fees	315	73

32.4 Non-Recurrent Related Party Transactions

There were no other non recurrent related party transactions other than the following in which aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the company as per 31st March 2018 audited financial statements, which required additional disclosures in the 2018/2019 annual report under Colombo Stock Exchange Listing Rule 9.32 and Code of Best Practices on Related Party Transactions under the Security Exchange Commission Directive issued under Section 13(c) of the Security Exchange Commission Act.

Name of the Related Party	Relationship	Nature of Transactions	Value of the Related Party Transactions Entered into during the Financial Year Rs.'000	Value of Related Transactions as a % of Equity and as a % of Total Assets	Terms and Conditions of the Related Transactions	The Rational for Entering into the Transactions
Asia Leisure Apartments (Pvt) Ltd	Sub-Subsidiary	Advance Paid	178,500	18.99% and 4.9%	Advance paid to Asia Leisure Apartments (Pvt) Ltd will be settled upon sale of residential Apartments	Advance paid by Asia Capital PLC on behalf of Asia Leisure Apartments (Pvt) Ltd to purchase 4 units of Residential Apartments from Union Place Apartments (Pvt) Ltd
Fast Gain International Limited	Shareholder Related Entity	Revenue from Sale of Shares of Galle Beach CC Trust (Pvt) Ltd	651,050	69.27% and 17.9%	Company has agreed to sell 510 shares of Galle Beach CC Trust (Pvt) Ltd by the Share Purchase Agreement dated 20th December 2017, held by the Company to Fast Gain International Limited for USD 7M on piecemeal basis. This has been disclosed in previous year Annual Report also.	

32.4 Recurrent Related Party Transactions

There were no other recurrent related party transactions other than the following in which aggregate value exceeds 10% of the consolidated revenue of the Group as per 31st March, 2018 audited Financial Statements, which required additional disclosures in the 2018/2019 Annual Report under Colombo Stock Exchange listing Rule 9.3 2 and Code of Best Practices on Related Party Transactions under the Security Exchange Commission issued under Section 13 (c) of the Security Exchange Commission Act.

Name of the Related Party	Relationship	Nature of Transactions	Aggregate Value of the Related Party Transactions Entered into During the Financial Year Rs.'000	Aggregate Value of Related Party Transactions as a % of Net Revenue/Income	Terms and conditions of the Related Transactions
Asia Leisure Holdings (Pvt) Ltd	Subsidiary	Inter Company funding	127,300	14.00%	On Demand
Galle Beach CC Trust (Pvt) Ltd	Associate	Inter Company funding	124,300	14.00%	On Demand

33 COMMITMENTS AND CONTINGENCIES

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

33.1 Commitments

Company

The Company has issued corporate guarantees for the bank borrowings by the Subsidiary Companies as indicated below:

Name of the Company	Name of the Bank	Purpose	As at 31st March	
			2019 Rs.	2018 Rs.
Asia Leisure Holdings (Private) Ltd	Seylan Bank PLC	Constructions	3,621,283	6,052,121
Wadduwa Resorts (Private) Ltd	Seylan Bank PLC	Constructions	141,669,708	195,835,333

34 EVENTS AFTER THE REPORTING DATE

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

Notes to the Financial Statements

BUSINESS SEGMENT

	Investments		Leisure		Manufacturing		Services		Group	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Revenue										
Total Gross Sales	652,786	948,695	457,058	436,764	-	-	-	-	1,109,844	1,385,459
Less: Inter Segment Sales/Dividend	(1,736)	(485,446)	-	-	-	-	-	-	(1,736)	(485,446)
Net Segment Revenue	651,050	463,249	457,058	436,764	-	-	-	-	1,108,108	900,013
Segmental Operating Profit / (Loss)	66,287	77,204	(219,702)	(182,666)	(43)	(1,337)	(6,814)	(8,408)	(160,272)	(115,207)
Other Operating Income	213,150	375,437	17,424	16,998	2	-	-	-	230,576	392,435
Share of Profit/(Loss) of Associate Companies	(1,490)	(56)	-	-	-	-	-	-	(1,490)	(56)
Operating Profit / (Loss) Before Provision for Fall in Value of Investments	277,947	452,585	(202,278)	(165,668)	(41)	(1,337)	(6,814)	(8,408)	68,814	277,172
Provision for fall in value of investments	(7,704)	15,749	-	-	-	-	-	-	(7,704)	15,749
Operating Profit / (Loss)	270,243	468,334	(202,278)	(165,668)	(41)	(1,337)	(6,814)	(8,408)	61,110	292,921
Finance Cost	(52,491)	(68,392)	(59,211)	(61,820)	-	-	(14)	(25)	(111,716)	(129,697)
Finance Income	17,317	11,368	-	409	-	-	-	-	17,317	11,777
Profit Before Taxation	242,773	411,310	(261,489)	(226,539)	(41)	(1,337)	(6,828)	(8,433)	(33,289)	175,001
Income Taxation	(1,683)	(51,990)	-	(379)	-	-	-	-	(1,683)	(52,368)
Profit After Taxation	241,090	359,320	(261,489)	(226,918)	(41)	(1,337)	(6,828)	(8,433)	(34,972)	122,633
Assets										
Segment Assets	636,963	191,258	3,863,765	3,209,489	3,868	3,901	179,779	171,667	4,684,374	3,576,315
Investment in Associates	173,166	174,656	-	-	-	-	-	-	173,166	174,656
Total Assets	810,129	365,914	3,863,765	3,209,489	3,868	3,901	179,779	171,667	4,857,540	3,750,971
Liabilities										
Segment Liabilities	991,370	315,720	233,285	293,755	543	544	2,665	2,733	1,227,863	612,752
Interest Bearing Borrowings	547,183	1,303,842	328,966	230,873	-	-	165,424	-	1,041,573	1,534,715
Total Liabilities	1,538,553	1,619,562	562,251	524,628	543	544	168,089	2,733	2,269,436	2,147,467
Net Assets	(728,424)	(1,253,648)	3,301,514	2,684,861	3,325	3,357	11,690	168,934	2,588,104	1,603,504
Capital Expenditure	44,187	33,479	17,836	439,282	-	-	-	-	62,023	472,761
Depreciation	12,969	26,451	103,604	119,335	-	1,264	107	55	116,680	147,105

36 FINANCIAL RISK MANAGEMENT

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

Credit Risk

Liquidity Risk

Market Risk

This note represents qualitative and quantitative information about the Group's exposure to each of the above risks, The Group's objectives, policies and procedures for measuring and managing risk and the Group's management of Capital. Further quantitative disclosures are included throughout these Consolidated Financial Statements.

Risk Management Framework

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

36.1 Credit Risk

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

Management of credit risk includes the following components:

Establishing the authorisation structure for the approval and renewal of credit facilities.

Reviewing the recovery on timely basis and assessing the future credit worthiness.

Exposure to Credit Risk

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

Description	Group		Company	
	As at 31st March		As at 31st March	
	2019	2018	2019	2018
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Equity Instruments Measured at Fair Value Through OCI	114,853	114,853	114,853	114,853
Other Financial Assets	124,457	59,334	104,192	59,718
Trade and Other Receivables	145,590	199,289	37,523	3,471
Amounts Due from Related Parties	665,598	507,021	1,542,578	974,226
Long Term Deposits	5,127	14,019	170,552	171,805
Cash at Bank	179,179	201,518	10,722	9,414
	1,234,804	1,096,034	1,980,420	1,333,487

The financial institutions in which the deposits and cash at bank exist are guaranteed by local and foreign credit rating agencies as A or better.

Notes to the Financial Statements

Trade and Other Receivables

Customers credit risk is managed by each business unit subject to the Group's established policies and procedures relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with the assessment.

The requirement for an impairment is analysed at each reporting date on an individual basis for major customers. Additionally, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The calculation is based on actually incurred historical data.

Credit quality of trade receivables that is neither past due or impaired is explained below:

Description	Group		Company	
	As at 31st March		As at 31st March	
	2019	2018	2019	2018
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Past due but not impaired				
31-60 days	65,799	68,630	-	-
61-90 days	43,659	53,218	-	-
>90 days	34,131	87,758	-	-
Total	143,589	209,606	-	-

36.2 Liquidity Risk

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

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

The Group's objective is to maintain a balance between Continuity of funding and flexibility through the use of bank overdrafts, bank loans, and finance lease. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

Management of Liquidity Risk

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

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

Description	Group		Company	
	As at 31st March		As at 31st March	
	2019	2018	2019	2018
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Other Financial Assets	124,457	59,334	104,192	59,718
Amount due from Related Parties	665,598	507,021	1,542,578	974,226
Trade and Other Receivables	145,590	199,289	11,774	3,471
Cash in Hand and at Bank	179,179	201,518	10,722	9,414
Total liquidity Assets	1,114,824	967,162	1,669,266	1,046,829
Non-Interest Bearing Borrowing	859,715	866,406	859,715	866,406
Interest Bearing Borrowings	359,838	630,453	321,331	432,891
Lease Liability	31,999	37,856	1,874	4,545
Trade and Other Payables	249,300	236,276	40,853	40,895
Bank Overdrafts	386,982	260,013	203,304	132,221
Amount due to Related Parties	-	-	38,089	39,117
Total Liabilities	1,887,834	2,031,004	1,465,166	1,516,075
Net(Debt)/Cash	(773,010)	(1,063,842)	204,100	(469,246)

Capital Management

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

As at 31st March	Group		Company	
	2019	2018	2019	2018
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Debt/Equity	0.92	1.63	0.90	1.00

36.3 Market Risk

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

(a) Foreign Currency Risk

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

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

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

Notes to the Financial Statements

Description	Group		Company	
	As at 31st March		As at 31st March	
	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Preference Facility Loan	443,014	339,065	443,014	339,065
Net Borrowing (Rs.)	443,014	339,065	443,014	339,065
Closing Exchange Rate (Rs.)	178.2	157.49	178.2	157.49
Net Borrowing (Functional Currency)	2,486	2,153	2,486	2,153
Increase Exchange Rate in 3% (Rs.)	183.55	162.21	183.55	162.21
Impact to the PBT	(13,290)	(10,172)	(13,290)	(10,172)
Decrease Exchange Rate in 3% (Rs.)	172.85	152.77	172.85	152.77
Impact to the PBT	13,290	10,172	13,290	10,172

(b) Interest Rate Risk

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

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

Description	Group		Company	
	As at 31st March		As at 31st March	
	2019	2018	2019	2018
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Fixed Rate Instruments				
Financial Assets				
Fixed Deposit	106,354	58,950	85,664	39,187
Financial Liabilities				
Other Long Term Loans	(196,480)	(277,483)	(51,190)	(66,255)
Variable Rate Instruments				
Financial Assets				
Reverse Repurchase Agreement	-	384	425	384
Financial Liabilities				
Direct Borrowings	430	-	430	-
Reverse Repurchase Agreement	(794)	(794)	(794)	(794)
Preference Facility Loan	(443,014)	(339,065)	(443,014)	(339,065)
Lease Liability	(31,999)	(37,856)	(1,874)	(4,545)
Commercial Papers	(13,876)	(12,722)	(28,990)	(26,388)
Bank Overdraft	(386,982)	(260,013)	(203,304)	(132,221)
	(966,361)	(868,599)	(642,647)	(529,697)

Cash flow sensitivity analysis for variable rate instruments

The Group is exposed to changes in market interest rates through Bank Overdraft & Commercial Papers which were borrowed at a variable interest rate

Group	Profit or Loss		Equity	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
As at 31st March 2019	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Variable Rate Instruments				
Commercial Papers	(139)	127	(139)	127
Bank Overdrafts	(3,870)	2,600	(3,870)	2,600
Company				
Company	Profit or Loss		Equity	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
As at 31st March 2019	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Commercial Papers	(290)	(264)	(290)	(264)
Bank Overdrafts	(2033)	(1322)	(2033)	(1322)

Notes to the Financial Statements

37 FINANCIAL INSTRUMENTS

37.1 Fair Values Verses Carrying Amounts

The fair values of financial assets and liabilities together with the carrying amounts shown in the Statement of Financial Position as at 31st March 2019 are as follows:

As at 31st March	Group		Company	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Assets Carried at Fair Value				
Assets Carried at Amortised Cost				
Trade and Other Receivables	145,590	145,590	11,774	11,774
Other Financial Assets	124,457	124,457	104,192	104,192
Long term Deposits and Advances	5,127	5,127	170,552	170,552
Amount Due from Related Company	665,598	665,598	1,542,578	1,542,578
Cash and Cash Equivalents	179,179	179,179	10,722	10,722
Liabilities Carried at Amortised Cost				
Interest Bearing Borrowings	654,594	654,594	524,418	524,418
Lease Liability	31,999	31,999	1,874	1,874
Non Interest Bearing Borrowings	859,715	859,715	859,715	859,715
Trade and Other Payables	249,300	249,300	40,853	40,853
Amount Due to Related Company	-	-	38,089	38,089
Bank Overdraft	386,982	386,982	203,304	203,304

37.2 Fair Value Hierarchy

37.2.1 The table below analyses Financial Instruments carried at fair value by valuation method. The different levels have been defined as follows:

As at 31st March	2019			
	Level 1	Level 2	Level 3	Total
	Rs '000	Rs '000	Rs '000	Rs '000
Group				
Equity Instruments Measured at Fair Value Through OCI	-	-	114,853	114,853
	-	-	114,853	114,853
Company				
Equity Instruments Measured at Fair Value Through OCI	-	-	114,853	114,853
	-	-	114,853	114,853

As at 31st March	2018			
	Level 1 Rs '000	Level 2 Rs '000	Level 3 Rs '000	Total Rs '000
Group				
Available For Sale	-	-	114,853	114,853
	-	-	114,853	114,853
Company				
Available For Sale	-	-	114,853	114,853
	-	-	114,853	114,853

38 COMPARATIVE INFORMATION

Comparative figures have been reclassified where necessary in line with the presentation requirements for the current year as stated below.

38.1 Non-Interest Bearing Borrowings

	Group		
	Balance As at 31st March 2018	Reclassification Adjustment	Reclassified Balance As at 31st March 2018
	Rs.'000	Rs.'000	Rs.'000
Non-Interest Bearing Borrowings-Due after one year	-	790,795	790,795
Non-Interest Bearing Borrowings-Due within one year	866,406	(790,795)	75,611

	Company		
	Balance As at 31st March 2018	Reclassification Adjustment	Reclassified Balance As at 31st March 2018
	Rs.'000	Rs.'000	Rs.'000
Non-Interest Bearing Borrowings-Due after one year	-	790,795	790,795
Non-Interest Bearing Borrowings-Due within one year	866,406	(790,795)	75,611

As per the latest renegotiations with CC Trust Pte. Ltd, the amount of Rs.790,795,387/- will have to be paid in the long term basis. Hence, the corresponding amount has been reclassified as an amount repayable after one year.

38.2 Interest Bearing Borrowings

	Group		
	Balance as at 31st March 2018	Reclassification Adjustment	Reclassified Balance as at 31st March 2018
	Rs.'000	Rs.'000	Rs.'000
Direct Borrowing	389	-	389
Preference Facilities	339,065	-	339,065
Borrowing under Commercial Papers	12,722	-	12,722
Borrowing under Repurchase Agreement	794	-	794
Other Long Term Loan	315,339	(37,856)	277,483
	668,309	(37,856)	630,453
Classified Separately under Lease Liability		37,856	37,856

Notes to the Financial Statements

	Company		
	Balance as at 31st March 2018	Reclassification Adjustment	Reclassified Balance as at 31st March 2018
	Rs.'000	Rs.'000	Rs.'000
Direct Borrowing	389		389
Preference Facilities	339,065		339,065
Borrowing under Commercial Papers	26,388		26,388
Borrowing under Repurchase Agreement	794		794
Other Long Term Loan	70,800	(4,545)	66,255
	437,436	(4,545)	432,891
Classified Separately under Lease Liability		4,545	4,545

Current/Non-Current Classification	Group		
	Balance as at 31st March 2018	Reclassification Adjustment	Reclassified Balance as at 31st March 2018
	Rs.'000	Rs.'000	Rs.'000
Interest Bearing Borrowings			
Amount payable within one year	285,112	(22,084)	263,028
Amount payable after one year	383,197	(15,772)	367,425
Lease Liability			
Amount payable within one year		22,084	22,084
Amount payable after one year		15,772	15,772

Current/Non-Current Classification	Company		
	Balance as at 31st March 2018	Reclassification Adjustment	Reclassified Balance as at 31st March 2018
	Rs.'000	Rs.'000	Rs.'000
Interest Bearing Borrowings			
Amount payable within one year	227,114	(1,095)	226,019
Amount payable after one year	210,322	(3,450)	206,872
Lease Liability			
Amount payable within one year		1,095	1,095
Amount payable after one year		3,450	3,450

39 DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

40 STOCK EXCHANGE LISTING

40.1 Stock Exchange Listing

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

Ticker Symbol - ACAPN 0000

Market Sector - Diversified Holdings

40.2 Share Information

	As at 31st March 2019 (Rs. Per Share)	As at 31st March 2018 (Rs. Per Share)
Last Traded Price	5.80	8.60
Last Traded Date	(31/03/2019)	(29/03/2018)
Highest	9.00	10.40
Lowest	5.30	7.10

	As at 31st March 2019 Rs.	As at 31st March 2018 Rs.
Float Adjusted Market Capitalisation	141,602,122	209,962,767
Public Holding %	18.59%	18.59%
Number of Public Shareholders	6,117	6,156

Ten Year Summary

Year ended 31st March	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
	(Reclassified)									
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
OPERATING RESULTS										
Revenue	1,108,108	900,013	539,884	498,791	1,651,075	970,321	854,889	1,996,276	2,122,917	1,328,423
Profit/(Loss) Before Taxation	(33,289)	175,001	(761,990)	(433,448)	(380,927)	(615,763)	(747,918)	843,459	1,331,927	288,795
Taxation	(1,683)	(52,368)	(1,343)	29,323	(7,680)	(6,992)	20,262	(146,226)	(180,912)	(66,435)
Profit/(Loss) after Taxation	(34,972)	122,633	(763,333)	(404,125)	(388,607)	(622,755)	(727,656)	697,232	1,151,015	222,360
Minority Interest	95,027	(85,460)	50,045	27,768	41,439	(2,007)	(4,684)	(158,517)	(162,997)	(12,600)
Profit/(Loss) Attributable to Shareholders	60,055	208,093	(713,288)	(376,357)	(347,168)	(624,762)	(722,972)	538,715	988,018	209,760
ASSETS										
Property, Plant & Equipment	2,924,524	2,142,240	3,117,197	3,281,437	1,492,604	1,290,956	839,044	680,994	680,993	328,038
Intangible Assets	116,021	115,306	115,681	121,460	127,402	147,271	149,539	108,675	-	78,143
Investment Property	-	-	-	-	-	98,353	32,935	42,935	-	67,039
Long Term Investment	173,166	-	-	-	-	-	-	-	-	372,210
Investment in Joint Venture	-	-	36,532	35,118	-	-	-	-	-	-
Financial Assets - Available for Sale	114,853	114,853	114,853	114,853	10,000	10,000	-	-	-	-
Deferred Taxation	-	-	-	-	-	88,627	84,860	54,939	-	1,913
ESOP Loan	-	-	-	-	-	-	-	-	-	17,491
Other Non Current Assets	5,127	14,019	11,913	11,947	29,325	1,482,971	1,086,956	1,066,774	17,402	1,339,611
Current Assets	1,523,849	1,063,231	313,936	582,532	982,001	3,039,296	3,381,593	2,985,043	2,457,919	3,548,588
Assets Classified as Held for Sale	-	126,666	-	-	-	-	-	-	-	-
Total Assets	4,857,540	3,750,971	3,710,113	4,147,347	2,641,332	6,157,474	5,574,927	4,939,359	3,156,315	5,753,033
EQUITY AND LIABILITIES										
Stated Capital	1,498,498	1,498,498	1,498,498	1,498,498	1,498,498	1,114,558	1,114,558	1,114,558	1,114,558	1,114,558
Revaluation Reserve	1,361,370	852,694	1,197,364	1,226,812	43,634	45,779	45,867	-	27,560	8,709
Available For Sale Reserve	-	-	-	-	-	-	-	(4,154)	(6,343)	-
Capital Reserve	-	-	-	-	-	5,922	11,148	6229	5,774	1,790
General Reserve	-	-	-	-	-	19,054	16,347	8,425	3,000	3,000
Accumulated Profits/(Loss)	(1,185,425)	(1,411,333)	(1,325,293)	(732,683)	(1,192,237)	(880,200)	(410,842)	(92,315)	20,474	(856,779)
Shareholders' Fund	1,674,443	939,859	1,370,569	1,992,627	349,895	305,113	777,078	1,032,744	1,165,023	271,278
Minority Interest	913,661	663,645	677,705	471,114	19,852	263,492	138,609	44096	598,549	248,106
Non-Current Liabilities	2,588,104	1,603,504	2,048,274	2,463,741	369,747	568,605	915,687	1,076,840	1,763,572	519,384
Current Liabilities	1,146,993	419,151	351,210	989,698	1,888,863	2,218,270	1,645,804	443,195	172,411	748,778
Total Liabilities	1,122,443	1,728,316	1,310,629	693,908	382,722	3,370,600	3,013,436	3,419,321	1,220,331	4,484,871
Total Equity & Liabilities	2,269,436	2,147,467	1,661,839	1,683,606	2,271,585	5,588,870	4,659,240	3,862,517	1,392,743	5,233,649
Total Equity & Liabilities	4,857,540	3,750,971	3,710,113	4,147,347	2,641,332	6,157,475	5,574,927	4,939,356	3,156,315	5,753,033

Glossary

Accounting Policies

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

Accrual Basis

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

Amortisation

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

Borrowings

All interest and non-interest-bearing liabilities.

Capital Employed

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

Cash Equivalents

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

Contingent Liabilities

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

Corporate Governance

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

Current Ratio

Current assets divided by current liabilities.

Deferred Taxation

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

Dividend per Share (DPS)

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

EBIT

Earnings before interest and tax.

Earnings per Share (EPS)

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

Equity

Shareholders' funds.

Fair Value

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

Guarantees

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

General Reserve

Reserves available for distributions and investment.

Gross Domestic Product (GDP)

The value of all goods and services produced domestically in an economy during a specified period, usually a year. Nominal GDP, adjusted for inflation, gives GDP in real terms.

Gross Dividend

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

Gross Profit Ratio

The percentage of gross profit to net turnover.

Impairment

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

Interest Cover

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

Key Performance Indicators (KPI)

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

Market Value per Share

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

Market Capitalisation

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

Materiality

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

Net Assets per Share

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

Net Profit Margin

Net profit as a percentage of net turnover.

Price Earnings Ratio

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

Related Parties

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

Return on Average Capital Employed (ROCE)

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

Glossary

Return on Equity (ROE)

Net Profit as a percentage of shareholders' equity.

Return On average Net Assets (RONA)

Profit after tax divided by the average net assets.

Rights Issue

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

Segment

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

Stated Capital

Consists of issued and paid capital.

Substance over Form

Whether the accounting treatment in the Financial Statements of transactions reflect the financial reality and substance, rather than the legal form of the transaction and event which underlies them.

Strategy

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

Sustainability

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

Stakeholder

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

Total Assets

Current assets plus fixed assets.

Total Shareholder Return

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

Unrealised Gain

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

Working Capital

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

A series of approximately 45 horizontal lines, providing a template for text input or data recording.

Notice of the 27th Annual General Meeting

NOTICE IS HEREBY GIVEN that the 27th Annual General Meeting for the year ended 31st March 2019 of Asia Capital PLC will be held on 27th September 2019 at 9.30 a.m at Orchid Room (Committee D), BMICH, Bauddhaloka Mawatha, Colombo 07.

AGENDA

- 1) To receive and consider the Report of the Directors and the Audited Financial Statements for the year ended 31st March 2019 and the Report of the Auditors thereon.
- 2) To re-elect Mr. V. Siva Jr who retires in terms of Article 98 of the Articles of Association of the Company and being eligible, offers himself for re- election as a Director of the Company under Article 99 of the Articles of Association of the Company.
- 4) To consider, and if thought fit, to pass the following as an ordinary resolution:

IT IS HEREBY RESOLVED THAT the age limit referred to in section 210 of the Companies act 07 of 2007 shall not apply to Mr. R.J. Wickramasinghe, who is presently 70 (seventy) years of age and that he be re - elected as a director of the company for a further period of one year or until the conclusion of the next Annual General Meeting whichever occurs first".
- 5) To re-elect Mr. S. S. Balasubramaniam who was appointed to office on 20th June 2019 will cease to be a Director and will be eligible under Article 103 of the Articles of Association of the Company
- 6) To re-appoint Messrs. BDO Chartered Accountants as the Auditors to the Company for the ensuing year and to authorise the Directors to determine their remuneration.

BY ORDER OF THE BOARD OF DIRECTORS OF
ASIA CAPITAL PLC



P.R. SECRETARIAL SERVICES (PRIVATE) LIMITED
Secretaries
Colombo, 22nd August 2019

Notes:

- * A member is entitled to appoint a Proxy to attend and vote at this meeting on his/ her behalf.
- * A Proxy need not be a member of the Company.
- * A member wishing to vote by Proxy may use the Form of Proxy enclosed.
- * To be valid the completed Form of Proxy must be lodged at the office of the Registrars , No.59, Gregory's Road, Colombo 07 not less than 48 hours before the time appointed for the holding of the meeting.
- * Members/ Proxy Holders are kindly requested to bring along with them their National Identity Card or a similar form of accepted identity when attending the meeting.

Form of Proxy

I/We.....of.....
being a Member/Members* of the above named Company, hereby
 appoint (1).....of.....
 failing him/her.

- | | | | |
|----------------------------|----------------|-------------------------------|----------------|
| 2) Mr. J.H.P. Ratnayeke | or failing him | 7) Mr. T. Tanaka | or failing him |
| 3) Mr. D.A.S.A. Abeyesinhe | or failing him | 8) Mr. Z. Merchant | or failing him |
| 4) Mr. V. Siva Jr. | or failing him | 9) Mr. Y. Watanabe | or failing him |
| 5) Mr. A.D. Ross | or failing him | 10) Mr. S. S. Balasubramaniam | |
| 6) Mr. R.J. Wickramasinghe | or failing him | | |

as my/our* Proxy to represent me/us* and vote and speak for me/us* on my/our* behalf at the 27th Annual General Meeting of Asia Capital PLC to be held on 27th September 2019 at 9.30 a.m. at Orchid Room (Committee D), BMICH, Baudhaloka Mawatha, Colombo 07 and at every poll which may be taken in consequence of the aforesaid meeting and at any adjournment thereof.

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

	For	Against
01) To receive and consider the Report of the Directors and the Audited Financial Statements for the year ended 31st March 2019 and the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
02) To re-elect Mr. V. Siva Jr who retires in terms of Article 98 of the Articles of Association of the Company and being eligible, offers himself for re- election as a Director of the Company under Article 99 of the Articles of Association of the Company	<input type="checkbox"/>	<input type="checkbox"/>
03) To consider, and if thought fit, to pass the following as an ordinary resolution: "IT IS HEREBY RESOLVED THAT the age limit referred to in section 210 of the Companies act 07 of 2007 shall not apply to Mr. R.J. Wickramasinghe , who is presently 70 (seventy) years of age and that he be re - elected as a director of the company for a further period of one year or until the conclusion of the next Annual General Meeting whichever occurs first".	<input type="checkbox"/>	<input type="checkbox"/>
04) To re-appoint Messrs. BDO Chartered Accountants as the Auditors to the Company for the ensuing year and to authorise the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>

Signed thisday of.....2019.

.....
 Signature of shareholder

Note:

- Please delete the inappropriate words.
- Instructions for completion of Proxy are noted below.
- A proxy need to be a member of the Company.
- Please mark "X" in appropriate cages, to indicate your instructions as to voting.

Instructions as to completion

1. Kindly perfect the Form of Proxy by filing in legibly your full name, National Identity Card/ Passport/ Company Registration Number, your address and your instructions as to voting and by signing in the space provided and filing in the date of signature. Please ensure that all details are legible.
2. Please mark "X" in appropriate cages, to indicate your instructions as to voting on each resolution. If no indication is given, the Proxy holder in his/her discretion will vote as his /her thinks fit.
3. To be valid, the completed Form of Proxy must be deposited at the office of the Registrars , No.59, Gregory's Road, Colombo 07 not less than 48 hours before the time appointed for the holding of the meeting.
4. If you wish to appoint a person other than the Chairman (or failing him, one of the Directors) as your Proxy, please insert the relevant details (1) overleaf and initial against this entry.
5. In the case of a Company/Corporation, the Proxy must be under its Common Seal, which should be affixed and attested in the manner prescribed by Articles of Association/ Act of Incorporation.
6. In the case of a Proxy signed by an Attorney, a certified copy of the Power of Attorney should accompany the completed Form of Proxy for registration, if such Power of Attorney has not already been registered with the Company.

Corporate Information

Name

Asia Capital PLC

Legal Form

A Public Quoted Company with Limited Liability, incorporated in Sri Lanka on 29th October 1991 under the provisions of the Companies Act No. 17 of 1982 and re-registered under the Companies Act No. 07 of 2007 on 14th February 2008.

Company Registration Number

New: No. PQ 119

Old: No. N (PVS) 8282/PBS

Stock Exchange Listing

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

Registered Office

102 Bauddhaloka Mawatha, Colombo 04, Sri Lanka.

Telephone: +94 11 5320000

Facsimile : +94 11 2331756

Website : www.asiacapital.lk

Subsidiaries

Asia Capital Private Equity (Private) Limited
Asia Capital Projects (Private) Limited
Asia Capital Technologies (Private) Limited
Asia Digital Entertainment (Private) Limited
Asia Fort Sri Lanka Direct Investment Fund Limited
Asia Growth Fund 1 (Private) Limited
Asia Leisure (Private) Limited
Asia Leisure Holdings (Private) Limited
Asia Tea Packaging (Private) Limited

Sub-Subsidiaries

Asia Leisure Travels (Private) Limited
Strider Capital Asia (Private) Limited
Galle Beach (Private) Limited
Galle Beach Hotel (Private) Limited
Nuwara Eliya Hotels and Resorts (Private) Limited
River House (Private) Limited
River House Estate (Private) Limited
Shinagawa Beach Resorts (Private) Limited
Wadduwa Resorts (Private) Limited
Asia Leisure Apartments (Private) Limited

Associate

Galle Beach CC Trust (Private) Limited
493 Talpe Lands (Private) Limited

Board of Directors

J.H.P. Ratnayake (Chairman)
S.A. Abeyesinhe (Group Chief Executive Officer)
A.D. Ross
V. Siva Jr.
R.J. Wickramasinghe
Z. Merchant
T. Tanaka
Y. Watanabe
S.S. Balasubramaniam

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

Related Party Transactions Review Committee

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

Secretaries

P.R. Secretarial Services (Private) Limited
59, Gregory's Road,
Colombo 07

Registrar

Business Intelligence Limited
08, Tickell Road,
Colombo 08

Auditors

BDO Partners
"Charter House"
65/2, Sir Chittampalam A Gardiner Mawatha,
Colombo 02

Lawyers

Paul Ratnayake Associates
59, Gregory's Road,
Colombo 07

Bankers

Seylan Bank PLC
Commercial Bank of Ceylon PLC
Pan Asia Banking Corporation PLC
Hatton National Bank PLC
Nations Trust Bank PLC

Designed & produced by

emagewise

Printing by Karunaratne & Sons (Pvt) Ltd.

ASIA
CAPITAL
PLC

