

An abstract graphic featuring a large, stylized number '1' on the left side of the page. A thin diagonal line runs from the top right to the bottom left, passing through the center of the '1'. Several dark green arrowheads are positioned along this line, pointing in the direction of the line's slope. The background is a light green gradient with rounded corners.

RAYS OF RESILIENCE

Annual Report 2019/20

ASIA
CAPITAL
PLC







RAYS OF RESILIENCE

2020 was a year of great uncertainty: a time when the stability of our nation's ecosystems was questioned, as well as the country's ability to withstand unexpected adversities. As a burgeoning conglomerate, we too experience the risks that continue to increase - and, the time has called for our strengths to be enhanced, to ensure that we remain determined and in control of the situation - by containing the uncertainties and challenges from straining our efforts. Nevertheless, we hold a positive outlook for the future, as we continue to explore new opportunities and avenues of growth, while transforming our businesses to adapt to the demands of these unprecedented times.

Asia Capital PLC, continues to move onward with resilience, pursuing bold ventures for the future...

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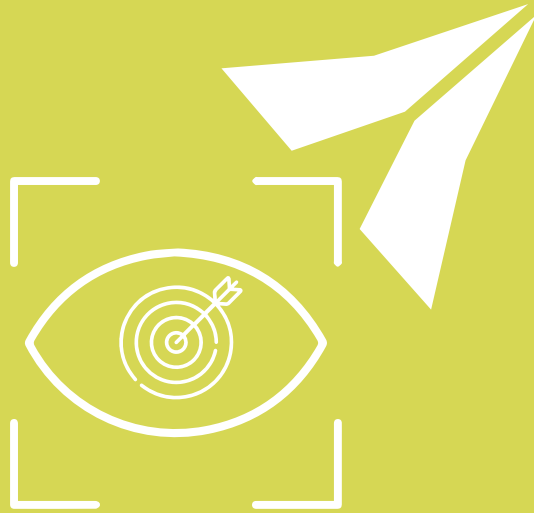
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Vision

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

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 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.

Group Structure

Company	Board of Directors	Relationship to Asia Capital PLC
1 Asia Leisure Holdings (Private) Limited	<ul style="list-style-type: none"> ➤ J. H. P. Ratnayeke ➤ S. A. Abeyesinhe ➤ V. Siva Jr. ➤ R. M. Morris ➤ T. Tanaka ➤ R. A. T. P. Perera ➤ K. Senathirajah (Alternate – S. A. Abeyesinhe) ➤ H. D. S. Thushara ➤ Y. Watanabe (Alternate – T. Tanaka) ➤ T. Watanabe (Alternate – T. Tanaka) 	Subsidiary
2 Asia Leisure (Private) Limited	<ul style="list-style-type: none"> ➤ S. A. Abeyesinhe ➤ R. M. Morris ➤ H. D. S. Thushara ➤ S. Gunawijeya 	Subsidiary
3 Asia Tea Packaging (Private) Limited	<ul style="list-style-type: none"> ➤ R. A. T. P. Perera ➤ T. T. C. Gunaratna ➤ D. C. Rathnayake ➤ W. A. G. S. V. Sameera Perera 	Subsidiary
4 Asia Digital Entertainment (Private) Limited	<ul style="list-style-type: none"> ➤ V. Siva Jr. ➤ R. A. T. P. Perera 	Subsidiary
5 Galle Beach (Private) Limited	<ul style="list-style-type: none"> ➤ S. A. Abeyesinhe ➤ V. Siva Jr. ➤ R. A. T. P. Perera 	Subsidiary
6 Asia Capital Private Equity (Private) Limited	<ul style="list-style-type: none"> ➤ S. A. Abeyesinhe ➤ T. Tanaka 	Subsidiary
7 Asia Growth Fund 1 (Private) Limited	<ul style="list-style-type: none"> ➤ J. H. P. Ratnayeke ➤ S. A. Abeyesinhe 	Subsidiary
8 Asia Capital Technologies (Private) Limited	<ul style="list-style-type: none"> ➤ S. A. Abeyesinhe ➤ R. A. T. P. Perera ➤ Shohei Fujimori 	Subsidiary
9 Asia Capital Projects (Private) Limited	<ul style="list-style-type: none"> ➤ S. A. Abeyesinhe ➤ H. D. S. Thushara ➤ R. M. Morris 	Subsidiary
10 Shinagawa Beach Resorts (Private) Limited	<ul style="list-style-type: none"> ➤ S. A. Abeyesinhe (Alternate Director S Gunawijeya) ➤ C. I. Hapugoda ➤ S. Shinagawa ➤ S. Ohki ➤ T. Tanaka ➤ R. M. Morris ➤ N. Ishikawa ➤ S. Gunawijeya 	Subsidiary
11 Strider Capital Asia (Private) Limited	<ul style="list-style-type: none"> ➤ S. A. Abeyesinhe ➤ T. Tanaka 	Subsidiary
12 Asia Fort Sri Lanka Direct Investment Fund Ltd	<ul style="list-style-type: none"> ➤ S. A. Abeyesinhe ➤ J. H. P. Ratnayeke ➤ V. Siva Jr 	Subsidiary



Company	Board of Directors	Relationship to Asia Capital PLC
13 Asia Leisure Travels (Private) Limited	<ul style="list-style-type: none"> ➤ S. A. Abeyesinhe ➤ R. M. Morris ➤ S. Anthony ➤ R. A. T. P. Perera ➤ S. Gunawijeya ➤ M. Senda ➤ T. Tanaka ➤ H. D. S. Thushara 	Sub-subsiidiary
14 River House (Private) Limited	<ul style="list-style-type: none"> ➤ S. A. Abeyesinhe ➤ R. M. Morris ➤ R. T. C. Gunarathna 	Sub-subsiidiary
15 River House Estate (Private) Limited	<ul style="list-style-type: none"> ➤ S. A. Abeyesinhe ➤ V. Siva Jr. ➤ R. A. T. P. Perera 	Sub-subsiidiary
16 Wadduwa Resorts (Private) Limited	<ul style="list-style-type: none"> ➤ S. A. Abeyesinhe (Alternate – S. Samaranayeke) ➤ R. M. Morris (Alternate – Shehan Anthony) ➤ S. Hamaguchi (Alternate – Peter Neville Jansen) ➤ O. Miyoshi ➤ T. Tanaka ➤ Y. Watanabe (Alternate – R. M. Morris) 	Sub-subsiidiary
17 Nuwara Eliya Hotels and Resorts (Private) Limited	<ul style="list-style-type: none"> ➤ R. M. Morris ➤ H. D. S. Thushara 	Sub-subsiidiary
18 Asia Leisure Apartments (Private) Limited	<ul style="list-style-type: none"> ➤ R. A. T. P. Perera ➤ H. D. S. Thushara 	Sub-subsiidiary
19 Galle Beach Hotel (Private) Limited	<ul style="list-style-type: none"> ➤ S. A. Abeyesinhe ➤ R. M. Morris 	Sub-subsiidiary
20 Galle Beach CC Trust (Private) Limited	<ul style="list-style-type: none"> ➤ S. A. Abeyesinhe ➤ R. M. Morris ➤ R. A. T. P. Perera ➤ R. T. C. Gunarathna ➤ R. Shiraishi ➤ T. Ishizeki ➤ Y. Saida 	Associate
21 493 Talpe Lands (Private) Limited	<ul style="list-style-type: none"> ➤ R. A. T. P. Perera ➤ H. D. S. Thushara 	Associate
22 Forest Resorts Nuwara Eliya (Private) Limited	<ul style="list-style-type: none"> ➤ H. D. S. Thushara ➤ R. A. T. P. Perera 	Affiliate
23 Katumanakele Hill Estate (Private) Limited	<ul style="list-style-type: none"> ➤ S. A. Abeyesinhe ➤ R. M. Morris ➤ H. D. S. Thushara 	Affiliate

Chairman's Statement

At a time when there is an unimaginable pandemic affecting the whole world, I am taking the liberty of presenting this Annual Report for Asia Capital PLC (the Company) for the year ended 31st March 2020 providing relevant information relating to the performance of the Company during the period under review.

A Testing Year

This financial year can certainly be described as one of the most testing in recent times for the Group. During the first 3 months of 2019 things were looking reasonably positive as the country gradually recovered after the Easter Sunday attack.

It goes without saying that our core business as an Investment Promoter greatly depends on the Government's efforts to create a stable, more conducive environment that would help to spur investor confidence and attract foreign direct investments to the country. As we entered the new financial year, the ACAP Group was well-positioned to drive future growth over the long term and we were hopeful of a year that would facilitate steady expansions across all our businesses. However, all such hopes were dashed as things changed drastically after the Easter Sunday terror attacks in April 2019. Following this unthinkable loss of human life, the operating environment became increasingly uncertain and tourist arrivals dropped alarmingly dealing a severe blow to our Leisure sector operations. Given this scenario, our portfolio of hotel properties had to turn to attracting local tourists in order to generate income for operational expenses while the travel arm was also similarly negatively affected. As the second half of the financial year arrived, there was an upturn in arrivals and Sri Lanka seemed on its way, albeit gradually, to recovering from the downturn in tourist arrivals. The Presidential Elections in November raised hopes that the new President will be an impetus to business growth. However, within a short time period an irreparable set back has occurred with the arrival of the COVID-19 pandemic, the full implications of which is still uncertain although without doubt it can be considered as catastrophic.

Given the trying circumstances of the past few months, at present, the Group's focus is to maintain the status quo and ride out the difficult times by making prudent management decisions. In the near term, the economy will be severely hit in terms of its growth, fiscal, external, and financial sector performance. However, we are confident that our shareholders will stand by us all the way as we try to navigate these uncharted waters till the business landscape improves and the economy take a positive turn.

Future Outlook

Having being hit hard twice within the period of 12 months, Sri Lanka is in an unenviable position to face the uncertainties of tomorrow. However, I must point out that the people of the country have time and again demonstrated their resilience to such major setbacks having navigated similar obstacles over the past, notably during times of the civil war. I believe the way forward over the coming years is to embark on a diversified approach towards expanding our business. Greater diversification in our business model will ensure that our chances of facing down future negative headwinds are greatly enhanced and will enable us to achieve sustainable long-term growth. Within this context, we intend to expand into different industries and businesses where we can utilize our vast experience to good effect to make steady progress and achieve profitability in the long run.

I am hopeful that once a vaccine for COVID-19 is made widely available for a significant portion of the world's population and life begins to return to some form of normalcy, investor confidence in Sri Lanka will grow as it has done in the past and we will see a healthy pipeline of opportunities for the ACAP Group in both property development and leisure sectors.

Despite the somewhat gloomy outlook for the new financial year, I am hopeful that once a vaccine for COVID-19 is made widely available for a significant portion of the world's population and life begins to return to some form of normalcy, investor confidence in Sri Lanka will grow as it has done in the past and we will see a healthy pipeline of opportunities for the ACAP Group in both property development and leisure sectors. I am confident that the new, stable Government that was formed earlier this year will be able to successfully rebuild business confidence and thereby the economy, once the pandemic has been brought under control.

Acknowledgements

Let me express my sincere thanks to my colleagues on the Board for their invaluable insights and enthusiastic participation in all Board-related matters during the year. On behalf of the Board, I would also like to show my appreciation to the Corporate Management, Senior Management and all Group employees for the hard work, dedication and resilience shown throughout the year in the face of unprecedented adversity. Last and by no means least, I would like to say "Thank you" to all our shareholders and other stakeholders for believing in the Company. As we stand on the cusp of an increasingly uncertain future, I am confident that by working together and staying positive we can achieve great things in the new financial year and beyond.



J.H.P. Ratnayake

Chairman

30th November 2020

Executive Director's Review

At the conclusion of the 2019/20 financial year it is my pleasure to present to you an overview of the key performance highlights of the ACAP Group during this period.

This financial year can unfortunately be described as a tumultuous one as the 12-month period started off in the most tragic way possible due to the Easter Sunday attacks that sent shockwaves across the country. Resultantly, the reasonable momentum the Group had built coming into the new financial year was lost as the Tourism industry took a dramatic downturn with tourist arrivals dropping alarmingly. The months immediately after the disaster were understandably the worst in terms of tourist arrivals but things gradually started to pick up towards the second half of the year. During the period after the Presidential Elections in November and in the early parts of 2020, the country witnessed a minor recovery raising hopes for a more favourable year 2020. It must be stated that Sri Lanka was not expected to recover as quickly as it did from the terrorist attacks. Driven by incredible support from the international community and resilience demonstrated by the people, the country's future was looking reasonably promising at the time. However, such optimism was short-lived as from March 2020 onwards the COVID-19 pandemic spread rapidly across the globe closing down airports and sending countries into nationwide lockdowns in a desperate attempt to minimise the spread of the virus among the population.

Financial Performance

Given the twin blows of the Easter Sunday attack at the beginning and the COVID-19 pandemic towards the end of the financial year under review, Group Revenue declined by 63.5% year-on-year to Rs.405.8 Mn from the Rs.1.1 Bn achieved in 2018/19. However, the opening of Le Grand Galle and Maldives Miriandhoo in the previous financial year – the leisure sector continued to increase its contribution and value towards group.

Review of Operations

Project Operations

There was reasonable progress in the 3 ongoing projects of the Group - 447 Luna Tower, Galle Beach Hotel and Marine Drive Hotel – during the year. Notable highlights of the 447 Luna Tower project included the launching of the 20/80 payment plan scheme and the unveiling of the six new show apartments.

Up to January 2020, the construction was progressing on schedule and the project had a target completion period of end 2020. Unfortunately, due to the COVID-19 pandemic the completion date has been pushed back a few months to 2021. However, this still remains one of the only large residential developments in Colombo being developed making good time, almost on schedule, and is also completely equity funded. Meanwhile, the final phase of Galle Beach Hotel will commence towards the end of the FY 2020/21 and will be completed by mid to end 2021. Similarly, the Marine Drive Hotel project was making steady progress and was on course to be completed in 2020 but due to the current adverse economic conditions, the launch has also been set for the year 2021.

In early 2020, the ACAP team together with the Belluna Co. Japan, engaged in a very positive discussion focused on the current Sri Lankan market and economy with Prime Minister Mahinda Rajapaksa in Colombo. The Japanese delegation informed the Prime Minister of Japan's optimistic approach to expand investments in the country. The Prime Minister reassured the delegation of the Government's fullest support for the current and future investments, which further strengthened our Japanese partner's confidence in the local market and in the Sri Lankan economy.

Leisure Sector

It was a low-key year for all properties as a result of the drastic drop in foreign tourists triggered by the tragic events of Easter Sunday. There was some respite thanks to the greater focus on local tourists through online marketing campaigns that offered special promotions and deals which helped boost occupancy. During the year, Asia Leisure Hotels were recognised for their mastery in culinary skills with 18 awards at the Culinary Art Food Expo 2019, Southeast Asia's largest food and hospitality show and culinary challenge. In addition to this, The Habitat, Kosgoda was awarded the TripAdvisor Certificate of Excellence for 2019.

Our travel arm, Asia Leisure Travels (ALT), also suffered a similar fate in terms of performance but was able to execute its plans reasonably well despite the many hurdles it had to overcome along the way. A key highlight for ALT was the international accolade received in the form of the 'Best Inbound/Outbound B2B Destination Management Company – Sri Lanka 2020' at the LUX Life 2020 Travel & Tourism Awards. This is the first time ever a Sri Lankan Travel Company/DMC has won this prestigious award.

Corporate Advisory Services

ACAP's Corporate Advisory unit had a robust year as it continued to leverage its extensive experience and knowledge to offer a wide array of services to clients from various industries. Private companies, foreign companies and individuals from industries such as Real Estate, Manufacturing and Services entrusted the team to provide them with insightful solutions to overcome business challenges and move forward with their respective ventures.

Management Changes

Important management level changes that were outlined in the previous financial year took place during the year with the appointment of Reyhan Morris and Sandun Hettige as joint Chief Operating Officers (COO's) to oversee the day-to-day operations of the Group together with Thusitha Perera the Group Chief Financial Officer who have been instrumental in forming a Management Committee to steer the company forward. Sunela Samaranayake in her capacity as Head of Corporate Finance and Viduranga Perera the Chief Financial Officer of Asia Leisure are also members of this Management Committee.

Under my new role as Executive Director, my primary focus has been on driving new investments and business development opportunities for the Group with an emphasis on leveraging diverse opportunities that will enhance growth and provide the Group with a stronger foundation for the future, whilst overseeing the overall Group performance.

Future Focus

The biggest hurdle for the new financial year is unquestionably how the COVID-19 pandemic will pan out and its social and economic impact. It is clear that the virus is here to stay for several months if not years which translates into a prolonged period of economic stagnation. Global leaders are grappling with key decisions on the best course of action they should take to keep their economies afloat while ensuring the health and safety of citizens. Sri Lanka is faced with a similar predicament and it is hopeful that the new Government will be able to map out a strategy

There was reasonable progress in the 3 ongoing projects of the Group - 447 Luna Tower, Galle Beach Hotel and Marine Drive Hotel – during the year. Notable highlights of the 447 Luna Tower project included the launching of the 20/80 payment plan scheme and the unveiling of the six new show apartments.

to take the country safely forward until such time a vaccine and effective medication for the virus are readily available. With Both Pfizer/BioNTech and Moderna coming up with great results on the vaccine development front, both of which have exceeded expectations with success rates of 90% and 95%, we can now see a light at the end of this dark tunnel. This would definitely mean an incredible change moving forward.

As a company, it is imperative that the strategies we formulate are aimed at demonstrating confidence in the market while also painting a positive picture of the country's economic situation to existing and potential foreign investors. One key attribute that we as a country can highlight across all industries, and which ACAP regular does so, is the fact that Sri Lanka has always been a resilient country that is able to successfully overcome some of the most daunting challenges in the world today. In keeping with this approach, the Company strongly believes in focusing on the positive side of a difficult situation when interacting with foreign investors with the aim of winning their confidence on the significant potential for their investments.


Executive Director's Review

Sri Lanka is faced with a similar predicament and it is hopeful that the new Government will be able to map out a strategy to take the country safely forward until such time a vaccine and effective medication for the virus are readily available. With Both Pfizer/BioNTech and Moderna coming up with great results on the vaccine development front, both of which have exceeded expectations with success rates of 90% and 95%

Looking ahead, we plan to use business diversification as a strategy to reduce risk during these uncertain times. We have been mulling over plans to expand into the local IT sector where there is great potential for the Group to make an impact as an end-to-end IT solutions provider for the corporate sector in the years ahead. Additionally, there will be greater efforts made to demonstrate our resilience through the new financial year. Investor support has always been a great strength to the Group and I am confident they will remain steadfastly committed to our efforts to get through this critical period. As a Group, we will aim to capitalise on the positive elements and maintain a cautiously optimistic approach as we glance towards the future.

Appreciations

As I come to the conclusion of my review, I would like to wish to extend a special word of thanks to the Chairman, and the Board of Directors of Asia Capital PLC for providing me with continuous guidance and support throughout the year. I also wish to express my appreciation to each and every team member of the Group for their hard work and commitment. I am also grateful to our valued clients, guests, shareholders, business partners, as well as all other stakeholders for their continued trust and confidence in us. We shall all emerge stronger and wiser from the happenings of this financial year and I am positive that better days are ahead for the Company in the months and years to come.



S.A. Abeyesinhe
Executive Director

30th November 2020



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.

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.

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.

S.A. Abeyesinhe

Executive Director

Mr. Abeyesinhe is the Executive Director 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-

Board of Directors

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.

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.





Value Creation Framework

- 16** Stakeholder Engagement
- 19** Materiality Determination

Stakeholder Engagement

Stakeholders play an important role in any business entity. While the internal stakeholders drive the business forward, the external stakeholders are the key reason for the existence of the business. Therefore, stakeholder value creation is an integral component of any business organisation. ACAP has a diverse group of stakeholders who have the power to impact our strategy or are directly impacted by it. As a result, we strongly believe in maintaining continuous and ongoing dialogue and developing collaborative partnerships with our key stakeholders.



Employees

Our Commitment

We encourage employees to regularly engage with their superiors and have facilitated a strong communicative culture that provides them with multiple channels to communicate conveniently and in confidence, if required. The Group has also set in place an active social event calendar that is aimed at fostering stronger ties and a better understanding between the Group and its employees.

Areas of Interest

- 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

We provide shareholders a transparent, unbiased view of the Group's activities at all times. All business operations are carried out to increase value created in terms of share price appreciations, increased earnings and dividend payments.

Areas of Interest

- Financial stability
- Growth prospects
- Sustainability of business model
- Cost leadership
- Corporate governance
- Risk management framework
- Corporate reputation
- Transparency, timeliness and credibility of disclosures

Engagement Methods

- Direct Interaction at the AGM
- Annual report
- Interim financial statements (quarterly)
- Regular updates via group websites, social media, forums and press releases
- Announcements to the Colombo Stock Exchange (CSE)



Business Partners

Our Commitment

We are constantly focusing on establishing and nurturing strategic partnerships both locally and internationally with the aim of building sustainable, mutually beneficial business tie-ups that correspond to the strategic vision of the Group.

Areas of Interest

- Financial stability and liquidity
- Business prospects
- Sustainability of business model
- Brand marketability
- Market presence
- Corporate governance and ethics
- Submission of timely, transparent and credible progress information

Engagement Methods

- Face-to-face meetings
- Corporate website
- Annual report
- Interim financial statements (quarterly)
- Periodic reports and presentations



Therefore, we have developed carefully planned processes and procedures for managing our diverse group of stakeholders. Engaging meaningfully with all of our stakeholders in a constructive manner helps us to gain insights about the matters they are most concerned about thereby allowing us to realign our strategic priorities and guide our initiatives accordingly.



Customers

Our Commitment

We believe in building long-term mutually beneficial relationships with our customers by combining our dynamic value proposition with service excellence, personalised communication and one-on-one dialogue.

Areas of Interest

- Service quality and reliability
- Pricing
- Technology and innovation
- Corporate reputation and brand
- Access to transparent and credible information

Engagement Methods

- Meetings
- Press releases
- Corporate website
- Social media platforms
- Press advertisements



Government/ Industry

Our Commitment

We are always prepared to create a progressive operating environment through regular communication with regulators and working closely with policy level decision makers. Additionally, we actively take part in national and international consultative forums and knowledge sharing sessions with the aim of exchanging ideas and insights with experts from the industry.

Areas of Interest

- 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

We embrace corporate social responsibility through a range of direct communication opportunities that support the local communities around each of our hotel properties and help integrate them into the mainstream business model whilst also ensuring their rights are protected and assisting them in their efforts to safeguard the environment.

Areas of Interest

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

Engagement Methods

- Community welfare programmes
- Participation in community-initiated events

Stakeholder Engagement



General public/ Professional bodies/ Media institutions

Our Commitment

We believe that it is in the best interest of the Company to inform various other stakeholders such as the general population of the country, professional bodies that the company is affiliated to and media institutions on how the Company is performing and maintain mutually respectful and cordial relationships at all times.

Areas of Interest

- Company performance
- Employment generation
- Community development
- Brand visibility and reputation
- Ethical business conduct

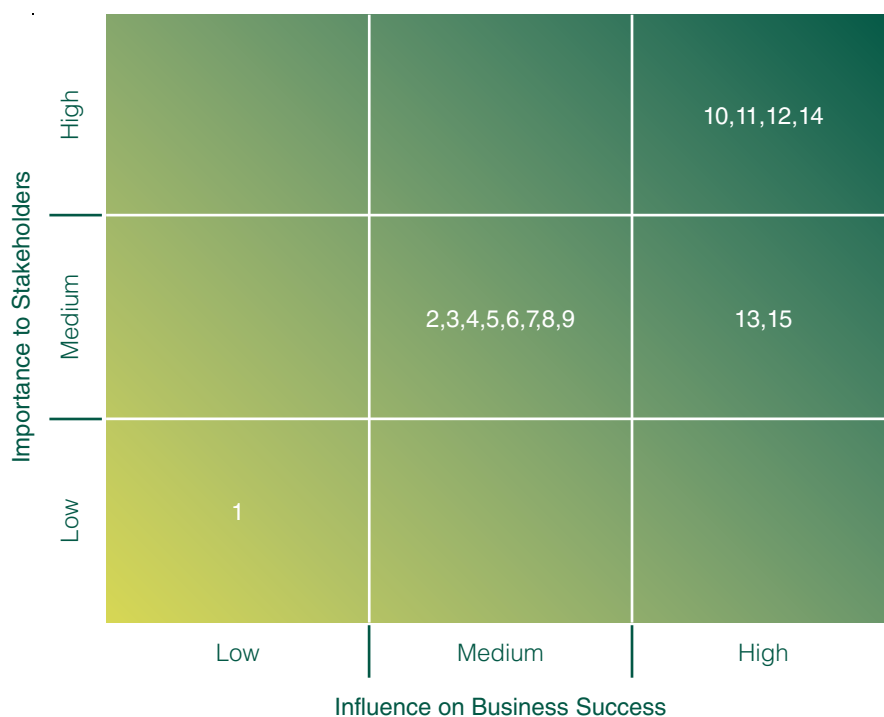
Engagement Methods

- Press releases
- Corporate website and social media
- Publications
- CSR initiatives
- Advertising/promotional campaigns



Materiality Determination

No.	Topic	Importance to Stakeholders	Influence on Business Success
1	Community Support	Low	Low
2	Ethics and Integrity	Medium	Medium
3	Energy Management	Medium	Medium
4	Water Management	Medium	Medium
5	Waste Management	Medium	Medium
6	Health and Wellbeing	Medium	Medium
7	Training and Development	Medium	Medium
8	Employee Communication	Medium	Medium
9	Employee Rights and Equal Opportunities	Medium	Medium
10	Employee Remuneration and Benefits	High	High
11	Financial Stability	High	High
12	Regulatory Compliance	High	High
13	Global Tourism Shocks	Medium	High
14	Economic Stability	High	High
15	Data Security	Medium	High







Management Commentary

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Projects

The year under review was a challenging one for ACAP's project team as progress of the ongoing turnkey projects were slowed down as a result of the uncertain economic climate prevalent in the country following the Easter Sunday attacks in the very first month of the new financial year.

Despite these obstacles, ACAP, together with its partner Belluna Group of Japan, have also invested and acquired a prime block of land in the heart of Colombo for a new mixed development project which will be announced in the near future when there is a conducive environment in the country to conduct business.

447 Luna Tower

Key Facts

Set in the heart of the city of Colombo, 447 Luna Tower will transform the landscape of Union Place. Constructed on prime real estate, the tower stands 44 floors tall and consists of 194 upscale apartments. Its design is a blend of cultural elements and contemporary style providing luxury living, world class amenities and unparalleled views of the city.

Project Progress

The project made steady progress during the course of the financial year. Some of the key highlights are given below:

- The 20/80 payment plan scheme launched in June 2019 enabled buyers to pay 20% of the total amount up front in order to be eligible to sign the Sales and Purchase Agreement (SPA) with the balance 80% to be settled during the handover post-completion. This serves as a highly-attractive option for prospective buyers who are looking to invest in a project with minimal risk that will generate a high return on investment while also offering them a luxury home in the city.
- Six new show apartments were unveiled in August 2019. A special inspection team from Belluna Group arrived in the country prior to the launch in order to review the show apartments and ensure that they met the highest of quality standards before being showcased to prospective buyers. For the first time in the industry, prospective buyers were able to get a first-hand experience of the look and feel of the show apartments situated on the 18th floor of the property, at the actual building site. By displaying the two and three bedroom apartments, they got a taste of their luxurious lifestyle if they were to invest in an apartment at 447 Luna Tower.
- In October 2019, the project marked the topping up of its tower with a traditional ceremony.

Up to January 2020, the construction of 447 Luna Tower was progressing as per schedule and the project was on track for completion in mid-2020. However, due to the COVID-19 pandemic that brought about a country-wide lockdown commencing during the last two weeks of March 2020, the project completion date has been pushed back to 2021.

As the COVID-19 situation persisted, ACAP ensured that the project adhered to the guidelines issued by Ministry of Health and other relevant government authorities. Strict hygiene protocols have been implemented within the site that includes special provisions for safety equipment, body temperature checks, regular sanitizing procedures as well as dedicated lifts for visitors.

Total Project Cost (As at 31st March 2020)

USD 50 Mn

Scheduled Completion

Q2 2021

Galle Beach Hotel

Key Facts

Galle Beach Hotel is a 96 room hotel project on a 2-acre plot of land that commenced in May 2017.

Project Progress

The final phase of the project, which included the commissioning of the finishes, commenced towards the end of the FY 2018/19 and was expected to be completed by end 2020.

Due to the unstable economic environment prevalent in the country following the Easter Sunday attacks, the subsequent drastic downturn in tourist arrivals as well as the COVID-19 pandemic in the last few weeks of the year under review, the launch of Galle Beach Hotel was pushed back to the year 2021. The adverse spillover effects also meant that there were severe budgetary restrictions in launching the hotel during the year under review.

Total Project Cost (As at 31st March 2020)

USD 14 Mn

Scheduled Completion

Q4 2021

Marine Drive

Key Facts

Located at the centre of Colombo's busiest commercial hub, Marine Drive is a 297 room hotel that is an ideal destination for both business and leisure travellers.

Project Progress

The Marine Drive project was making steady progress and was on track to be completed as the 2019/20 financial year dawned. However, it was negatively affected by the Easter Sunday attacks and the tumultuous situation in the country thereafter. Due to the unfavourable foreign exchange prevalent at the time there was a drastic increase in costs which further hindered the progress of the project. Resultantly, the project is expected to be completed in 2021.

Total Project Cost (As at 31st March 2020)

USD 55 Mn

Scheduled Completion

Q1 2021

447 Luna Tower



Galle Beach Hotel



Marine Drive



In the wake of the Easter Sunday attack that sent shockwaves throughout the country, the Group's flagship operation Asia Leisure Holdings (Pvt) Ltd (AL) faced significant challenges in the year under review. The attacks had a severe impact on the Tourism sector, and their adverse spillover effects were felt across the economy and the growth of the Service sector decelerated significantly.

All properties in the AL portfolio suffered setbacks due to the dwindling number of tourist arrivals in the country. Overall, the lower occupancy levels resulted in a lower top line for AL, with revenue for 2019/20 dropping by 11% to Rs.51 Mn. Following the first 3 months after the attacks where things were at a virtual standstill in the industry, there was a gradual recovery in the Tourism Sector towards the second half of 2019. With foreign tourist numbers declining, the Company had to turn its focus on attracting locals in order to sustain the business. This led to several promotions where competitive prices and value added services were offered to entice local tourists, a strategy which was also utilised by most of the other hotels in the industry. Arrivals from all markets did show an upward trend during the second half of the financial year, especially the key markets of Europe and UK. As a result, during that period, all key performance metrics of AL showed reasonably improved results.

On the marketing front, AL continued its efforts to bolster its online presence through campaigns that targeted local tourists. The dedicated Facebook and Instagram pages created during the last financial year for each hotel as well as LinkedIn and Twitter were utilised for this purpose. One of the more notable campaigns include Plastic recycling - Cages built by the hotel staff to contain all plastic items and these were recycled involving the SL Navy. Flower pots, paving tiles etc were created using the recycled plastics. A reduction of plastics from each hotel was conducted by switching to paper straws etc. These campaigns were

successful in increasing exposure and raising awareness across multiple online channels.

Given the slowdown in arrivals, there were no investments in any of the hotel properties with the general focus on upkeep and maintenance. Emphasis was placed on providing additional security given the unfortunate circumstances that led to the Easter attacks. However, the AL management was mindful of striking a balance between providing sufficient security while keeping the minds of the guests at ease by providing adequate privacy for rest and relaxation. Investments in staff training were carried out to ensure that all staff members were well-prepared to navigate the new circumstances in the hotels.

The various environmental and social welfare initiatives which have been functioning smoothly at all properties continued throughout the year. These included the Beach clean ups that were conducted with the help of guests and staff members of the hotels.

During the year, Asia Leisure Hotels were recognised for their mastery in culinary skills with 18 awards at the Culinary Art Food Expo 2019, Southeast Asia's largest food and hospitality show and culinary challenge. Additionally, The Habitat, Kosgoda was awarded the TripAdvisor Certificate of Excellence for 2019.

Looking ahead at the new financial year, a lot will depend on how the COVID-19 pandemic is curbed both nationally and internationally. The opening of Sri Lanka's airport and the recommencement of international travel as well as the arrival of a COVID-19 vaccine or the establishment of a travel bubble will be crucial to the future of the Tourism industry of Sri Lanka and the performance of AL.

Sri Lanka's Tourism Industry

2019 was a year of struggle for Sri Lanka's Tourism Industry as the Easter Sunday attacks had a severe negative impact which lasted the whole year. As per official records a total of 1,913,702 tourist arrivals were recorded in 2019, a significant drop of 18% from the previous year. Tourism revenue for the year stood at US\$ 3.6 Bn with hotel occupancy recording 57.09%.

Tourist arrivals were showing promising growth in the first 3 months of 2019 registering 2.2%, 7% and 4.7% increase in January, February and March respectively, over the corresponding period of 2018. However, with the tragedy of the Easter Sunday attacks in April, the numbers dipped

alarmingly although the rate of deceleration continued to drop in subsequent months, registering only a 4.5% negative difference in December 2019 when compared to 12 months earlier. The financial year ended with a drastic drop in tourist arrivals in March 2020 fuelled by the early stages of the COVID-19 pandemic and a nationwide lockdown in Sri Lanka, where only 71,370 tourists arrived in the country.

The dip in arrivals resulted in earnings from tourism decreased by 18% to US\$ 3,592 Mn in 2019, in comparison to the US\$ 4,381 Mn achieved in 2018. While the average duration of stay by a tourist was estimated at 10.3 days in 2019, in comparison to 10.8 days in 2018.



The Habitat, Kosgoda



Shinagawa Beach, Balapitiya



Tamarind Hill, Galle



Taprobana, Wadduwa



Le Grand, Galle



The River House, Balapitiya



Maldives, Miriandhoo



Le Grand, Galle

On a positive note, Sri Lanka continued to receive accolades and be recognised on the global stage. Sri Lanka ranked No. 4 in the list of “10 most In-Demand Travel Destinations in 2020” followed by best warm weather destination title by USA TODAY. CNN Travel selected Sri Lanka as one of the “Best places to visit in 2020” while CNN’s very own Richard Quest featured Sri Lanka on the popular “CNN Business Traveler” programme. These various accolades may have played a part in the reasonably fast recovery demonstrated by the country towards the latter parts of 2019.

Despite a relatively rapid recovery from the Easter Sunday attacks, Sri Lanka’s Tourism industry is expected to struggle in the aftermath of the current COVID-19 pandemic. The overall downturn in the global economy and the economic troubles in countries and regions that are known to generate tourist arrivals to Sri Lanka will further complicate the recovery of the sector.

Travels

Given the tragic start to the financial year under review, Asia Leisure Travels (Pvt) Ltd, the Group’s travel arm, was faced with a very challenging 12-month period. In the weeks and months following the attacks there was understandably a notable downturn in tourist arrivals but subsequently the Company was able to perform creditably and achieve a revenue of Rs.94 Mn which amounted to nearly 88% of the target that was set at the beginning of the financial year. As in previous years, the inbound segment was the main contributor to growth driven by the customary tourist arrivals from key European markets such as UK and Germany. The revenue growth continued the upward trend of recent years where an year-on-year increase of around 15%-20% has been achieved for the past several years. However, due to the fact that several service providers increased their prices to soften the blow from the drop in business in the 4 to 5 months immediately after the Easter attacks, there was a considerable impact on the Company’s overall profit margins. Towards the second half of the financial year, the recovery process was proceeding reasonably well as the Company expanded its network, participated in travel shows and successfully signed agreements with new partners, thereby laying the foundation to what was expected to be a promising 2020/21 financial year.

During the year, Asia Leisure Travels created history and made Sri Lanka proud as it was awarded the ‘Best Inbound/Outbound B2B Destination Management Company – Sri Lanka 2020’ at the LUX Life 2020 Travel & Tourism Awards. This is the first time ever a Sri Lankan Travel

Company/DMC has won this prestigious award presented by ‘LUXlife Magazine’, part of UK’s AI Global Media’s popular and unique publications. Demonstrating its commitment to meeting international standards and showcasing its ethical practices, the Company has also commenced the meticulous process to obtain ISO certification and is set to become only the fourth ISO-certified travel agency in Sri Lanka during the new financial year.

Looking ahead, the performance in the new financial year will greatly depend on how the COVID-19 pandemic is handled by countries across the globe. Europe being hit hard by the virus does not bode well for Sri Lanka’s tourism industry. If this drastic drop in tourist arrivals continues into the year 2021, it would almost certainly drive the smaller travel companies out of business and only the larger ones with their greater financial resources will be able to survive till the end of the crisis, especially if it prolongs for a longer period. This means that once the global travel industry bounces back when the pandemic is over or controlled to some extent, there will be greater opportunities for established players such as Asia Travels to possibly expand market share and increase revenue.

As Sri Lanka enters a new era with a new Government taking office in August, the Company is hopeful that the relevant officials in charge of tourism will make greater efforts to position Sri Lanka as a major tourist destination that can offer tourists holidays 365 days of the year, and not just the customary seasonal holidays from October to March/April. This change in approach will undoubtedly play a pivotal role in future business opportunities for the Company.

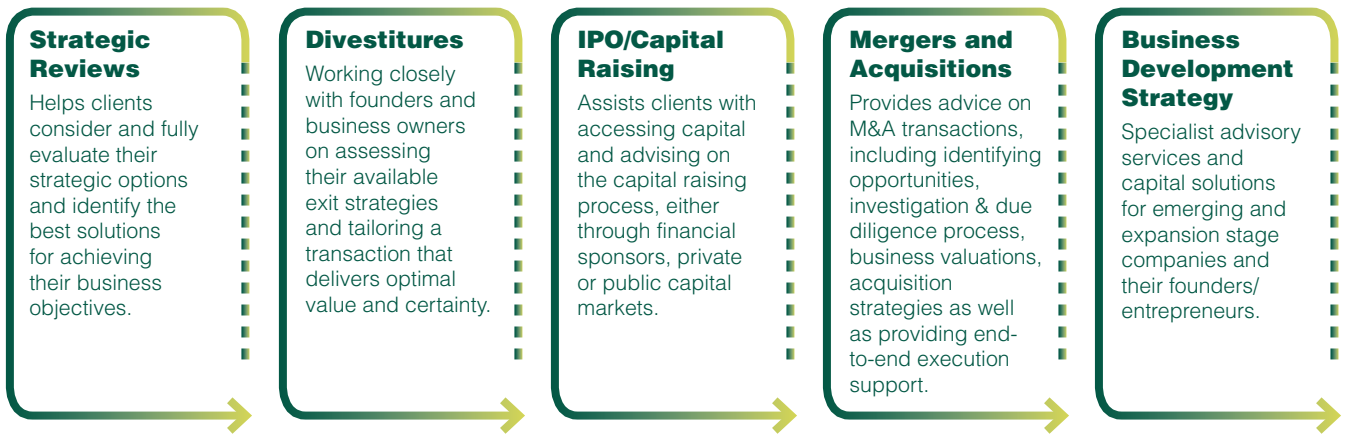


Corporate Advisory

ACAP's Corporate Advisory unit operates with the goal of providing bespoke corporate finance and strategic advisory services to private companies, state institutions, foreign companies and entrepreneurs. It has since become a key entity of the Group's business model. The unit focuses on sectors that demonstrate significant growth potential, including start-ups, thereby paving the way for them to achieve their fullest potential in today's competitive business environment.

The Corporate Advisory team consists of seasoned professionals with years of experience and expertise from different industries. This gives them the ability to confidently take on any type of project irrespective of the size, scope or domain. The team works closely with the client in order to get an in-depth understanding of their requirements and puts forward dynamic ideas and creative solutions to provide customised strategies that help clients to achieve their business objectives.

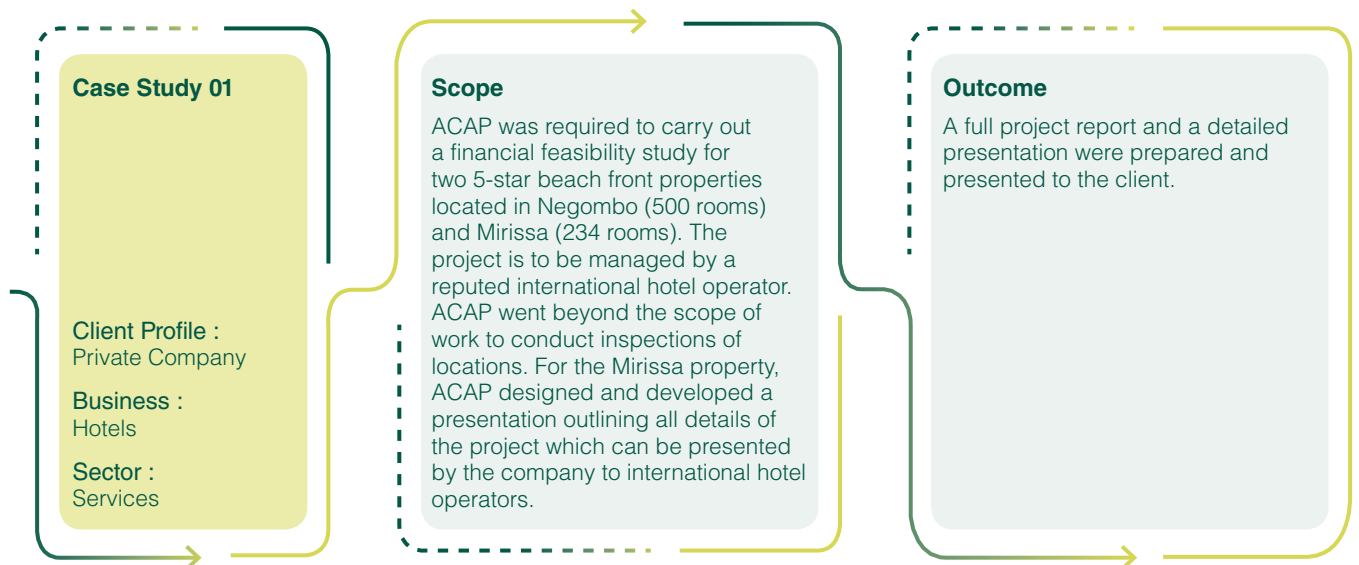
The services provided by ACAP's Corporate Advisory unit include:



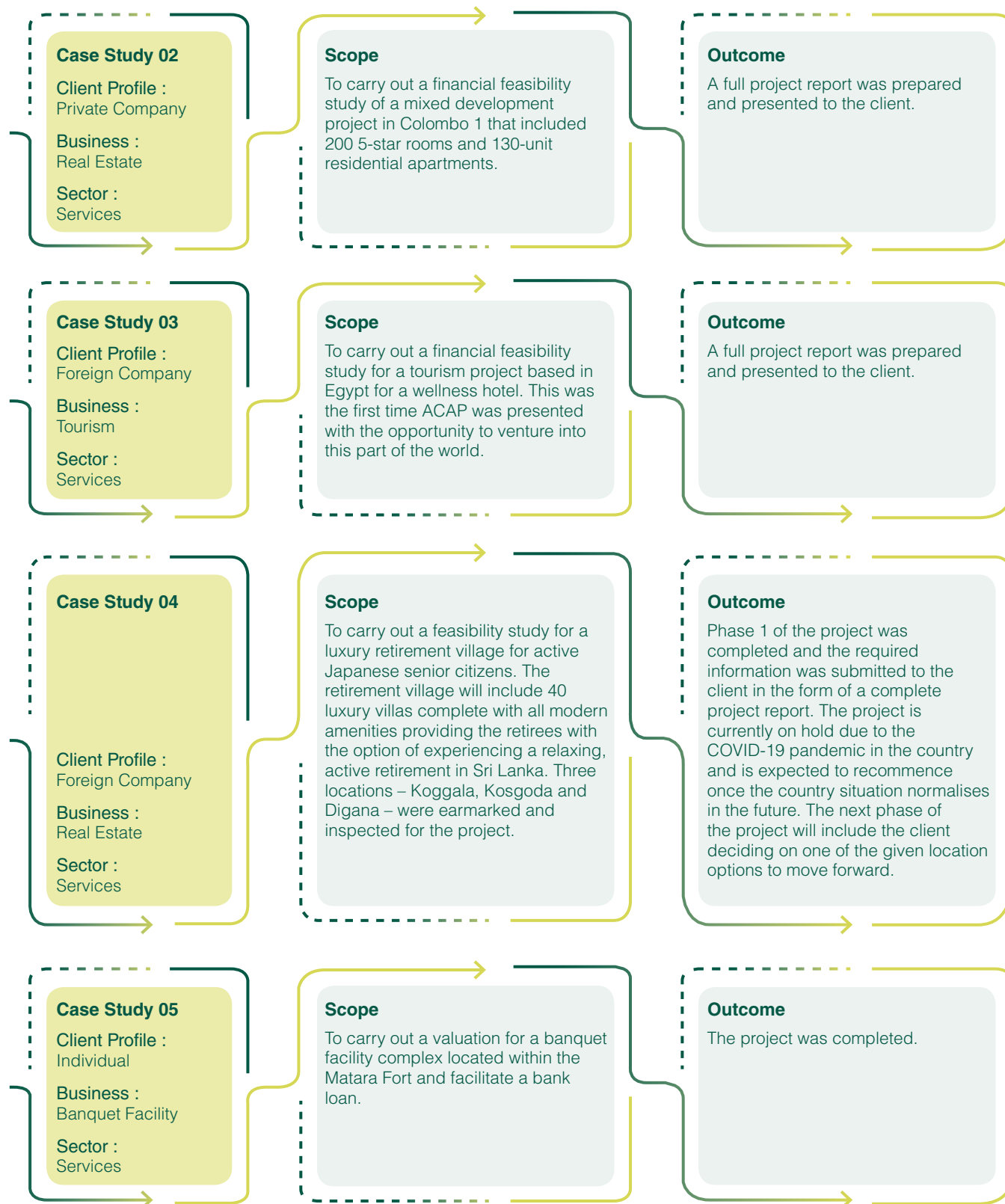
Over the years, a growing number of local and international clients have turned to ACAP's Corporate Advisory unit to obtain their professional services in order to help them to build core competencies and accelerate their growth. Having implemented the ACAP team's professional advice, many of these organisations have shown an upward trajectory in their growth and have subsequently gone on to make a significant impact in their respective domains.

During the year under review, the team was presented with the opportunity to lend their expertise to several exciting projects. Some of the notable ones completed during the year are listed below:

Key Case Studies for 2019/20



Key Case Studies for 2019/20



Case Study 06

Client Profile :
Private Company

Business :
Mineral Water

Sector :
Manufacturing

Scope

To carry out a valuation of the client's family-owned mineral water business with the intention of finding an investor. The client's aim was to exit the business and divert the funds into new ventures that have greater economic potential. Having being in operation for several years, the mineral water business was well-established with sound infrastructure and proper business processes already in place.

Outcome

An independent valuation report was prepared for the client along with several suggested exit strategies to help the client to divest its stake in the business.

Case Study 07

Client Profile :
Foreign Company

Business :
Organic fertiliser

Sector :
Manufacturing

Scope

To conduct a business evaluation & commercial feasibility for a foreign company to lay the groundwork for setting up an organic fertiliser plant in Sri Lanka. As ACAP would be the local agent for this company, the ACAP team carried out discussions with relevant Government officials to finalise details that would be agreeable to the foreign company for them to invest in the project.

Outcome

A full project report was prepared and presented to the client.

Case Study 08

Client Profile :
Private Company

Business :
Food

Sector :
Manufacturing

Scope

To carry out a feasibility study for the exporting of beef and lamb.

Outcome

A full project report was prepared and presented to the client.

Case Study 09

Client Profile :
Private Company

Business :
Domestic Courier Service

Sector :
Services

Scope

This is an existing client that has been with ACAP for several years and who has been present in the domestic courier market for over a decade. Last financial year, the ACAP team was instructed to conduct a business evaluation to determine the Company's market position and brand visibility. This year, the scope expanded and the ACAP team was instructed to carry out detailed analysis of their existing business in order to identify how their different products are performing with the aim of looking at the possibility of expanding their product offering in the future.

Outcome

The findings were tabulated and presented to the client.

Financial Review

Group Revenue

The Consolidated Group Revenue for the financial year ending 31st March 2020 was Rs.405 Mn. with a 63% YoY reduction from the Rs.1,108 Mn reported in the previous year.

The Consolidated Revenue of Rs.405 Mn for the current financial year consists of revenue generated by Asia Leisure Sector.

Costs

ACAP's costs dropped slightly due to the strict cost reduction methods adopted by the Company.

Leisure Sector costs on the other hand, registered an increase with the general price level increase.

EBIT/LOSS

Both Group and ACAP's Loss have increased substantially due to the reduction in project fee income of the ACAP and hotel income compared to the last year.

Net Finance Costs

The Group Net Finance Cost increased from Rs.94 Mn in the previous financial year to Rs.148 Mn for the year under review. This increase is due to decrease in interest income on FDs.

ACAP's net finance cost has increased by 180% from Rs.34 Mn to Rs.95 Mn due to decrease in interest income of FDs and Repos.

Profit/(Loss) After Tax

The Group recorded a consolidated loss of Rs.805 Mn for the year ended 31st March 2020, compared to loss of Rs.34 Mn reported for the previous financial year. The main contributing factor is the drop in Revenue & Other Operating Income by the Group.

ACAP registered a loss of Rs.362 Mn for the year compared to the profit of Rs.231 Mn reported for the previous financial year.

The main contributing factors for the drop was Revenue & Other Operating Income of ACAP.

Assets

The Group Total Asset base remain constant at Rs.4.9 Bn as at 31st March 2020. ACAP's Total Assets increased to Rs.3.5 Bn as at 31st March 2020 compared to Rs.3.2 Bn reported in the previous year.

Increased in project advances in ACAP mainly contributed for this.

Debt

The Group debt has increased from Rs.0.654 Bn to Rs.1.127 Bn.

Equity

The Group's total equity has decreased to Rs.1.8 Bn as against Rs.2.5 Bn reported last year.

ACAP's total equity has dropped to Rs.1.1 Bn as against the Rs.1.5 Bn recorded in the previous year.



Awards and Recognitions



Asia Capital PLC won the Gold Award for its Annual Report in the Investment Banking Category at the 55th Annual Report Award Competition, organised by the Institute of the Chartered Accountants of Sri Lanka

Sustainability Report

People are one of the greatest assets of ACAP and it is widely accepted that our diverse team's talent, experience and expertise is what drive us forward as an organisation and help us achieve our business objectives. Therefore, we are fully committed to ensuring that each and every one of them has a safe, healthy and productive work environment that motivates them to be the best that they can be. We strive to provide all employees with challenging and rewarding work opportunities thereby giving them job satisfaction and helping them grow professionally and personally.

Following the Easter Sunday disaster and the subsequent downturn in the economy, the Company had to curtail spending in several areas to ensure the continuation of business operations with minimum disruptions. However, despite such restrictions, we managed to maintain our customary high standards when it comes to how we looked after our employees during the year. Within this context, the Company's approach related to Human Resources covered the following key areas.



Employees Recruitment

Every year based on the requirements, we begin the process of recruitment by carrying vacancy advertisements primarily on online channels. After necessary shortlisting, reference checking, interviews and, if required, tests new recruits commence their career at ACAP.

During the recruitment process, ACAP strives to recruit highly-qualified professionals who have the knowledge and experience to fulfil the obligations in the job descriptions. This approach is different when it comes to the Leisure sector where, given the high labour turnover rate prevalent in the sector, the recruitments are mostly at an entry level.

The Company provides an extensive onboarding programme that includes information about the entire company's operations, benefits, corporate culture, values, ethics, health, safety, security and the environment. Each employee is also provided a handbook covering all HR aspects that can be easily referenced at any time. Once the orientation is complete, each employee begins their journey in the Company and is assigned to various departments based on their skills, experience and preference.



Employee Rights and Equal Opportunities

Respect for employee rights is an important part of an ethical organisation and a fundamental component of ACAP's human resources principles. The Company is always committed to maintaining a healthy work environment that is fair and free of discrimination, harassment, bullying and victimisation. During the recruitment process, the Company ensures to provide equal access to employment to all candidates. Candidates are specifically chosen based on their qualifications and suitability for the job, irrespective of their gender, age, nationality, race, religion, marital status or background.



Employee Remuneration and Benefits

ACAP understands that a competitive yet flexible remuneration package plays a vital role in attracting, retaining and motivating employees at all levels of the



organisation. Therefore, we make every possible effort to ensure that remuneration offered to all employees across the Group is firstly, competitive when compared to the market and secondly, complies with all applicable rules and regulations set forth by the relevant authorities, while also being in line with the Group's stated corporate values.

New employee remuneration is strictly based on their knowledge and industry experience, while subsequent increments and annual bonuses are calculated based on their level of performance and how well they contribute towards the achievement of the Company's goals. The Company's entry level remuneration packages are in line with Leisure sector benchmarks and local minimum wage laws in the country, with men and women receiving equal pay for equal work at all times. 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. This helps to identify high achievers who are then incentivised accordingly and given greater responsibilities and opportunities to further their career at the respective hotel.



Employee Training and Development

At ACAP, Training and Development has always remained a top priority at every level of the organisation. This is especially important for the Leisure sector where continuous and ongoing up skilling is required to ensure employees achieve expected service benchmarks thereby giving guests the best possible service at all times. The Company has introduced a diverse range of Training and Development activities to give employees the opportunity to acquire new skills and gain the required knowledge and experience for them to perform their designated roles at the highest possible level. At the beginning of every year, the Company maps out a detailed Training and Development plan individually prepared for each property while additional training needs of staff are identified through Performance

Review process as well as the feedback obtained from guests.

When it comes to employees' knowledge enhancement through their academic and professional qualifications, the Company has always encouraged them to pursue such educational opportunities and has stepped in to provide financial support so that they can settle annual subscriptions, membership fees and examination fees in a timely manner.



Employee Engagement

ACAP understands that maintaining clear communication with employees is one of the key facets of ensuring greater employee satisfaction. In keeping with this approach, the Company commences a clear communication channel with all employees from their very first day of employment. Every effort is made to build a direct, honest and open relationship with our employees based on mutual trust and respect, in line with the Group's core values and culture.

Employees are given the freedom to voice their opinions regarding any matter that may affect their performance in the organisation directly to their immediate manager. The Company maintains an open door policy to provide the freedom for employees at all levels to engage in regular, ongoing dialogue with the Management. All such matters are handled professionally in a timely, fair manner in complete confidentiality. Several other formal communication channels are also available including team briefings, monthly meetings, budget meetings and many others, where a participative approach is encouraged to obtain contributions from employees of all levels towards the strategic planning and decision making process.

In a similar manner, informal engagement takes place through fun activities such as the annual sports meet, annual trip and the Christmas party. These events provide a platform for individuals from different departments to mingle and get to know each other better. They also allow them to "recharge their

batteries”, help in building team spirit and enhance their sense of belonging.

We believe in celebrating the diverse workforce where differences are acknowledged and highly-valued as bringing individuals from different backgrounds together will open the doors to new ideas and perspectives which in turn will bring positive outcomes for all individuals and the Company in the long run. Therefore, as part of this approach, special holidays of all religions are celebrated with enthusiastic participation by all employees.



Employee Health and Wellbeing

ACAP is always committed towards ensuring the health, safety and well-being of each and every employee. The Group has put in place a number of strict policies and practices that uphold its safety first culture, with all employees receiving periodic training on health, safety and security aspects.

While all applicable national safety guidelines are strictly adhered to at the Group level when it comes to each individual hotel, each property maintains health and safety systems that are consistent with legislative requirements applicable to the hotel industry. The senior management at each property works closely with the Property Manager to provide oversight to ensure that all safety procedures are being followed at all times. As part of his duties, the Property Manager is given the responsibility of regularly monitoring safety systems to identify issues, run improvement action plans and follow up on the results. This helps to keep the safety systems of all properties at above industry standards and ensures that each property is well-prepared to face any threat or danger. In keeping with this approach, with the arrival of the COVID-19 threat, the entire Group strictly adhered to the guidelines given by the health authorities to ensure a hygienic and safe work environment.

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.

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

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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

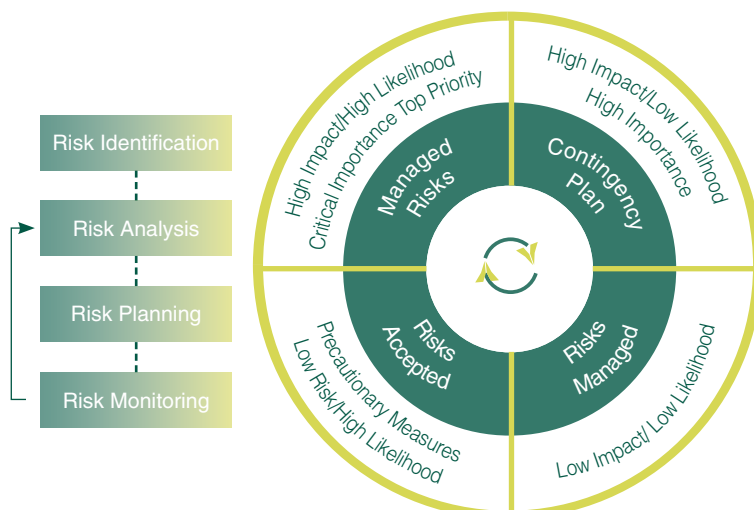
Risk identification at ACAP is a detailed procedure which includes brainstorming sessions, surveys, questionnaires, team meetings and other reliable techniques used to identify internal risks to the Group. In-depth market study, competitor analysis, technology evaluation and customer studies are some 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 & CASL 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 nine (09) members including the Chairman.</p> <p>The day-to-day monitoring of operations of the organisation has been delegated to the Executive Director 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 & CASL 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 Executive Director (ED). The functions performed by the Chairman and our ED 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	Eight (08) of the nine (09) 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 48.
Annual Declaration of Non-Executive Directors	A.5.4 7.10.2(b)	Complied	Each Non-Executive Director has submitted his 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 & CASL 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 Executive Director 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 49 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 47 to 51 of this Annual Report.
A.8 Re-election			
Re-election of Directors	A.8.1 and A.8.2	Complied	To comply with the Articles of Association, the Directors who have been appointed to the Board during the year hold office until the next AGM, and are required to retire and a new Director to be re-elected by the shareholders.
A.9 Appraisal of Board Performance			
Appraisals of the Board and the subcommittees	A9.1, A.9.2 and A.9.3	Complied	The Board annually appraises itself on its performance in the discharge of its key responsibilities. The Board also undertakes an annual self evaluation of its own performance and that of its committees and the Board states how such performance evaluations have been conducted.

Corporate Governance

	Reference to SEC & CASL 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 13 to 14 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 48 to 49 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 Executive Director 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 55 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 Director 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 Director 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 & CASL 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 55 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 & CASL 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 47 to 51.
Statement by the Directors and the Auditors	D.1.3	Complied	Please refer the Statement of Directors Responsibility on page 60.
Management Discussion and Analysis	D.1.4	Complied	Please refer Business Review on pages 22 to 31.
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 48.
Requirement for an Extraordinary General meeting in a situation of serious loss of capital	D.1.6	Not Applicable	
Related party transactions	D.1.7	Complied	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. A related party transaction review subcommittee is in place. Refer report of the related party transactions review committee on page 56.



	Reference to SEC & CASL Code, CSE Listing Rules	Compliance	Details of Compliance
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 53 and Risk Management Report on page 36 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 53.
Terms of Reference of the Audit Committee	D.3.3	Complied	Please refer to the Audit Committee Report on page 53.
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 53.
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 8 to 9 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	
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 39 to 46.

Corporate Governance

	Reference to SEC & CASL Code, CSE Listing Rules	Compliance	Details of Compliance
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 2020.

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.

Financial Results and Appropriations

For the year ended 31st March

	Group		Company	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Profit/(Loss) for the Year Before Tax	(805,995)	(33,289)	(362,611)	233,096
Income Tax	-	(1,683)	-	(1,683)
Profit/(Loss) for the Year After Tax	(805,995)	(34,972)	(362,611)	231,413
Non-Controlling Interest	(115,534)	(95,027)	-	-
Profit Attributable to Equity Holders of the Company	(690,461)	60,055	(362,611)	231,413

Dividends

No dividends were declared as at 31st March 2020.

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 82 to 86.

Review of Operations

The Chairman's Review on pages 8 to 9 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 32 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 62 to 112 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 58 to 61.

Accounting Policies

The accounting policies adopted in the preparation of Financial Statements are given in pages 66 to 78.

Stated Capital

The stated capital of the Company as at 31st March 2020 was Rs.1,498,498,000/- representing No. of 131,329,995/-.

Donations

There were no donations made during the year.

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

Capital Commitments

There are no capital expenditure commitments as at 31st March 2020.

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 75 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

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 52.

Contingent Liabilities

There were no material contingent liabilities outstanding as at 31st March 2020, except as disclosed in Note 33 to the Financial Statements.

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. 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. S. S. Balasubramaniam	Non-Executive Director

Alternate Directors

Mr. S. A. Abeyesinhe	(Alternate Director to Mr. V. Siva Jr)
Mr. S. A. Abeyesinhe	(Alternate Director to Mr. J. H. P. Ratnayeke)
Mr. W. A. T. D. Weragoda	(Alternate Director to Mr. Y. Watanabe)

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. W. A. T. D. Weragoda (Alternate Director to Mr. Y. Watanabe) (Appointed with effect from 18th June 2020).

Directors who held office as at the end of the accounting period 31st March 2020

Mr. J. H. P. Ratnayeke	Chairman
Mr. 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. S. S. Balasubramaniam	Non-Executive Director

Alternate Directors

Mr. S. A. Abeyesinhe	(Alternate Director to Mr. V. Siva Jr)
Mr. S. A. Abeyesinhe	(Alternate Director to Mr. J. H. P. Ratnayeke)
Mr. W. A. T. D. Weragoda	(Alternate Director to Mr. Y. Watanabe)

Of the Nine (09) 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. A. D. Ross 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 71 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. Mr. J. H. P. Ratnayeke who is presently 71 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.

Corporate Governance

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

An Audit Committee, Remuneration Committee, Nominations Committee and a Related Party Transactions Review Committee are functioning as Board sub committees with the 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 page 80 of the Financial Statements.

Directors' Interest In Shares

Name	No. of Shares as at 31st March 2020	No. of Shares as at 31st March 2019
Mr. J. H. P. Ratnayeke	101,302	101,302
Mr. A. D. Ross	-	-
Mr. V. Siva Jr.	-	-
Mr. R. J. Wickramasinghe	50,636	50,636
Mr. D. A. S. D. 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
Mr. S. S. Balasubramaniam	-	-

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 32 on page 98 of the Financial Statements.

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

Shareholders Information

The distribution and analysis of shareholdings were as follows:

	As at 31st March 2020			As at 31st March 2019		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1 to 1,000 Shares	5,264	741,342	0.56	5,280	751,086	0.57
1,001 to 10,000 Shares	652	1,873,856	1.43	695	2,014,902	1.53
10,001 to 100,000 Shares	124	3,522,507	2.68	134	3,641,712	2.77
100,001 to 1,000,000	14	3,028,428	2.31	11	2,758,433	2.10
Over 1,000,000 Shares	4	122,163,862	93.02	4	122,163,862	93.03
Total	6,058	131,329,995	100.00	6,124	131,329,995	100.00

	As at 31st March 2020			As at 31st March 2019		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
Resident	6,007	8,537,099	6.50	6,074	8,537,319	6.50
Non-Resident	51	122,792,896	93.50	50	122,792,676	93.50
Total	6,058	131,329,995	100.00	6,124	131,329,995	100.00

	As at 31st March 2020			As at 31st March 2019		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
Individual	5,922	123,251,004	93.85	5,985	123,107,235	93.74
Institutional	136	8,078,991	6.15	139	8,222,760	6.26
Total	6,058	131,329,995	100.00	6,124	131,329,995	100.00

20 Largest Holders of Equity

Name	As at 31st March 2020		As at 31st March 2019	
	No. of Shares	%	No. of Shares	%
Mr. Vijayeswaran S Vijayaratham	94,039,467	71.61	94,039,467	71.61
Mr. Yoshimichi Watanabe	11,539,353	8.79	11,539,353	8.79
Mr. Eiji Watanabe	9,790,642	7.45	9,790,642	7.45
Fast Gain International Limited	6,794,400	5.17	6,794,400	5.17
Mr. Dilan Andrew Stefan De Abrew Abeyesinhe	536,077	0.41	536,077	0.41
Mr. Toshiaki Tanaka	450,636	0.34	450,636	0.34
Asha Financial Services Limited/Mr. C. N. Pakianathan	350,040	0.27	350,040	0.27
Mr. Peter Neville Jansen	268,266	0.20	268,266	0.20
Mr. Ranasinghe Arachchige Thusitha Priyantha Perera	198,550	0.15	198,550	0.15
DFCC Bank PLC/Mr. C. R. Perera	178,802	0.14	170,000	0.13
Mr. Pathiranaage Chamara Priyanjitha	159,188	0.12	-	-
Mr. Sandun Thushara Hettige Don	147,591	0.11	147,591	0.11
People's Merchant Finance PLC/H. P. C. R. Priyadarshana	141,000	0.11	257,020	0.20
Miss. Rohays Don Michel	135,337	0.10	-	-
Mr. Damitha Rathnayake	134,083	0.10	134,083	0.10
Seylan Bank Limited/Ruwan Prasanna Sugathadasa	117,689	0.09	98,200	0.07
Mrs. Weerakkodige Dona Brijet Malani	109,897	0.08	-	-
Mr. James Henry Paul Ratnayake	101,272	0.08	101,272	0.08
Mrs. Conceicao Aparecida Dos Santos Woodward	98,300	0.07	98,300	0.07
Miss. Sunela Radhini Samaranyake	96,836	0.07	96,836	0.07

Public Shareholding

The percentage of public shareholding as at the 31st of March 2020 was 18.59%.

Annual General Meeting

The notice of the 28th Annual General Meeting is on page 116.

Auditors

The Financial Statements for the year ended 31st March 2020 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
Executive Director



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

30th November 2020

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 2020. These differ from the Auditors responsibilities, which are set out in their report given on page 60.

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
Executive Director



R. J. Wickramasinghe
Director

30th November 2020



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 whistleblowing employees.

Composition of the Committee

The Composition of the Committee is as follows during the financial year 2019/20;

Mr. R. J. Wickramasinghe (Chairman),

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 2019/20. 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 2019/20 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.

Audit Committee Report

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
Chairman - Audit Committee

30th November 2020



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 2020 are as follows;

Mr. R. J. Wickramasinghe (Chairman)

Mr. V. Siva Jr

Mr. A. D. Ross

All of whom are Independent Non-Executive Directors

Please refer pages 13 to 14 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 2019/20. 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
Chairman - Remuneration Committee

30th November 2020

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 2019/20;

Mr. R. J. Wickramasinghe (Chairman)

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 2019/20. 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
Chairman - Related Party Transactions Review Committee

30th November 2020





Financial Information

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Independent Auditor's Report



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"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 2020, and the statement of profit or loss and other 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 on pages 62 to 112.

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 2020, 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 judgment, are 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, 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.2.86Bn as at 31st March 2020 which represents a significant part of total assets recorded in the statement of financial position. The fair value of such properties was determined by a 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 the land values have not declined since the last revaluation;
- Ensured that revaluation of Land and Building is in compliance with the Group's accounting policies and requirements of the 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.

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R. Vasanthakumar Bsc (Acc), ACA. F. Sarah Z. Afker ACA, ACMA (UK), CGMA, MCSI (UK). M.N. Mohamed Nabeel ACA. D. Jerad N. Dias ACA.



2 Measurement of Investment in Subsidiaries and Associates

As at 31st March 2020, the Company holds an investment in subsidiaries and associates amounting to Rs. 1.13Bn and Rs.399Mn, respectively. The carrying amount of each investment in subsidiary and associate investment has been tested for impairment as individual Cash Generating Units.

Investments which do not generate adequate returns may be an indication of impairment. Due to the investments being material, it will have a significant impact on the 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 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 with 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.

3 Management's Assessment of the impacts of the COVID-19 pandemic to the Company and its subsidiaries

Management has assessed and adopted the going concern basis in the preparation of the financial statements. Such assessment carried out on the basis of available information, involved the use of significant management judgments and estimates considering future events, circumstances and impacts on cash flows, profits and assets. Accordingly the said assessment was considered as a key audit matter.

Our audit procedures included the following;

- Gained an understanding of Management's assessment of the impacts of the COVID-19 pandemic on the operation of the subsidiaries, particularly the hotels;
- Obtained the cash flow projections carried out by management which covered a period not less than twelve months from the reporting date;
- Evaluated the reasonableness of the significant management judgements and estimates such as occupancy levels used in such cash flow projections;
- Reviewed the adequacy of the disclosures made in note 35 in the financial statements.

Independent Auditor's Report



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 the 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.

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 the operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company 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 judgment 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 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.

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- 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 contents 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's 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.

From the matters communicated with those charged with governance, we determine those matters that are of the 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

30th November 2020

Statement of Profit or Loss and Other Comprehensive Income

	Note	Group		Company	
		2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
For the year ended 31st March					
Revenue	5	405,845	1,108,108	-	651,050
Cost of Sales		(178,430)	(476,429)		(285,970)
Gross Profit		227,415	631,679	-	365,080
Other Operating Income	6	36,839	230,576	16,849	206,198
Selling and Distribution Expenses		(73,714)	(118,887)	(10,173)	(37,942)
Administrative Expenses		(623,198)	(581,978)	(158,762)	(170,163)
Other Operating Expenses		(223,236)	(98,790)	(109,909)	(88,262)
Provision for Impairment of Receivables (Net)	7	-	-	(5,615)	(7,703)
Net Finance Income/(Cost)	8	(148,430)	(94,399)	(95,001)	(34,112)
Share of Equity - Accounted Investees (Net of Tax)		(1,671)	(1,490)	-	-
Profit/(Loss) Before Taxation	9	(805,995)	(33,289)	(362,611)	233,096
Income Taxation	10	-	(1,683)	-	(1,683)
Profit/(Loss) for the Year		(805,995)	(34,972)	(362,611)	231,413
Other Comprehensive Income/(Expense)					
Items that may not be Reclassified subsequently to Profit or Loss					
Actuarial Gain on Defined Benefit Obligations (Net of Tax)	24	8,503	4,763	5,559	3,052
Revaluation Surplus on Property, Plant and Equipment		-	855,240	-	-
Net Gain on Equity Instruments Designated at Fair Value Through Other Comprehensive Income		5,694	-	5,694	-
Other Comprehensive Income for the Year, Net of Tax		14,197	860,003	11,253	3,052
Total Comprehensive Income/(Expenses) for the Year		(791,798)	825,031	(351,358)	234,465
Profit/(Loss) Attributable to					
Equity Holders of the Parent Company		(690,461)	60,055	(362,611)	231,413
Non-controlling Interests		(115,534)	(95,027)	-	-
		(805,995)	(34,972)	(362,611)	231,413
Total Comprehensive Income/(Expenses) Attributable to					
Equity Holders of the Parent Company		(677,365)	575,019	(351,358)	234,465
Non-controlling Interests		(114,433)	250,012	-	-
Total Comprehensive Income for the Year		(791,798)	825,031	(351,358)	234,465
Basic Earnings/(Loss) Per Share (Rs.)	11	(5.26)	0.46	(2.76)	1.76

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 62 to 112.



Statement of Financial Position

As at 31st March	Note	Group		Company	
		2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	12	2,864,738	2,924,524	33,348	16,081
Intangible Assets	13	13,514	116,021	738	926
Investments in Subsidiaries	14.1	-	-	1,130,810	878,264
Investments in Associates	14.2	171,496	173,166	398,839	398,839
Equity Instruments Measured at Fair Value Through OCI	15	120,548	114,853	120,548	114,853
Long Term Deposits and Advances	16	5,147	5,127	5,147	170,552
Deferred Taxation	23	-	-	-	-
Total Non-Current Assets		3,175,443	3,333,691	1,689,430	1,579,515
Current Assets					
Inventories	17	190,229	12,472	-	-
Other Financial Assets	18	116,766	124,457	94,589	104,192
Income Tax Receivable		1,387	1,284	-	-
Trade and Other Receivables	19	454,456	540,859	213,765	37,523
Amounts Due from Related Companies	20	726,505	665,598	1,535,850	1,542,578
Cash and Cash Equivalents	21	230,698	179,179	15,798	10,722
Total Current Assets		1,720,041	1,523,849	1,860,002	1,695,015
Total Assets		4,895,484	4,857,540	3,549,432	3,274,530
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	1,361,370	5,905	5,905
Retained Earnings/(Accumulated Losses)		(1,927,527)	(1,185,425)	(320,293)	31,065
Shareholders' Fund		932,341	1,674,443	1,184,110	1,535,468
Non-controlling Interests		935,493	913,661	-	-
Total Equity		1,867,834	2,588,104	1,184,110	1,535,468
Non-Current Liabilities					
Retirement Benefit Obligations	24	42,558	39,963	23,620	23,928
Non-Interest Bearing Borrowings - Due after One Year	25.1	790,795	790,795	790,795	790,795
Interest Bearing Borrowings - Due after One Year	26	228,582	294,756	23,809	203,087
Lease Liability - Due after One Year	27	19,944	21,479	-	-
Total Non-Current Liabilities		1,081,879	1,146,993	838,224	1,017,810
Current Liabilities					
Non-Interest Bearing Borrowings - Due within One Year	25.1	62,070	68,920	62,070	68,920
Interest Bearing Borrowings - Due within One Year	26	899,024	359,838	898,468	321,331
Lease Liability - Due within One Year	27	10,530	10,520	-	1,874
Deferred Income	28	4,035	4,035	4,035	4,035
Trade and Other Payables	29	293,366	249,300	55,003	40,853
Amounts Due to Related Companies	30	-	-	37,966	38,089
Income Tax Payable		42,848	42,848	42,846	42,846
Bank Overdrafts	21	633,898	386,982	426,710	203,304
Total Current Liabilities		1,945,771	1,122,443	1,527,098	721,252
Total Liabilities		3,027,650	2,269,436	2,365,322	1,739,062
Total Equity and Liabilities		4,895,484	4,857,540	3,549,432	3,274,530
Net Assets Per Share (Rs.)		7.10	12.75	9.02	11.69

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 62 to 112. 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



S. A. Abeyesinhe
Executive Director

30th November 2020
Colombo

Statement of Cash Flows

For the Year Ended 31st March	Note	Group		Company	
		2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
CASH FLOW FROM OPERATING ACTIVITIES					
Profit/(Loss) before Income Tax Expense		(805,995)	(33,289)	(362,611)	233,096
Adjustments for;					
Provision for Retiring Benefit Obligation	24	11,678	10,454	5,251	5,222
Depreciation on Property, Plant and Equipment	12	108,647	116,680	4,281	4,857
Deferred Income		-	(7,450)	-	(7,450)
Amortisation on Intangible Assets		2,160	227	188	16
Fixed Assets Written Off		-	-	441	-
Impairment Loss of Intangible Assets		100,347	-	-	-
(Gain)/Loss on Translation of Foreign Currency		47,423	18,028	42,677	15,540
(Gain)/Loss on Disposal of Property, Plant and Equipment		-	(6,946)	-	-
Profit on Disposal of Assets Held for Sale		-	(364,650)	-	(365,080)
Net Proceeds from Disposal of Assets Held for Sale		-	651,050	-	651,050
Share of Loss of Equity-Accounted Investees (Net of Tax)		1,670	1,490	-	-
Provision for Impairment of Receivables		-	-	5,615	7,703
Finance Income	8	(19,461)	(17,317)	(19,505)	(17,358)
Finance Expenses	8	167,891	111,716	114,506	51,470
Operating Profit/(Loss) before Working Capital Changes		(385,640)	479,993	(209,157)	579,066
Changes in					
Inventories		(177,757)	142	-	-
Other Financial Assets		7,691	(65,123)	9,603	(44,474)
Trade and Other Receivables		86,403	(259,564)	(11,010)	(28,397)
Amount Due from Related Companies		(60,907)	(158,577)	(251,116)	(576,055)
Trade and Other Payables		44,066	13,024	14,150	(42)
Amount Due to Related Companies		-	-	(123)	(1,028)
Cash Used in Operations		(486,144)	9,895	(447,653)	(70,930)
Gratuity Paid	24	(580)	(1,682)	-	(980)
Income Tax Paid		-	(27,859)	(137)	(28,101)
Net Cash From/(used in) Operating Activities		(486,724)	(19,646)	(447,790)	(100,011)
CASH FLOW FROM INVESTING ACTIVITIES					
Acquisition of Property, Plant and Equipment		(49,324)	(64,759)	(21,990)	(2,588)
Acquisition of Intangible Assets		-	(942)	-	(942)
Proceeds from Disposal of Property, Plant and Equipment		463	27,981	-	-
Finance Income Received		19,461	17,317	19,505	17,358
Long-Term Advances	16	(20)	8,892	(20)	1,253
Net Cash Flows from/(used in) Investing Activities		(29,420)	(11,511)	(2,505)	15,081
CASH FLOW FROM FINANCING ACTIVITIES					
Net Proceeds from /(Repayment) of Other Loans		417,183	(1,732)	345,550	66,694
Net Proceeds from /(Repayment) of Leases		(1,525)	(5,857)	(1,874)	(2,671)
Net Proceeds from/(Repayment) of Amounts Payable under Re-purchase Agreement		1	-	-	-
Proceeds from Share Issue		71,904	-	-	-
Net Proceeds from/(Repayment) of Commercial Papers		1,075	1,154	2,783	2,602
Finance Cost Paid		(167,891)	(111,716)	(114,506)	(51,470)
Net Cash Flows from/(used in) Financing Activities		320,747	(118,151)	231,953	15,155
Net Increase/(Decrease) in Cash and Cash Equivalents		(195,397)	(149,308)	(218,330)	(69,775)
Cash and Cash Equivalents at the Beginning of the Year	21	(207,803)	(58,495)	(192,582)	(122,807)
Cash and Cash Equivalents at the End of the Year	21	(403,200)	(207,803)	(410,912)	(192,582)

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 62 to 112.

Statement of Changes in Equity

GROUP	Stated Capital	Revaluation Reserve	Retained Earnings/ (Accumulated Losses)	Total Attributable to Equity Holders	Non-Controlling Interest	Total
For the year ended 31st March	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 01st April 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
Adjustment on Acquisition, Disposal and Change in Holding of Subsidiary	-	-	(64,737)	(64,737)	136,265	71,528
Loss for the Year	-	-	(690,461)	(690,461)	(115,534)	(805,995)
Other Comprehensive income for the Year (Net of Tax)	-	-	13,096	13,096	1,101	14,197
Balance as at 31st March 2020	1,498,498	1,361,370	(1,927,527)	932,341	935,493	1,867,834

COMPANY	Stated Capital	Revaluation Reserve	Retained Earnings/ (Accumulated Losses)	Total
For the year ended 31st March	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 01st April 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
Loss for the Year	-	-	(362,611)	(362,611)
Other Comprehensive Income for the Year (Net of Tax)	-	-	11,253	11,253
Balance as at 31st March 2020	1,498,498	5,905	(320,293)	1,184,110

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 62 to 112.

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. The registered office of the company and the principal place of business were both situated at 102, Bauddhaloka 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. 7 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 30th November 2020.

2.2. Consolidated Financial Statements

The consolidated financial statements of the company as at and for the year ended 31st March 2020 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 32 in page 98.

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.

- 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 04 to the Financial Statements.

2.6. Changes in Accounting Standards

The Group applied SLFRS 16 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.

(a) SLFRS 16 Leases

SLFRS 16 supersedes LKAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. The Group has adopted SLFRS 16 using the modified retrospective method From 1st April 2019, without re-stating comparatives for the 2018/19 reporting period, as permitted under the specific transitional provisions in the standard. Lessor accounting under SLFRS 16 is substantially unchanged from under LKAS 17.



(b) Nature of the effect of adoption of SLFRS 16

Upon adoption of SLFRS 16, the Group applied a single recognition and measurement approach for all leases for which it is the lessee, except for short-term leases and leases of low-value assets. The Group recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. The Group has lease contracts for various items such as land, offices, and depots. Land leases are the major assets included in the right of use assets category, typically for between 30-99 years of lease term and have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. On adoption of SLFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of LKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the company incremental borrowing rate as of the transition date.

(c) Leases previously accounted for as operating leases

The Group recognised right of use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right of use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

(d) Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for parent that does not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The company estimates the IBR using observable inputs (such as market interest rates) when available.

(e) IFRIC interpretation 23 – Uncertainty over income tax treatment

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affect the application of LKAS 12 – Income taxes. It does not apply to levels outside the scope of LKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The Group has determined that there are no any identified uncertainties in tax treatments that wants disclosure.

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 Statements.

2.9. Going Concern

In assessing whether the going concern assumption is appropriate, the management takes into account all available information about the future, which is at least, but is not limited to twelve months from the reporting period such as factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing before the management can satisfy themselves that the going concern basis is appropriate.

The management of the Group has made an assessment of the company's ability to continue as a going concern and is satisfied that the Group has the resources to continue its business into the foreseeable future and they do not intend either to liquidate or to cease trading. In determining the assessment, the management has considered the existing and anticipated effects of COVID-19 and the appropriateness of the use of the going concern basis. Furthermore, the management is not aware of any material uncertainties that may cast doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements are prepared on a going concern basis.

Notes to the Financial Statements

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.

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.

Notes to the Financial Statements

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

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.

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 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

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 straight-line 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
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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 9 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.

Notes to the Financial Statements

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 Groups'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 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, carried at amortised cost. This includes 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 classifications as describe below:

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.

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 effective interest rate method. Gains and losses are recognised in the consolidated statement of comprehensive income, when the liabilities are de-recognised as well as through the effective interest rate method (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 in finance costs in the statement of comprehensive income.

Notes to the Financial Statements

c) *De-recognition*

A financial liability is de-recognised when the obligation under the liability is discharged, 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 a de-recognition of the original liability and the recognition of a new liability and the difference in the respective carrying amount is recognised in the statement of comprehensive income.

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.

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. Right of use Assets

The Group recognises right of use assets when the underlying asset is available for use. Right of use



assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right of use assets are subject to impairment.

Neither the Group nor Company have long term leases and therefore no right of use assets have been recognised as at 31st March 2020.

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.

(c) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

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

Notes to the Financial Statements

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 transactions were effected.

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.

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.

4. 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

Notes to the Financial Statements

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.



For the year ended 31st March		Group		Company	
		2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
5	REVENUE				
5.1	Summary				
	Gross Revenue	407,641	1,109,844	-	651,050
	Less: Intra Group Transactions	(1,796)	(1,736)	-	-
		405,845	1,108,108	-	651,050
5.2	Segments				
	Investments	-	651,050	-	651,050
	Service	484	-	-	-
	Leisure	405,461	457,058	-	-
		405,845	1,108,108	-	651,050
6	OTHER OPERATING INCOME				
	Gains on Disposal of Property, Plant and Equipment	-	6,946	-	-
	Sundry Income	36,839	223,630	16,849	206,198
		36,839	230,576	16,849	206,198
7	(PROVISION)/REVERSAL FOR IMPAIRMENT OF RECEIVABLES				
	Balance at the Beginning of the Year	62,355	62,355	525,204	517,501
	Provision made During the Year	-	-	5,615	7,703
	Bad Debt Write Off	-	-	-	-
	Balance at the End of the Year (Note 7.1)	62,355	62,355	530,819	525,204
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)	-	-	487,744	482,128
	Balance at the End of the Year	62,355	62,355	530,819	525,204
8	NET FINANCE INCOME/(COSTS)				
	Financing Income				
	Interest Income				
	- Related Parties	-	-	-	7,639
	- Others	19,461	17,317	19,505	9,719
		19,461	17,317	19,505	17,358
	Financing Cost				
	Interest on Overdraft	(84,155)	(37,639)	(58,179)	(23,040)
	Interest on Other Borrowings	(83,736)	(74,077)	(56,327)	(28,430)
		(167,891)	(111,716)	(114,506)	(51,470)
	Net Finance Costs	(148,430)	(94,399)	(95,001)	(34,112)

Notes to the Financial Statements

For the year ended 31st March	Group		Company	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 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	1,683	1,653	900	900
- Non-Audit Services	18	16	18	16
Directors' Emoluments	47,886	48,134	47,886	48,134
Directors' Fees	12,705	13,530	12,705	13,530
Secretarial Fees	2,306	1,536	751	651
Depreciation on Property, Plant and Equipment	108,647	116,680	4,281	4,857
Amortisation of Intangible Assets	2,160	16	188	16
Legal Fees	805	9,809	735	1,754
Personnel Costs Includes;				
Defined Benefit Plan - Gratuity	11,678	10,454	5,251	5,222
Defined Contribution Plan Costs - EPF and ETF	25,855	25,446	8,233	8,553
Staff Incentives	-	4,817	383	2,118
Other Staff Costs	210,869	205,866	63,648	64,223
Other Operating Expenses Includes;				
Exchange Loss	47,423	18,028	42,677	15,540
Number of Employees	233	310	31	44
10 INCOME TAX EXPENSES				
Current Tax Expenses - Company	-	-	-	-
Current Tax Expenses - Subsidiaries (Note 10.2)	-	-	-	-
Current Tax Expenses - Total	-	-	-	-
Under/(Over) Provision in Respect of Prior Years	-	1,683	-	1,683
Deferred Taxation Charge/(Reversal) (Note 23)	-	-	-	-
	-	1,683	-	1,683
10.1 Reconciliation of Accounting Profit/(Loss) and Taxable Income				
Accounting Profit/(Loss) Before Tax	(805,995)	(33,289)	(362,611)	233,096
Aggregate Disallowed Items	244,756	420,413	58,206	319,428
Aggregate Allowable Items	(101,419)	(758,508)	(8,762)	(5,998)
Income not subject to Tax	-	-	(19,505)	(675,859)
Tax Profit/(Loss) on Trade or Business	(662,658)	(371,384)	(332,672)	(129,333)
Other Taxable Income	21,562	534	-	-
Tax Losses Set off under Section 19 of Inland Revenue Act No. 24 of 2017	(22,907)	(47,834)	(19,505)	(45,839)
Taxable Loss	(664,003)	(418,684)	(352,177)	(175,172)
Income Tax @ 28%	-	-	-	-
Current Tax Expense	-	-	-	-

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



For the year ended 31st March	Group		Company	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
10.1.1 Reconciliation of Unrelieved Tax Losses				
Opening Balance	79,595	2,287,612	79,595	470,335
Under/(Over) Provision in Respect of Prior Years	(15,352)	(4,541)	(15,352)	(83)
Loss for the Year	566,987	378,777	332,672	129,334
Loss Utilised During the Year	(22,907)	(47,834)	(19,505)	(45,839)
Closing Balance	3,142,742	2,614,014	851,562	553,747
10.2 Current Tax Expense on Subsidiary Companies				
Asia Leisure Holdings (Private) Limited	-	-	-	-
Asia Leisure (Private) Limited	-	-	-	-
Wadduwa Resorts (Private) Limited	-	-	-	-
Strider Capital Asia (Pvt) Limited	-	-	-	-
Asia Fort Sri Lanka Direct Investment Fund Limited	-	-	-	-
	-	-	-	-

10.3 Summary

Asia Capital PLC

The Company is liable to taxation on its income from business & investment at the rate of 28% for the 1st nine months of the year of assessment and 24% there after. However, no provision has been made during the year due to tax loss on business income & income generated from investment has been set off against the brought forward tax losses as per provision of Inland Revenue Act No. 24 of 2017.

Asia Leisure Holdings (Private) Limited

The Company is liable to taxation on Hotel Profit and Income 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 2020/2021 was Rs.224,091,543/- (2019/2020 - Rs.339,766,070/-).

Asia Leisure (Private) Limited

The Company is liable to taxation at the rate of 14% on its taxable profit. However, no provision has been made during the year due to tax losses. Tax loss carried forward to the year of assessment 2020/2021 is Rs.382,678,523/- (2019/2020 - Rs.339,766,070/-)

Wadduwa Resorts (Private) Limited

The Company is liable to taxation on Hotel Profit and Income 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 2020/2021 is Rs.695,879,872/- (2019/2020 - Rs.548,209,391/-).

Shinagawa Beach Resorts (Private) Limited

The Company is liable to taxation at the rate of 14% on its taxable profit. However, no provision has been made during the year due to tax losses. The accumulated tax loss carried forward to year of assessment 2020/2021 is Rs.307,934,528/- (2019/2020 - Rs.275,985,317/-).

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 2020/2021 is Rs.157,545/- (2019/2020 - Rs.803,155/-).

Notes to the Financial Statements

11 BASIC EARNINGS/(LOSS) PER SHARE

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

The following data has been used in the computation of the Basic Earnings/(Loss) Per Share:

For the year ended 31st March	Group		Company	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Profit After Tax Attributable to Equity holders of the Company	(690,461)	60,055	(362,611)	231,413
Weighted Average number of Ordinary Shares Outstanding During the Year	131,330	131,330	131,330	131,330
Basic Earnings/(Loss) Per Share (Rs.)	(5.26)	0.46	(2.76)	1.76

12 PROPERTY, PLANT AND EQUIPMENT

12.1 Group

Cost / Valuation	Balance As at 01.04.2019 Rs.'000	Additions Rs.'000	Disposals / Transfers Rs.'000	Balance As At 31.03.2020 Rs.'000
Freehold Assets				
Land	1,760,177	-	-	1,760,177
Buildings and Improvements	1,024,544	57	(21)	1,024,580
Motor Vehicles	1,856	-	14,800	16,656
Office Equipment	39,253	11,904	(254)	50,903
Fixtures and Fittings	18,477	12,134	-	30,611
Furniture and Fittings	100,272	1,955	-	102,227
Computer Equipment	32,614	5,718	(1,220)	37,112
Plant and Machinery	64,580	360	-	64,940
Hotel Equipment	105,613	771	-	106,384
Leasehold Assets				
Motor Vehicles	75,286	16,425	(14,800)	76,911
Computer Equipment	2,897	-	-	2,897
Total	3,225,569	49,324	(1,495)	3,273,398

12.1.1 Cost in the Course of Construction

	Balance As At 01.04.2019 Rs.'000	Incurred During the Year Rs.'000	Reclassified/ Transferred Rs.'000	Balance As At 31.03.2020 Rs.'000
Building Work in Progress	25,051	-	-	25,051

12.1.2 Accumulated Depreciation

Cost / Valuation	Balance As At 01.04.2019 Rs.'000	Charge for the year Rs.'000	Disposals / Transfers Rs.'000	Balance As At 31.03.2020 Rs.'000
Freehold Assets				
Buildings and Improvements	35,014	54,685	-	89,699
Motor Vehicles	621	1	14,800	15,422
Office Equipment	23,043	5,889	(97)	28,835
Fixtures and Fittings	11,649	3,251	-	14,901
Furniture and Fittings	70,849	12,578	-	83,427
Computer Equipment	25,461	2,772	(935)	27,298
Plant and Machinery	46,070	6,247	-	52,317
Hotel Equipment	78,788	9,996	-	88,784
Leasehold Assets				
Motor Vehicles	33,645	12,093	(14,800)	30,928
Computer Equipment	956	1,134	-	2,090
Total Depreciation	326,096	108,647	(1,032)	433,711
Net Carrying Value as at 31.03.2019				2,924,524
Net Carrying Value as at 31.03.2020				2,864,738

12.2 Company

Cost / Valuation	Balance As At 01.04.2019 Rs.'000	Additions Rs.'000	Disposals / Transfers Rs.'000	Balance As At 31.03.2020 Rs.'000
Freehold Assets				
Motor Vehicles	321	-	14,800	15,121
Office Equipment	4,357	8,135	(254)	12,238
Fixtures and Fittings	9,390	12,119	-	21,509
Furniture and Fittings	11,759	-	-	11,759
Computer Equipment	14,192	1,736	(1,220)	14,708
Leasehold Assets				
Motor Vehicles	14,800	-	(14,800)	-
Total	54,819	21,990	(1,474)	75,335

Notes to the Financial Statements

12.2.1 Accumulated Depreciation

Cost / Valuation	Balance As At 01.04.2019 Rs.'000	Charge for the year Rs.'000	Disposals / Transfers Rs.'000	Balance As At 31.03.2020 Rs.'000
Freehold Assets				
Motor Vehicles	321	-	14,800	15,121
Office Equipment	1,784	588	(97)	2,275
Fixtures and Fittings	5,192	1,453	-	6,645
Furniture and Fittings	6,456	811	-	7,267
Computer Equipment	10,185	1,429	(935)	10,679
Leasehold Assets				
Motor Vehicles	14,800	-	(14,800)	-
Total Depreciation	38,738	4,281	(1,032)	41,987
Net Carrying Value as at 31.03.2019				16,081
Net Carrying Value as at 31.03.2020				33,348

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 31.03.2020 Rs.	Carrying Value of Building As at 31.03.2020 Rs.
Shinagawa Beach Resorts (Pvt) Ltd	No. 30, Old Guruniwasa Road, Welithara, Balapitiya	1A, 10 P	2	204,000,000	233,160,000
Wadduwa Resorts (Pvt) Ltd	No. 352/16c, Ratnayaka Road, Talpitiya, Wadduwa	3 A, 1 R, 36.22 P	3	834,330,000	508,284,000
Asia Leisure Holdings (Pvt) Ltd	No. 70, Uttamana Mawatha, Welagedara, Balapitiya	1 R	1	7,200,000	23,000,000
Asia Leisure (Pvt) Ltd	No. 288, Galle Road, Dadalla, Galle	1A, 3R, 9P	1	79,197,900	55,269,000
River House Estate (Pvt) Ltd	Robert De Soysa Mawatha, Welagedara, 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



Company	Location	Land Extent in Acres/ Perches and Roods	Number of Buildings	Carrying Value of Lands As at 31.03.2020 Rs.	Carrying Value of Building As at 31.03.2020 Rs.
River House (Pvt) Ltd	No 70, Uttamana Mawatha, Welagedara, Balapitiya	6A, 1R, 36P	3	414,400,000	92,300,000
				1,760,177,900	959,932,000

All above assets have been revalued 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 last revaluation date is 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:

As at 31st March	Cost Rs.'000	Cumulative Depreciation If assets were carried at cost Rs.'000	Net Carrying Amount 2020 Rs.'000	Net Carrying Amount 2019 Rs.'000
Group				
Freehold Assets				
Buildings and Improvements	756,516	344,735	411,781	461,266
Motor Vehicles	1,856	957	899	1,064
Office Equipment	50,351	40,882	9,469	15,133
Fixtures and Fittings	18,562	16,305	2,257	5,317
Furniture and Fittings	115,449	115,449	-	11,054
Computer Equipment	35,259	35,259	-	460
Plant and Machinery	75,285	75,285	-	1,390
Hotel Equipment	16,264	16,264	-	6,396
Leasehold Assets				
Motor Vehicles	65,672	65,672	-	23,335
Computer Equipment	2,902	1,510	1,392	1,972
Total	1,138,116	712,318	425,798	527,387

Notes to the Financial Statements

12.5 Cost of Fully Depreciated Assets

As at 31st March	Group		Company	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Office Equipment	2,122	1,310	997	997
Fixtures and Fittings	2,925	2,925	2,925	2,925
Furniture and Fittings	12,236	12,236	2,037	2,037
Motor Vehicles	15,121	321	15,121	321
Computer Equipment	7,285	-	-	-
Leasehold Motor Vehicles	3,860	18,660	-	14,800
	43,549	35,452	21,080	21,080

13 INTANGIBLE ASSETS

As at 31st March	Group		Company	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Cost				
13.1 Computer Software				
Balance at the Beginning of the Year	67,316	66,374	31,413	30,471
Additions During the Year	-	942	-	942
Balance at the End of the Year	67,316	67,316	31,413	31,413
13.1.1 Amortisation				
Balance at the Beginning of the Year	56,663	56,436	30,487	30,471
Amortisation for the Year	2,160	227	188	16
Balance at the End of the Year	58,823	56,663	30,675	30,487
Net Carrying Value	8,493	10,653	738	926
13.2 Goodwill				
Balance at the Beginning of the Year	105,368	105,368	-	-
Written-off During the Year	(100,347)	-	-	-
Balance at the End of the Year	5,021	105,368	-	-
Total Net Carrying Value	13,514	116,021	738	926

13.3 Summary of Goodwill - Group

	2020 Rs.'000	2019 Rs.'000
Wadduwa Resorts (Pvt) Ltd	-	100,347
Asia Leisure (Pvt) Ltd	5,021	5,021
	5,021	105,368

During the period Goodwill of Wadduwa Resorts (Pvt) Ltd amounting to Rs.100,347,000/- has been written off subject to Impairment test.



14 LONG TERM INVESTMENTS

As at 31st March	Group		Company	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Investments in Subsidiaries (Note 14.1)	-	-	1,130,810	878,264
Investments in Associate (Note 14.2)	171,496	173,166	398,839	398,839
Total Investments	171,496	173,166	1,529,649	1,277,103

14.1 Investments in Subsidiaries

As at 31st March	Company			
	2020 Effective Holding %	Rs.'000	2019 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
Wadduwa Resorts (Private) Limited	26.41%	252,546	-	-
Asia Leisure (Private) Limited	98%	109,494	98%	109,494
Strider Capital Asia (Private) Ltd	100%	33,520	100%	33,520
		1,288,735		1,036,189
Less: Provision for fall in value of investments (Note 14.1.1)		(157,925)		(157,925)
Total Investments in Subsidiaries		1,130,810		878,264

14.1.1 Provision for Fall in value of Investments

As at 31st March	Company	
	2020 Rs.'000	2019 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 investment in subsidiaries has been reviewed based on the future cash flows to be generated by each cash generating units, as per the strategic business plans of each entity.

14.1.3 During the year the Company acquired 26.41% stake of Wadduwa Resorts (Private) Ltd for Rs.252,546,088/-.

Notes to the Financial Statements

14.2 Investment In Associates

As at 31st March	Group			Company		
	Effective Holding %	2020 Rs.'000	2019 Rs.'000	Effective Holding %	2020 Rs.'000	2019 Rs.'000
493 Talpe Lands (Private) Ltd	49%	(245)	(190)	49%	-	-
Galle Beach CC Trust (Private) Limited	40%	171,741	173,356	40%	398,839	398,839
		171,496	173,166		398,839	398,839

14.2.1 Summarised Financial Information - Associates

Galle Beach CC Trust (Private) Limited

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	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Non-Current Assets	40,989	40,989	1,247,667	1,161,509
Current Assets	1	1	112,855	93,573
Total Assets	40,990	40,990	1,360,522	1,255,082
Non-Current Liabilities	-	-	408,825	400,000
Current Liabilities	41,491	41,377	522,344	421,692
Total Liabilities	41,491	41,377	931,169	821,692
Net Assets	(501)	(387)	429,353	433,390
Carrying Amount of the Investment	(245)	(190)	171,741	173,356
Share of the Associate's Revenue and Profit				
Revenue	-	-	-	-
Loss	114	273	4,037	3,389

15 EQUITY ASSETS MEASURED AT FAIR VALUE THROUGH OCI

As at 31st March	Group		Company	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Non-Current Investment in Equity Securities - Non-Quoted (Note 15.1)	120,548	114,853	120,548	114,853
	120,548	114,853	120,548	114,853



15.1 Investments in Equity Securities - Non-Quoted

As at 31st March	No. of Shares	Carrying Value 2020 Rs.'000	No. of Shares	Carrying Value 2019 Rs.'000
Group				
Galle Heritage Lanka (Private) Limited	20	80,201	20	74,506
Marine Drive Hotels (Private) Limited	10	40,347	10	40,347
Total	30	120,548	30	114,853

As at 31st March	No. of Shares	Carrying Value 2020 Rs.'000	No. of Shares	Carrying Value 2019 Rs.'000
Company				
Galle Heritage Lanka (Private) Limited	20	80,201	20	74,506
Marine Drive Hotels (Private) Limited	10	40,347	10	40,347
Total	30	120,548	30	114,853

15.2 Investment in Galle Heritage Lanka (Private) Limited

As at 31st March	Carrying Value	
	2020 Rs.'000	2019 Rs.'000
Group / Company		
Balance at the Beginning of the Year	74,506	74,506
Gain on Fair Valuation	5,695	-
Balance at the end of the year	80,201	74,506

15.3 The Management has made a fair value assessment of investment in Marine Drive Hotels (Pvt) Ltd as at 31st March 2020 and noted that the fair value has not changed significantly. Therefore, no adjustments were made to the carrying value of the investment in Marine Drive Hotels (Pvt) Ltd.

16 LONG TERM DEPOSITS AND ADVANCES

As at 31st March	Group		Company	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Rent Deposit	5,147	5,127	5,147	5,127
Advances	-	-	-	165,425
	5,147	5,127	5,147	170,552
Less: Provision for Impairment	-	-	-	-
	5,147	5,127	5,147	170,552
Maturity Analysis of Long Term Deposits				
Within 2-3 Years	-	-	-	165,425
Within 3-5 Years	5,147	-	5,147	-
After 5 Years	-	5,127	-	5,127
	5,147	5,127	5,147	170,552

Notes to the Financial Statements

17 INVENTORIES

As at 31st March	Group		Company	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Food and Beverages	11,729	12,472	-	-
Apartments	178,500	-	-	-
Films Stock	267,224	267,224	-	-
	457,453	279,696	-	-
Less: Provision for Impairment	(267,224)	(267,224)	-	-
	190,229	12,472	-	-

18 OTHER FINANCIAL ASSETS

As at 31st March	Group		Company	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Investments in Fixed Deposits	116,766	106,354	94,121	85,664
Investments in Overnight Repo	-	18,103	-	18,103
Investments in Reverse Repurchase Agreements	-	-	468	425
	116,766	124,457	94,589	104,192
Less: Provision for Impairment	-	-	-	-
	116,766	124,457	94,589	104,192

19 TRADE AND OTHER RECEIVABLES

As at 31st March	Group		Company	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Trade Debtors	178,284	143,589	-	-
Less: Provision for Bad and Doubtful Debts	(1,199)	(1,199)	-	-
	177,085	142,390	-	-
Staff Loan (Note 19.1)	-	-	-	-
Advances and Prepayments	271,125	395,269	198,942	25,749
Other Debtors	67,402	64,356	57,899	54,850
	515,612	602,015	256,841	80,599
Less: Provision for Bad and Doubtful Debts	(61,156)	(61,156)	(43,076)	(43,076)
	454,456	540,859	213,765	37,523

19.1 Staff Loan

Balance at the Beginning of the Year	-	-	-	-
Loans Granted During the Year	99	83	99	83
Less: Repayments	(99)	(83)	(99)	(83)
Bad Debt Written Off	-	-	-	-
Balance at the End of the Year	-	-	-	-



20 AMOUNTS DUE FROM RELATED COMPANIES

As at 31st March	Relationship	Group		Company	
		2020 Rs.'000	2019 Rs.'000 Restated	2020 Rs.'000	2019 Rs.'000 Restated
Asia Growth Fund 1 (Private) Limited	Subsidiary	-	-	739	601
Asia Fort Sri Lanka Direct Investment Fund Limited	Subsidiary	-	-	2,269	1,899
Asia Capital Technologies (Private) Limited	Subsidiary	-	-	41,924	37,198
Asia Capital Projects (Private) Limited	Subsidiary	-	-	23,284	23,124
Asia Leisure Holdings (Private) Limited	Subsidiary	-	-	299,493	212,453
Asia Digital Entertainment (Private) Limited	Subsidiary	-	-	378,754	378,404
Asia Leisure (Private) Limited	Subsidiary	-	-	6,823	6,090
Asia Tea Packaging (Private) Limited	Subsidiary	-	-	10,839	10,739
Asia Capital Private Equity (Private) Limited	Subsidiary	-	-	31,839	31,739
Galle Beach (Private) Ltd	Subsidiary	-	-	365	323
Wadduwa Resorts (Private) Limited	Sub-subsidiary	-	-	36,932	252,546
Shinagawa Resorts (Private) Limited	Sub-subsidiary	-	-	190,163	157,068
River House (Private) Limited	Sub-subsidiary	-	-	5,623	5,539
River House Estate (Private) Limited	Sub-subsidiary	-	-	95,421	87,224
Asia Leisure Apartments (Private) Limited	Sub-subsidiary	-	-	178,500	178,500
Galle Beach Hotel (Private) Limited	Sub-subsidiary	-	-	102	-
Asia Leisure Travels (Private) Ltd	Sub-subsidiary	-	-	29,782	11,424
Galle Beach CC Trust (Private) Limited	Associate	450,749	396,907	414,986	361,144
493 Talpe Lands (Private) Limited	Associate	41,421	41,367	41,421	41,367
Katumankelle Hill Estate (Private) Ltd	Affiliate	28,937	22,140	28,937	22,140
Forest Resorts Nuwara Eliya (Private) Ltd	Affiliate	205,398	205,184	205,398	205,184
		726,505	665,598	2,023,594	2,024,706
Less: Provision for Bad and Doubtful Debts					
Asia Growth Fund 1 (Private) Limited		-	-	(739)	(601)
Galle Beach (Private) Limited		-	-	(365)	(323)
Asia Capital Projects (Private) Limited		-	-	(23,284)	(23,124)
Asia Tea Packaging (Private) Limited		-	-	(10,839)	(10,739)
Asia Capital Technologies (Private) Limited		-	-	(41,924)	(37,198)
Asia Digital Entertainment (Private) Limited		-	-	(378,754)	(378,404)
Asia Capital Private Equity (Private) Limited		-	-	(31,839)	(31,739)
		-	-	(487,744)	(482,128)
		726,505	665,598	1,535,850	1,542,578

Notes to the Financial Statements

21 CASH AND CASH EQUIVALENTS

As at 31st March	Group		Company	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Favourable Balances				
Cash in Hand and at Bank	230,698	179,179	15,798	10,722
	230,698	179,179	15,798	10,722
Unfavourable Balances				
Bank Overdrafts	(633,898)	(386,982)	(426,710)	(203,304)
Cash and Cash Equivalents for the Cash Flow Purpose	(403,200)	(207,803)	(410,912)	(192,582)

22 STATED CAPITAL

As at 31st March	Group/Company			
	2020		2019	
	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			
	2020		2019	
	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	(618,855)	(89,566)	(662,791)	(95,717)
On Retirement Benefit Obligations	42,558	9,455	39,963	8,970
On Tax Losses Carried Forward	3,142,742	717,187	2,614,014	588,102
	2,566,445	637,077	1,991,186	501,355

As at 31st March	Company			
	2020		2019	
	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	(13,312)	(3,727)	(10,027)	(2,808)
On Retirement Gratuity	23,620	6,614	23,927	6,700
On Tax Losses Carried Forward	851,562	238,437	553,934	155,102
	861,870	241,324	567,834	158,994

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.241 Mn (2019 - Rs.158 Mn).

24 RETIREMENT BENEFIT OBLIGATIONS

As at 31st March	Group		Company	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Balance at the Beginning of the Year	39,963	35,954	23,928	22,738
Interest for the Year	2,001	2,409	1,901	2,409
Provision made During the Year	9,677	8,045	3,350	2,813
(Gain)/Loss arising from Changes in Assumptions or (over)/ under provision in Respect of Previous Year	(8,503)	(4,763)	(5,559)	(3,052)
Payments Made During the Year	(580)	(1,682)	-	(980)
Balance at the end of the Year	42,558	39,963	23,620	23,928

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	2020	2019
Rate of Interest	8.95%	11.15%
Rate of Salary Increase	7.50%	10%
Labour Turnover	5.6%	6.0%
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%)	149	4,464
Decrease in Discount Rate (1%)	(143)	5,043
Increase in Salary Increment Rate (1%)	365	5,066
Decrease in salary Increment Rate (1%)	(325)	(4,558)
Company		
Increase in Discounts Rate (1%)	(34)	(2,418)
Decrease in Discount Rate (1%)	66	2,732
Increase in Salary Increment Rate (1%)	280	2,744
Decrease in salary Increment Rate (1%)	(251)	(2,470)

Notes to the Financial Statements

25 NON-INTEREST BEARING BORROWINGS

As at 31st March	Group		Company	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Balance at the Beginning of the Year	859,715	866,406	859,715	866,406
Loan Obtained During the Year	-	-	-	-
Installments Paid During the Year	(6,850)	(6,691)	(6,850)	(6,691)
Balance at the End of the Year	852,865	859,715	852,865	859,715
25.1 Summary				
Questnet Limited (Note 25.1.1)	62,070	68,920	62,070	68,920
CC Trust Pte Ltd	790,795	790,795	790,795	790,795
	852,865	859,715	852,865	859,715
Amount repayable within one year	62,070	68,920	62,070	68,920
Amount repayable after one year	790,795	790,795	790,795	790,795

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

26 INTEREST BEARING BORROWINGS

As at 31st March	Group		Company	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Direct Borrowing	473	430	473	430
Preference Facility Loan	851,142	443,014	851,142	443,014
Borrowing Under Commercial Papers	14,951	13,876	31,773	28,990
Borrowing Under Repurchase Agreement	795	794	795	794
Other Long-Term Loans	260,245	196,480	38,094	51,190
	1,127,606	654,594	922,277	524,418
Amount repayable within one year (Note 26.2)	899,024	359,838	898,468	321,331
Amount repayable after one year (Note 26.2)	228,582	294,756	23,809	203,087
	1,127,606	654,594	922,277	524,418

26.1 Assets Pledged

Name of the Borrower	Nature of Facility	Name of the Lender	Facility Limit Rs.	Details of the Assets Pledged	Balance as at 31st March 2020 Rs.	Balance as at 31st March 2019 Rs.
Asia Capital PLC	Long Term Loan	Seylan Bank PLC	100,000,000	Arachchige Watta, Waduwanakaduwatta, and Ratranhadiligeliyadda, Kosgoda.	38,095,239	51,190,477
Wadduwa Resorts (Private) Limited	Long Term Loan	Seylan Bank PLC	325,000,000	Taprobana Hotel Land and building located at No. 325/16, Ratnayaka Road, Thalpitaya, Wadduwa. Corporate Guarantee of Asia Capital PLC	160,261,697	141,669,708
Asia Leisure Holdings (Private) Ltd	Long Term Loan	Seylan Bank PLC	52,000,000	Rs.40 Mn cash back guarantee Corporate Guarantee of Asia Capital PLC	7,000,000	3,621,283



26.2 Analysis of Non-current Portion of Interest Bearing Borrowings

As at 31st March	2020		2019	
	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	473	-	430	
Preference Facility Loan (Note 26.3)	851,142	-	276,832	166,182
Borrowing under Commercial Papers	14,951	-	13,876	
Borrowing under Repurchase Agreement	795	-	794	
Other Long Term Loans	31,663	228,582	67,906	128,574
	899,024	228,582	359,838	294,756
Company				
Direct Borrowing	473	-	430	
Preference Facility Loan (Note 26.3)	851,142	-	276,832	166,182
Borrowing under Commercial Papers	31,773	-	28,990	
Borrowing under Repurchase Agreement	795	-	794	
Other Long Term Loans	14,285	23,809	14,285	36,905
	898,468	23,809	321,331	203,087

26.3 Interest bearing borrowings includes preference facility loan amounting to Rs.577,350,000/- (2019 - Rs.222,525,500/-) obtained from Fast Gain International Limited, a shareholder related entity.

27 LEASE LIABILITY

As at 31st March	Group		Company	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Finance Lease Liability				
Balance at the Beginning of the Year	40,116	48,217	1,934	5,803
Lease Obtained During the Year	10,600	18,000	-	-
Repayment made During the Year	(9,962)	(26,101)	(1,874)	(3,869)
Balance as at 31st March	40,754	40,116	60	1,934
Interest in Suspense	(10,280)	(8,117)	(60)	(60)
Balance at the End of the Year	30,474	31,999	-	1,874
Amount Repayable within One Year	10,530	10,520	-	1,874
Amount Repayable After One Year	19,944	21,479	-	-
	30,474	31,999	-	1,874

Notes to the Financial Statements

28 DEFERRED INCOME

As at 31st March	Group		Company	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Deferred Income from Investment in Equity Securities	4,035	4,035	4,035	4,035
	4,035	4,035	4,035	4,035

29 TRADE AND OTHER PAYABLES

As at 31st March	Group		Company	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Trade Creditors	64,799	38,311	-	-
Sundry Creditors including Accrued Expenses	219,268	210,989	45,704	40,853
Refundable Deposits	9,299	-	9,299	-
	293,366	249,300	55,003	40,853

30 AMOUNTS DUE TO RELATED COMPANIES

As at 31st March	Relationship	Group		Company	
		2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Strider Capital Asia (Private) Limited	Subsidiary	-	-	37,966	38,064
Galle Beach Hotel (Private) Limited	Sub-Subsidiary	-	-	-	25
		-	-	37,966	38,089



31 SUMMARISED FINANCIAL INFORMATION OF SUBSIDIARIES / ASSOCIATES

31.1 Summarised Financial Information of Subsidiaries

	Assets		Liabilities		Equity		Revenue		Profit After Tax		Total Comprehensive Income	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Asia Growth Fund (Pvt) Ltd	-	-	883	691	(883)	(691)	-	-	(192)	(205)	(192)	(205)
Asia Fort Sri Lanka Direct Investment Fund Ltd	17,630	15,834	2,649	2,199	14,980	13,635	1,796	1,736	1,345	1,295	1,345	1,295
Asia Capital Private Equity (Pvt) Ltd	26,269	26,269	31,985	31,877	(5,716)	(5,608)	-	-	(108)	(104)	(108)	(104)
Asia Capital Technologies (Pvt) Ltd	10,247	12,214	45,442	40,599	(361,353)	(28,385)	384	-	(7,004)	(4,815)	(6,810)	(4,512)
Asia Digital Entertainment (Pvt) Ltd	17,569	17,567	378,922	378,536	(35,195)	(360,969)	-	-	(385)	(422)	(385)	(422)
Asia Capital Projects (Pvt) Ltd	175,769	167,581	197,037	188,674	(21,267)	(21,093)	-	-	(173)	(2,013)	(173)	-
Galle Beach Hotel (Pvt) Ltd	35,891	35,915	136	26	35,754	35,889	-	-	(135)	(103)	(135)	(103)
Asia Leisure Holdings (Pvt) Ltd	1,224,190	1,167,139	352,520	604,309	871,670	562,830	19,520	25,922	(22,442)	(26,159)	(22,159)	(23,926)
Asia Leisure (Pvt) Ltd	243,197	222,695	285,521	213,524	(48,775)	9,171	43,165	67,263	(58,054)	(35,376)	(57,948)	(29,735)
Shinagawa Beach Resorts (Pvt) Ltd	689,892	664,451	388,354	339,996	284,933	324,455	144,045	161,882	(39,995)	(40,141)	(39,520)	59,872
Wadduwa Resorts (Pvt) Ltd	1,465,770	1,488,574	252,913	604,309	1,021,567	884,265	104,580	117,035	(188,789)	(144,012)	(187,148)	479,550
Asia Tea Packaging (Pvt) Ltd	3,852	3,868	11,413	11,282	(7,561)	(7,414)	-	-	(147)	(41)	(147)	1,392
River House (Pvt) Ltd	508,751	508,751	7,825	7,688	500,926	501,063	-	-	(137)	(18)	(137)	98,170
River House Estate (Pvt) Ltd	202,495	213,995	102,245	114,076	85,695	99,919	-	-	(14,223)	(4,756)	(14,223)	6,444
Asia Leisure Travels (Pvt) Ltd	68,150	35,774	108,786	65,756	(46,982)	(30,982)	94,151	84,956	(16,244)	(15,670)	(15,999)	(15,628)
Nuwara Eliya Hotel & Resorts (Pvt) Ltd	95,769	95,769	80,091	80,030	15,678	15,739	-	-	(61)	(10)	(61)	(10)
Strider Capital Asia (Pvt) Ltd	38,054	38,172	94	57	37,961	38,115	-	-	(154)	(48)	(154)	(48)
Asia Leisure Apartments (Pvt) Ltd	178,501	178,501	178,586	178,500	(85)	1	-	-	(86)	-	(86)	-

31.1 Non-controlling Interest (NCI) in Subsidiaries

	% of Ownership Held by NCI		% of Voting Rights Held by NCI		Share of Loss of NCI for the year ended		Share of Total Comprehensive Income		Non-controlling Interest as at March	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
For the year ended 31st March										
Shinagawa Beach Resorts (Pvt) Ltd	50	50	50	50	(19,998)	(20,071)	(19,761)	29,936	142,466	162,228
Wadduwa Resorts (Pvt) Ltd	42	42	42	42	(79,291)	60,485	(78,602)	201,411	429,058	371,392
Galle Beach CC Trust (Pvt) Ltd	31	26	31	51	-	(1,787)	-	(1,787)	0	223,466
Asia Leisure Holdings (Pvt) Ltd	26	26	26	26	(5,835)	(6,801)	(5,761)	(7,156)	226,634	232,396
Asia Leisure Travels (Pvt) Ltd	41	41	41	41	(6,660)	(6,425)	(6,560)	(6,408)	(19,263)	(12,703)
River House Estate (Pvt) Ltd	26	26	26	26	(3,698)	(1,237)	(3,698)	1,675	22,281	25,979
River House (Pvt) Ltd	26	26	26	26	(36)	(5)	(36)	25,524	130,241	130,276
Nuwara Eliya Hotels & Resorts (Pvt) Ltd	26	26	26	26	(16)	(3)	(16)	4,097	4,076	4,092



Notes to the Financial Statements

31.2 Details of Subsidiaries / Associates (Contd)

Name of the subsidiary	Registered Office	Principal place of Business
Asia Growth Fund 1 (Pvt) Ltd	No.102, Bauddhaloka Mawatha, Colombo 04	- Do -
Asia Fort Sri Lanka Direct investment Fund Ltd	No.102, Bauddhaloka Mawatha, Colombo 04	- Do -
Asia Capital Private Equity (Pvt) Ltd	No.102, Bauddhaloka Mawatha, Colombo 04	- Do -
Asia Capital Technologies (Pvt) Ltd	No.102, Bauddhaloka Mawatha, Colombo 04	- Do -
Asia Digital Entertainment (Pvt) Ltd	No.102, Bauddhaloka Mawatha, Colombo 04	- Do -
Asia Capital Projects (Pvt) Ltd	No.102, Bauddhaloka Mawatha, Colombo 04	- Do -
Galle Beach Hotel (Pvt) Ltd	No.102, Bauddhaloka Mawatha, Colombo 04	No.471, Colombo Road, Dadella, Galle
Asia Leisure Holdings (Pvt) Ltd	No.102, Bauddhaloka Mawatha, Colombo 04	No.170, Utthamanana Mawatha, Welagedara, Balapitiya
Asia Leisure (Pvt) Ltd	No.102, Bauddhaloka Mawatha, Colombo 04	No.288, Galle Road, Dadella, Galle
Shinagawa Beach Resorts (Pvt) Ltd	No.102, Bauddhaloka Mawatha, Colombo 04	No.30, Old Guruniwasa Road, Welithara, Balapitiya
Wadduwa Resorts (Pvt) Ltd	No.102, Bauddhaloka Mawatha, Colombo 04	325/16, Ratnayaka Road, Thalpitiya, Wadduwa
Asia Tea Packaging (Pvt) Ltd	No.102, Bauddhaloka Mawatha, Colombo 04	No.102, Bauddhaloka Mawatha, Colombo 04
River House (Pvt) Ltd	No.102, Bauddhaloka Mawatha, Colombo 04	No.170, Utthamanana Mawatha, Welagedara, Balapitiya
River House Estate (Pvt) Ltd	No.102, Bauddhaloka Mawatha, Colombo 04	- Do -
Asia Leisure Travels (Pvt) Ltd	No.102, Bauddhaloka Mawatha, Colombo 04	- Do -
Nuwara Eliya Hotel & Resorts (Pvt) Ltd	No.102, Bauddhaloka Mawatha, Colombo 04	- Do -
Strider Capital Asia (Pvt) Ltd	No.102, Bauddhaloka Mawatha, Colombo 04	- Do -
Asia Leisure Apartments (Pvt) Ltd	No.102, Bauddhaloka Mawatha, Colombo 04	- Do -
Name of the Associates		
Galle Beach CC trust (Pvt) Ltd	No.102, Bauddhaloka Mawatha, Colombo 04	No.471, Colombo Road, Dadella, Galle
493 Talpe Lands (Pvt) Ltd	No.102, Bauddhaloka 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	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Short-Term Employment Benefits	79,595	78,784	79,595	78,784
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 (ED) 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.

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	
				2020 Rs.'000	2019 Rs.'000
a) Transactions with Subsidiaries/Sub-Subsidiaries					
Asia Growth Fund 1 (Private) Limited	Subsidiary	Mr. S.A. Abeyesinhe	Provision for Bad and Doubtful Debts Expense during the year	138	181
		Mr. J.H.P. Ratnayake	Reimbursement of Expenses (net)	138	181
Asia Fort Sri Lanka Direct Investment Fund Limited	Subsidiary	Mr. S.A. Abeyesinhe	Reimbursement of Expenses (net)	369	215
		Mr. J.H.P. Ratnayake	Interest Expense on Commercial Papers	1,769	1,744
Asia Capital Technologies (Private) Limited	Subsidiary	Mr. S.A. Abeyesinhe	Reimbursement of Expenses (net)	3,624	4,040
			Intercompany Fund Transfers	1,100	195
			Provision for Bad and Doubtful Debts Expense during the year	4,724	4,235
Asia Capital Projects (Private) Limited	Subsidiary	Mr. S.A. Abeyesinhe	Intercompany Fund Transfers	500	2,751
			Reimbursement of Expenses (net)	159	80
			Reimbursement of Expenses (net)	19,090	10,900
			Provision for Bad and Doubtful Debts Expense during the year	160	2,832

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	
				2020 Rs.'000	2019 Rs.'000
Asia Leisure Holdings (Private) Limited	Subsidiary	Mr. S.A. Abeyesinhe	Inter Company Fund Transfers	50,013	127,300
			Inter Company balance Settlement	-	(1,500)
			Reimbursement of Expenses (Net)	36,704	10,071
Asia Leisure (Private) Limited	Subsidiary	Mr. S.A. Abeyesinhe	Reimbursement of Expenses (Net)	733	-
Asia Capital Private Equity (Private) Ltd	Subsidiary	Mr. S.A. Abeyesinhe	Inter Company Fund Transfers	-	5
			Reimbursement of Expenses (Net)	100	98
			Provision for Bad & Doubtful Debts Expense during the year	100	103
Asia Digital Entertainment (Private) Limited	Subsidiary	Mr. V. Siva Jr	Inter Company Fund Transfers (Net)	-	190
			Reimbursement of Expenses	350	147
			Provision for Bad & Doubtful Debts Expense during the year	350	337
Asia Tea Packaging (Private) Limited	Subsidiary	-	Reimbursement of Expenses	100	8
			Provision for Bad & Doubtful Debts Expense during the year	100	8
Strider Capital Asia (Private) Ltd	Subsidiary	Mr. S.A. Abeyesinhe	Inter Company Fund Transfers (Net)	-	230
		Mr. T. Tanaka	Reimbursement of Expenses	(97)	(1,159)
Wadduwa Resorts (Private) Ltd	Subsidiary	Mr. S.A. Abeyesinhe	Inter Company Fund Transfers (Net)	41,451	87,582
		Mr. T. Tanaka	Reimbursement of Expenses	4,516	-
		Mr. Y. Wattanabe	Inter Company Balance Settlement	-	(8,095)
			Share issue against RPT account balance	252,546	
Shinagawa Beach Resorts (Private) Ltd	Sub-Subsidiary	Mr. S.A. Abeyesinhe	Inter Company Fund Transfers (Net)	32,092	1,762
			Reimbursement of Expenses (Net)	1,004	325
River House (Private) Ltd	Sub-Subsidiary	Mr. S.A. Abeyesinhe	Reimbursement of Expenses	83	18
River House Estate (Private) Ltd	Sub-Subsidiary	Mr. S.A. Abeyesinhe	Inter Company Fund Transfers (Net)	7,159	16,353
		Mr. V. Siva Jr	Reimbursement of Expenses (Net)	1,037	920
Galle Beach Hotel (Private) Ltd	Sub-Subsidiary	Mr. S.A. Abeyesinhe	Reimbursement of Expenses	(127)	(98)
		Mr. V. Siva Jr	Inter Company Fund Transfers	-	10
Asia Leisure Travels (Private) Ltd	Sub-Subsidiary	Mr. S.A. Abeyesinhe	Reimbursement of Expenses	3,969	2,704
			Inter Company Fund Transfers (Net)	14,389	15,520
Asia Leisure Apartments (Private) Ltd	Sub-Subsidiary	-	Advanced paid to purchase of Apartments	-	178,500



Name of the Related Party	Nature of the Relationship	Name of the Common Director	Details of the Transactions/ Balances	Value of the Transactions	
				2020 Rs.'000	2019 Rs.'000
b) Transactions with Associates					
Galle Beach CC Trust (Private) Ltd	Associate	Mr. S.A. Abeyesinhe	Fund Transferred for Construction of the Hotel	32,312	124,300
			Fund Transferred for Repayment of Bank Loan interest	16,139	3,215
			Reimbursement of Expenses	279	41
			Inter Company Fund Transfers (Net)	5,111	21,372
493 Talpe Lands (Private) Ltd	Associate	-	Reimbursement of Expenses	53	663
c) Transactions with Affiliates					
Katumanakele Hill Estates (Private) Limited	Affiliate	Mr. S.A. Abeyesinhe	Interest Paid by ACAP for Loan obtained to Purchase Kosgoda Land	6,487	8,929
			Reimbursement of Expenses (Net)	303	56
d) Transactions 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
			Preference facility loan outstanding	577,350	222,525
			Interest on preference facility Loan	42,333	13,648
Questnet Limited			Net settlement	(6,849)	(6,691)
Amount receivable and payable to Related Parties are disclosed in the Note 20 and 30 to the Financials 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 on 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.					
e) Transactions with Other Related Parties					
P.R. Secretarial Services (Private) Limited	Common Directors	Mr. J.H.P. Ratnayake	Secretarial Fees	277	245
P.R Corporate Services (Private) Limited			Lawyers Fees	-	315
			Lawyers Fees	35	-
Paul Ratnayake Associates			Lawyers Fees	35	-

Notes to the Financial Statements

32.4 Non-Recurrent Related Party Transactions

There were no non-recurrent related party transactions which aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Company as per 31st March 2020 audited financial statements, which required additional disclosures in the 2019/2020 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.

32.5 Recurrent Related Party Transactions

There were no recurrent related party transactions which aggregate value exceeds 10% of the consolidated revenue of the Group as per 31st March, 2020 audited Financial Statements, which required additional disclosures in the 2019/2020 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.

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	2020 Rs.	2019 Rs.
Asia Leisure Holdings (Private) Ltd	Seylan Bank PLC	Constructions	-	3,621,283
Asia Leisure Holdings (Private) Ltd	Seylan Bank PLC	Working Capital	7,000,000	-
Wadduwa Resorts (Private) Ltd	Seylan Bank PLC	Constructions	160,261,697	141,669,708
Wadduwa Resorts (Private) Ltd	Seylan Bank PLC	Working Capital	27,500,000	-
Asia Leisure Travels (Private) Ltd	Seylan Bank PLC	Repayment of Banking facility of subsidiary Company	10,000,000	-

33.2 Contingencies

Company

Asia Capital Limited Vs. Commissioner General of Labour (Case Ref: HCRA 174/2017)

Upon the order of the High Court Colombo to settle Mr. P. K. Prajitha and Ms. S. D. S. A. Raymond (the two plaintiffs of the case), the Company has already settled its liability towards Ms. S. D. S. A. Raymond. However, as the Company is dissatisfied with the Court order directing to pay a sum of Rs. 1.7 Mn (together with EPF and ETF due) to Mr. P. K. Prajitha. The payment of the same is pending appeal to the Supreme Court of Sri Lanka as of the year end.



34 EVENTS SUBSEQUENT TO THE REPORTING DATE

There have been no events subsequent to the reporting date, which require disclosure in the financial statements but the Group has been closely monitoring the impact of the development of COVID-19 on the Group's business operations.

The Group is evaluating all guidelines issued by the Government and individual health and safety guidelines to ensure suitable work arrangements and safe conditions for employees, customers and other stakeholders.

The most recent released by the Government to isolate few areas in Western province, all other provinces are open during the second COVID-19 wave. Hence, the Group was able to continue the operations uninterruptedly at a marginal level.

Furthermore, the Group will continue to monitor the impacts on its operations and proactively take measures to ensure the business continues smoothly as possible.

Notes to the Financial Statements

35 BUSINESS SEGMENT

For the year ended 31st March	Investments		Leisure	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Revenue				
Total Gross Sales	1,796	652,786	405,461	457,058
Less: Inter segment sales/dividend	(1,796)	(1,736)	-	-
Net Segment Revenue	-	651,050	405,461	457,058
Segmental Operating Profit / (Loss)	(391,922)	66,287	(293,486)	(219,702)
Other Operating Income	16,850	213,150	19,989	17,424
Share of Profit/(Loss) of Associate Companies	(1,671)	(1,490)		
Operating Profit / (Loss) before Provision for Fall in Value of Investments				
	(376,742)	277,947	(273,497)	(202,278)
Provision for fall in value of investments	(5,615)	(7,704)		
Operating Profit / (Loss)	(382,357)	270,243	(273,497)	(202,278)
Finance Cost	(115,536)	(52,491)	(52,357)	(59,211)
Finance Income	19,461	17,317	-	-
Loss from discontinued of operation	-	-	-	-
Profit Before Taxation	(478,432)	242,773	(325,854)	(261,489)
Income Taxation	-	(1,683)	-	-
Profit After Taxation	(478,432)	241,090	(325,854)	(261,489)
Assets				
Segment Assets	606,943	636,963	3,927,194	3,863,765
Deferred Tax Assets/(Liabilities)	-	-	-	-
Investment in Associates	171,496	173,166	-	-
Total Assets	778,438	810,129	3,927,194	3,863,765
Liabilities				
Segment Liabilities	990,579	991,370	272,201	233,285
Interest Bearing Borrowings	1,158,550	547,183	429,336	328,966
Total Liabilities	2,149,129	1,538,553	701,537	562,251
Net Assets	(1,370,691)	(728,424)	3,225,657	3,301,514
Capital Expenditure	21,991	44,187	25,773	17,836
Depreciation	14,659	12,969	94,122	103,604



Manufacturing		Services		Group	
2020	2019	2020	2019	2020	2019
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
-	-	384	-	407,641	1,109,844
-	-	-	-	(1,796)	(485,446)
-	-	384	-	405,845	624,398
(147)	(43)	(7,177)	(6,814)	(692,732)	(160,272)
-	2	-	-	36,839	230,576
-	-	-	-	(1,671)	(1,490)
(147)	(41)	(7,177)	(6,814)	(657,563)	68,814
-	-	-	-	-	(7,704)
(147)	(41)	(7,177)	(6,814)	(657,563)	61,110
-	-	-	(14)	(167,893)	(111,716)
-	-	-	-	19,461	17,317
-	-	-	-	-	-
(147)	(41)	(7,177)	(6,828)	(805,995)	(33,289)
-	-	-	-	-	(1,683)
(147)	(41)	(7,177)	(6,828)	(805,995)	(34,972)
3,852	3,868	186,000	179,779	4,723,988	4,684,374
-	-	-	-	-	-
-	-	-	-	171,496	173,166
3,852	3,868	186,000	179,779	4,895,484	4,857,540
574	543	2,795	2,665	1,266,149	1,227,863
-	-	173,615	165,424	1,761,501	1,041,573
574	543	176,410	168,089	3,027,650	2,269,436
3,278	3,325	9,590	11,690	1,867,834	2,588,104
-	-	-	-	49,324	62,023
-	-	2,026	107	110,807	116,680

Notes to the Financial Statements

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	
	31st March 2020	31st March 2019	31st March 2020	31st March 2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Equity Instruments Measured at Fair Value Through OCI	120,548	114,853	120,548	114,853
Other Financial Assets	116,766	124,457	94,589	104,192
Trade and Other Receivables	183,331	145,590	213,765	37,523
Amounts Due from Related Companies	726,505	665,598	1,535,850	1,542,578
Long-Term Deposits	5,147	5,127	5,147	170,552
Cash at Bank	230,698	179,179	15,798	10,722
	1,382,995	1,234,804	1,985,697	1,980,420

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.

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:

	Group		Company	
	31st March 2020 Rs.'000	31st March 2019 Rs.'000	31st March 2020 Rs.'000	31st March 2019 Rs.'000
	Past due but not impaired			
31-60 days	70,786	65,799	-	-
61-90 days	47,882	43,659	-	-
>90 days	59,616	34,131	-	-
Total	178,284	143,589	-	-

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	
	31st March 2020 Rs.'000	31st March 2019 Rs.'000	31st March 2020 Rs.'000	31st March 2019 Rs.'000
	Other Financial Assets	116,766	124,457	94,589
Amount due from Related Companies	726,505	665,598	1,535,850	1,542,578
Trade and Other Receivables	183,331	145,590	14,823	11,774
Cash in Hand and at Bank	230,698	179,179	15,798	10,722
Total Liquidity Assets	1,257,300	1,114,824	1,661,060	1,669,266
Non-Interest Bearing Borrowing	852,865	859,715	852,865	859,715
Interest Bearing Borrowings	899,024	359,838	898,468	321,331
Lease Liability	30,474	31,999	-	1,874
Trade and Other Payables	293,366	249,300	55,003	40,853
Bank Overdrafts	633,898	386,982	426,710	203,304
Amount due to Related Companies	-	-	37,966	38,089
Total Liabilities	2,709,627	1,887,834	2,271,012	1,465,166
Net (Debt)/Cash	(1,452,326)	(773,010)	(609,952)	204,100

Notes to the Financial Statements

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	2020	2019	2020	2019
Debt/Equity	2.16	0.92	1.50	0.90

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:

	Group		Company	
	31st March 2020 Rs.'000	31st March 2019 Rs.'000	31st March 2020 Rs.'000	31st March 2019 Rs.'000
Preference Facility Loan	851,142	443,014	851,142	443,014
Net Borrowing (Rs.)	851,142	443,014	851,142	443,014
Closing Exchange Rate (Rs.)	192.45	178.20	192.45	178.20
Net Borrowing (Functional Currency)	4,423	2,486	4,423	2,486
Increase Exchange Rate in 3% (Rs.)	198.22	183.55	198.22	183.55
Impact to the PBT	(25,534)	(13,290)	(25,534)	(13,290)
Decrease Exchange Rate in 3% (Rs.)	186.68	172.85	186.68	172.85
Impact to the PBT	25,534	13,290	25,534	13,290



(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:

	Group		Company	
	31st March 2020 Rs.'000	31st March 2019 Rs.'000	31st March 2020 Rs.'000	31st March 2019 Rs.'000
Fixed Rate Instruments				
Financial Assets				
Fixed Deposit	116,754	106,354	94,121	85,664
Financial Liabilities				
Other Long Term Loans	(260,245)	(196,480)	(38,094)	(51,190)
Variable Rate Instruments				
Financial Assets				
Reverse Repurchase Agreement	-	-	468	425
Financial Liabilities				
Direct Borrowings	(473)	(430)	(473)	(430)
Reverse Repurchase Agreement	(795)	(794)	(795)	(794)
Preference Facility Loan	(851,142)	(443,014)	(851,142)	(443,014)
Lease Liability	(30,474)	(31,999)	-	(1,874)
Commercial Papers	(14,951)	(13,876)	(31,773)	(28,990)
Bank Overdrafts	(633,898)	(386,982)	(426,710)	(203,304)
	(1,675,224)	(967,221)	(1,254,398)	(643,507)

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	
	1% Increase Rs.	1% Decrease Rs.	1% Increase Rs.	1% Decrease Rs.
As at 31st March 2020				
Variable rate instruments				
Commercial Papers	(150)	139	(150)	139
Bank Overdrafts	(6,339)	3,870	(6,339)	3,870

Company

	Profit or loss		Equity	
	1% Increase Rs.	1% Decrease Rs.	1% Increase Rs.	1% Decrease Rs.
As at 31st March 2020				
Commercial Papers	(318)	(264)	(318)	(264)
Bank Overdrafts	(4267)	(1322)	(4267)	(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 2020 are as follows:

As at 31st March	Group		Company	
	Carrying Amount Rs.'000	Fair Value Rs.'000	Carrying Amount Rs.'000	Fair Value Rs.'000
Assets Carried at Fair Value				
Assets Carried at Amortised Cost				
Trade and Other Receivables	183,331	183,331	14,823	14,823
Other Financial Assets	116,766	116,766	94,589	94,589
Long-term Deposits and Advances	5,147	5,147	5,147	5,147
Amount Due from Related Companies	726,505	726,505	1,535,850	1,535,850
Cash and Cash Equivalents	230,698	230,698	15,798	15,798
Liabilities Carried at Amortised cost				
Interest Bearing Borrowings	1,127,606	1,127,606	922,277	922,277
Lease Liability	30,474	30,474	-	-
Non-Interest Bearing Borrowings	852,865	852,865	852,865	852,865
Trade and Other Payables	293,366	293,366	55,003	55,003
Amount Due to Related Companies	-	-	37,966	37,966
Bank Overdraft	633,898	633,898	426,710	426,710

37.2 Fair Value Hierachy

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

	2020			
	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000	Total Rs.'000
Group				
Equity Instruments Measured at Fair Value				
Through OCI	-	-	120,548	120,548
	-	-	120,548	120,548
Company				
Equity Instruments Measured at Fair Value				
Through OCI	-	-	120,548	120,548
	-	-	120,548	120,548



As at 31st March

	2019			Total Rs.'000
	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 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

38 COMPARATIVE INFORMATION

Comparative figures have been re-classified where necessary in line with the presentation requirements for the current year as stated below:

As at 31st March

Relationship	Balance As	Reclassification	Reclassified
	at 31st March 2019	Adjustment	Balance as at 31st March 2019
	Rs.	Rs.	Rs.
Katumanakele Hill Estate (Pvt) Ltd	227,324,091	(205,183,596)	22,140,495
Forest Resorts Nuwara Eliya (Pvt) Ltd	-	205,183,596	205,183,596

During past years, Asia Capital PLC (ACAP) has been funded Katumanakele Hill Estate (Pvt) Ltd (KKH) to acquire properties and the amount funded has been recorded as Related Party Receivable. Katumanakele Hill Estate (Pvt) Ltd owned by Asia Capital through Forest Resorts Nuwara Eliya (Pvt) Ltd (FRN). In 2017, FRN has received an offer from ESNA Resorts (Pvt) Ltd, to purchase entire holding of KKH belongs to FRN. Also FRN has agreed to settle the related party current account balance from KKH in ACAP books, upon receipt of share disposal proceeds. In order to record the investment made by Asia Capital in KKH in the books of FRN, KKH has issued shares to FRN by capitalising the RPT receivable balance of Rs.205,183,596/-. The financial statements of the year 2018/2019 has been reclassified accordingly.

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.

Notes to the Financial Statements

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

Market Price

	As at 31st March 2020	As at 31st March 2019
Last Traded Price	4.40	5.80
Last Traded Date	20.03.2020	31.03.2019
Highest	8.80	9.00
Lowest	4.00	5.30

	31st March 2020	31st March 2019
Float adjusted Market Capitalisation	107,422,628	141,602,627
Public Holding %	18.59%	18.59%
Number of Public Shareholders	6,050	6,117



Ten Year Summary

Year ended 31st March	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
OPERATING RESULTS										
Revenue	405,845	1,108,108	900,013	539,984	498,791	1,651,075	970,321	854,889	1,996,276	2,122,917
Profit/Loss before Taxation	(805,995)	(33,289)	175,001	(761,990)	(433,448)	(380,927)	(615,763)	(747,918)	843,459	1,331,927
Taxation	-	(1,683)	(52,368)	(1,343)	29,323	(7,680)	(6,992)	20,262	(146,226)	(180,912)
Profit/Loss after Taxation	(805,995)	(34,972)	122,633	(763,333)	(404,125)	(388,607)	(622,755)	(727,656)	697,232	1,151,015
Minority Interest	115,534	95,027	(85,460)	50,045	27,768	41,439	(2,007)	(4,684)	(158,517)	(162,997)
Profit/(Loss) attributable to Shareholders	(690,461)	60,055	208,093	(713,288)	(376,357)	(347,168)	(624,762)	(722,972)	538,715	988,018
ASSETS										
Property, Plant & Equipment	2,864,738	2,924,524	2,142,240	3,117,197	3,281,437	1,492,604	1,290,956	839,044	680,994	680,993
Intangible Assets	13,514	116,021	115,306	115,681	121,460	127,402	147,271	149,539	108,675	-
Investment Property	-	-	-	-	-	-	98,353	32,935	42,935	-
Long Term Investment	171,496	173,166	174,656	-	-	-	-	-	-	-
Investment in Joint Venture	-	-	-	36,532	35,118	-	-	-	-	-
Financial Assets - Equity instruments measured at fair value through OCI	120,548	114,853	114,853	114,853	114,853	10,000	10,000	-	-	-
Deferred Taxation	-	-	-	-	-	88,627	84,860	54,939	-	-
ESOP Loan	-	-	-	-	-	-	-	-	-	-
Other Non-Current Assets	5,147	5,127	14,019	11,913	11,947	29,325	1,482,971	1,086,956	1,066,774	17,402
Current Assets	1,720,041	1,523,849	1,063,231	313,936	582,532	982,001	3,039,296	3,381,593	2,985,043	2,457,919
Assets Classified as Held for Sale	-	-	126,666	-	-	-	-	-	-	-
Total Assets	4,895,484	4,857,540	3,750,971	3,710,112	4,147,347	2,641,332	6,157,474	5,574,927	4,939,359	3,156,314
EQUITY AND LIABILITIES										
Stated Capital	1,498,498	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
Capital Redemption Reserve Fund	-	-	-	-	-	-	-	-	-	-
Revaluation Reserve	1,361,370	1,361,370	852,694	1,197,364	1,226,812	43,634	45,779	45,867	(4,154)	27,560
Available For Sale Reserve	-	-	-	-	-	-	-	-	6,229	(6,343)
Capital Reserve	-	-	-	-	-	5,922	19,054	11,148	6229	5,774
General Reserve	-	-	-	-	-	-	19,054	16,347	8,425	3,000
Accumulated Profits/(Loss)	(1,927,527)	(1,185,425)	(1,411,333)	(1,325,293)	(732,683)	(1,192,237)	(880,200)	(410,842)	(92,315)	20,474
Shareholders' Fund	932,341	1,674,443	939,859	1,370,569	1,992,627	349,895	305,113	777,078	1,032,744	1,165,023
Minority Interest	935,493	913,661	663,645	677,705	471,114	19,852	263,492	138,609	44,096	598,549
Non-Current Liabilities	1,867,834	2,588,104	1,603,504	2,048,274	2,463,741	369,747	568,605	915,687	1,076,840	1,763,572
Current Liabilities	1,081,879	1,146,993	419,151	351,210	989,698	1,888,863	2,218,270	1,645,804	443,195	172,411
Total Liabilities	1,945,771	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
Total Equity & Liabilities	3,027,650	2,269,436	2,147,467	1,661,839	1,683,606	2,271,585	5,588,870	4,659,240	3,862,517	1,392,742
Total Equity & Liabilities	4,895,484	4,857,540	3,750,971	3,710,113	4,147,347	2,641,332	6,157,475	5,574,927	4,939,356	3,156,314

Glossary

A | 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.

B | Borrowings

All interest and non-interest-bearing liabilities.

C | 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 shareholders and others.

Current Ratio

Current assets divided by current liabilities.

D | 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 total dividends to ordinary shareholders during a specific period divided by the number of ordinary shares outstanding.

E | 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.

F | Fair Value

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

G | 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.

I | 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.

K | Key Performance Indicators (KPI)

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



Glossary

M | 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.

N | 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.

P | Price Earnings Ratio

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

R | Related Parties

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

Return on Average Capital Employed (ROCE)

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

Return on Equity (ROE)

Net Profit as a percentage of shareholders' equity.

Return On average Net Assets (RONA)

Profit after tax divided by the average net assets.

Rights Issue

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

S | 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

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

T | 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.

U | Unrealised Gain

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

W | Working Capital

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

Notice of the 28th Annual General Meeting

NOTICE IS HEREBY GIVEN that the 28th Annual General Meeting of Asia Capital PLC for the year ended 31st March 2020 will be held on 22nd December 2020 at 9.30 am at 4th Floor Board Room of Asia Capital PLC, 102, Bauddhaloka Mawatha, Colombo 04 – via audio visual means for the following purposes;

AGENDA

- 1) To receive and consider the Annual Report of the Board of Directors on the Affairs of the Company and the Audited Financial Statements for the year ended 31st March 2020 together with the Report of the Auditors thereon.
- 2) To re-elect Mr. A. D. Ross who retires in terms of Article 98 of the Articles of Association of the Company and being eligible, offers himself for re-election as a Director of the Company under Article 99 of the Articles of Association of the Company.
- 3) To 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 No. 07 of 2007 shall not apply to Mr. R.J. Wickramasinghe, who is presently 71 (seventy one) years of age and that he be re-elected as a Director 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 No. 07 of 2007 shall not apply to Mr. J. H. P. Ratnayake, who is presently 71 (seventy one) years of age and that he be re-elected as a Director of the Company”.
- 5) To re-appoint Messrs. BDO Chartered Accountants as the Auditors to the Company for the ensuing year and to authorize the Directors to determine their remuneration.

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 P. R. Secretarial Services (Private) Limited, No. 59, R. G. Senanayake Mawatha, Colombo 07 not less than 48 hours before the time appointed for the holding of the meeting.

BY ORDER OF THE BOARD OF ASIA CAPITAL PLC



Secretaries
P. R. SECRETARIAL SERVICES (PRIVATE) LIMITED

30th November 2020
Colombo



Notes

Notes



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 Virtual 28th Annual General Meeting of Asia Capital PLC to be held 22nd December 2020 at 9.30 am at 4th Floor Board Room of Asia Capital PLC, 102, Bauddhaloka Mawatha, Colombo 04 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 Annual Report of the Board of Directors on the Affairs of the Company and the Audited Financial Statements for the year ended 31st March 2020 together with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
02) To re-elect Mr. A. D. Ross 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 No. 07 of 2007 shall not apply to Mr. R.J. Wickramasinghe, who is presently 71 (seventy one) years of age and that he be re-elected as a Director of the Company".	<input type="checkbox"/>	<input type="checkbox"/>
04) 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 No. 07 of 2007 shall not apply to Mr. J. H. P. Ratnayeke, who is presently 71 (seventy one) years of age and that he be re-elected as a Director of the Company".	<input type="checkbox"/>	<input type="checkbox"/>
05) 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 this day of 2020.

.....
 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.

Form Of Proxy

Instructions as to completion

1. Kindly perfect the Form of Proxy by filling 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 filling 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 P. R. Secretarial Services (Private) Limited, No. 59, R. G. Senanayake Mawatha, Colombo 07 or by Email to info@prsslk.com 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 (Executive Director)
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

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