

# RENEWED OPTIMISM

Asia Capital PLC | Annual Report 2020-2021

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ASIA  
CAPITAL  
PLC

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# RENEWED OPTIMISM

Surmounting unexpected challenges has been the order of the day in 2020. Unfortunately, all business problems impact us in different ways, ranging from demotivation to rejuvenation. At Asia Capital, we chose to remain in the optimistic spectrum as we strive to overcome new obstacles with innovative strategies and solutions. This has kept us resilient in the past and will drive us in the future.

Whilst we endeavour to remain buoyant and enthusiastic in the face of calamity and catastrophe as a team, we never lost sight of our responsibility to our stakeholders and indeed to ourselves to grow and develop our conglomerate of companies. Towards this end we have been persistently dynamic, rethinking our plans and revisiting our tactics whenever necessary, yet maintaining our position of stability and steadfastness of resolve as we move forward.

# OUR 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.

# OUR 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	J. H. P. Ratnayeke S. A. Abeyesinhe V. Siva Jr. R. M. Morris T. Tanaka Thusitha 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	S. A. Abeyesinhe R. M. Morris H. D. S. Thushara S. Gunawijeya Raju Radha	Subsidiary
3	Asia Tea Packaging (Private) Limited	Thusitha Perera R. T. C. Gunaratna D. C. Rathnayake W. A. G. S. V. Sameera Perera	Subsidiary
4	Asia Digital Entertainment (Private) Limited	V. Siva Jr. Thusitha Perera	Subsidiary
5	Galle Beach (Private) Limited	S. A. Abeyesinhe V. Siva Jr. Thusitha Perera	Subsidiary
6	Asia Capital Private Equity (Private) Limited	S. A. Abeyesinhe T. Tanaka Sandun Hettige R. M. Morris	Subsidiary
7	Asia Growth Fund 1 (Private) Limited	J. H. P. Ratnayeke S. A. Abeyesinhe	Subsidiary
8	Asia Capital Technologies (Private) Limited	S. A. Abeyesinhe Thusitha Perera Shohei Fujimori	Subsidiary
9	Asia Capital Projects (Private) Limited	S. A. Abeyesinhe H. D. S. Thushara R. M. Morris	Subsidiary
10	Strider Capital Asia (Private) Limited	S. A. Abeyesinhe T. Tanaka	Subsidiary
11	Asia Fort Sri Lanka Direct Investment Fund Ltd	S. A. Abeyesinhe J. H. P. Ratnayeke V. Siva Jr	Subsidiary
12	Asia Capital Partners Ltd	S. A. Abeyesinhe Jithendra Fernando S. Kariyawasam Raju Radha Harsha De Silva	Subsidiary
13	Beach Resort Kosgoda (Pvt) Ltd (Acquired on 18.09.2020)	Stefan Abeyesinhe Sandun Hettige R. M. Morris S. Amunugama	Subsidiary

Company	Board of Directors	Relationship to Asia Capital PLC
14 Shinagawa Beach Resorts (Private) Limited (Disposed on 18.09.2020)	S. A. Abeyesinhe (Alternate Director S. Gunawijeya) C. I. Hapugoda S. Shinagawa S. Ohki T. Tanaka R. M. Morris N. Ishikawa J. H. P. Ratnayake	Subsidiary
15 Asia Capital Stock Brokers (Private) Limited	S. A. Abeyesinhe J. H. P. Ratnayake S. Kariyawasam Thusitha Perera Jayasankha Alahendra	Sub-subsiidiary
16 Asia Leisure Travels (Private) Limited	S. A. Abeyesinhe R. M. Morris Raju Radha Thusitha Perera S. Gunawijeya M. Senda T. Tanaka H. D. S. Thushara	Sub-subsiidiary
17 River House (Private) Limited	S. A. Abeyesinhe R. M. Morris R. T. C. Gunarathna	Sub-subsiidiary
18 River House Estate (Private) Limited	S. A. Abeyesinhe V. Siva Jr. Thusitha Perera	Sub-subsiidiary
19 Wadduwa Resorts (Private) Limited	S. A. Abeyesinhe (Alternate – S. Samaranyeke) R. M. Morris S. Hamaguchi (Alternate – Peter Neville Jansen) O. Miyoshi J. H. P. Ratnayake T. Tanaka Y. Watanabe	Sub-subsiidiary
20 Nuwara Eliya Hotels and Resorts (Private) Limited	R. M. Morris H. D. S. Thushara	Sub-subsiidiary
21 Asia Leisure Apartments (Private) Limited	Thusitha Perera H. D. S. Thushara	Sub-subsiidiary
22 Galle Beach Hotel (Private) Limited	S. A. Abeyesinhe R. M. Morris	Sub-subsiidiary
23 Galle Beach CC Trust (Private) Limited	S. A. Abeyesinhe R. M. Morris Thusitha Perera R. T. C. Gunarathna R. Shiraishi T. Ishizeki Y. Saida	Associate
24 493 Talpe Lands (Private) Limited	Thusitha Perera H. D. S. Thushara	Associate
25 Forest Resorts Nuwara Eliya (Private) Limited	H. D. S. Thushara Thusitha Perera	Affiliate
26 Katumanakele Hill Estate (Private) Limited	S. A. Abeyesinhe R. M. Morris H. D. S. Thushara	Affiliate

# CHAIRMAN'S STATEMENT

**THE KEY HIGHLIGHT OF THE YEAR WAS THE COMPANY'S ACQUISITION OF A MAJORITY STAKE OF NAVARA CAPITAL PARTNERS LTD (NCPL) AS PART OF OUR DIVERSIFICATION PLAN BECAUSE OF THE INCIDENTAL RISKS OF CONFINING TO A LIMITED NUMBER OF BUSINESSES. THE GOAL OF THIS STRATEGIC MOVE IS TO RE-ENTER THE STOCK BROKING BUSINESS AT A TIME WHEN CAPITAL MARKETS IN SRI LANKA SHOWED RESILIENCE AND PROMISE.**

The financial year 2020/21 was riddled with difficulties simply due to the devastating impact the pandemic had with the resultant impact on the Sri Lankan economy and for that matter of the world.

Given the bans on international travel and various lockdowns from time to time, the Tourism Industry was negatively impacted at unprecedented levels. With no revenue being generated the Company had to take various cost cutting measures at every level although staff remuneration reductions were kept to a bare minimum as the Company recognised its employees are their most valuable asset.

The key highlight of the year was the Company's acquisition of a majority stake of Navara Capital Partners Ltd (NCPL) as part of our diversification plan because of the incidental risks of confining to a limited number of businesses. The goal of this strategic move is to re-enter the stock broking business at a time when capital markets in Sri Lanka showed resilience and promise.

With international tourists almost absent and local guests down to a mere trickle, drastic cost reduction methods were necessitated to soften the financial impact. All hotels operated with minimum number of employees while the corporate office team switched to working from home thereby ensuring their safety and minimising operational costs. Asia Leisure hotels rapidly responded to the changing requirements of the pandemic by obtaining the KPMG Sri Lanka's Safe and Secure hotels certification which enabled us to deploy various safety protocols at all our hotels as per the required health guidelines. In this way the necessary preparations were anticipated and addressed to revise when the opportunity arises.

Meanwhile, the Corporate Finance Department had to change its approach during the year by pivoting towards advising Group subsidiaries on strengthening and streamlining their operational efficiencies to meet the obvious challenges.

With the COVID vaccination program reaching unprecedented levels we are hopeful to see light at the end of the tunnel in the not too distant future when business could reach normalcy as it has done in some European states. Accordingly, we must not be disheartened and pessimistic but see how we can emerge when the time and the opportunity arrives.

I like to take this opportunity to extend my thanks to my fellow directors for the cooperation they extended and to the staff for their commitment. We have no option but to await and wish for better times.



J.H.P. Ratnayake  
Chairman

25th August 2021



# REVIEW OF GROUP OPERATIONS

**IT IS CLEAR THAT THE FINANCIAL YEAR 2020/21 WILL GO DOWN IN HISTORY AS ONE THAT WITNESSED UNPRECEDENTED UPHEAVALS AND BUSINESS CHALLENGES PRIMARILY DUE TO THE COVID-19 PANDEMIC THAT BROKE OUT IN EARLY 2020 AND CONTINUES TO ADVERSELY INFLUENCE EVERY ASPECT OF OUR LIVES EVEN TODAY.**

It is clear that the financial year 2020/21 will go down in history as one that witnessed unprecedented upheavals and business challenges primarily due to the COVID-19 pandemic that broke out in early 2020 and continues to adversely influence every aspect of our lives even today. Following the horrific Easter Sunday attacks of 2019, Sri Lanka has undergone a dark period of uncertainty from which the country seemed to be emerging in early 2020 until the pandemic struck. The pandemic brought the healthcare systems and economies of virtually the entire world to a standstill, disrupting international travel and trade as well as local supply chains. The global economic downturn triggered by the pandemic saw the Sri Lankan economy contracting by 3.6% in real terms in 2020, highlighting the impact of the difficulties faced by the country during the year. It was a nightmare scenario for a large majority of industries while a minority benefitted to a great extent. Unfortunately, ACAP is not in that minority as the principal activities of the Group include corporate finance, asset management, treasury management, dealing and investing in securities, financial services and operating hotels.

## FINANCIAL PERFORMANCE

Tourism was almost non-existent during the year under review as the bans on international travel and lockdown from March 2020 onwards meant that all our Travels and Hotels businesses were significantly affected. The local travel that took place when the first lockdown eased in June resulted in some revenue to the hotels. However, with revenue streams severely restricted, the key focus during the year was on cost reduction on all fronts. Although staff remuneration was one area that many companies in the country looked towards when considering cost reduction, at ACAP, significant efforts were made to refrain from reducing salaries and laying off employees although as the pandemic wore on, some adjustments were inevitable given the gravity of the situation. Overall, through prudent cost cutting measures, the Group was able to reduce operating expenses by 46%.

## REVIEW OF OPERATIONS

While the debt moratoriums introduced by the Government have certainly had a positive impact, it must be taken into account that such moves are only temporary solutions to the ever-increasing burden of debt management. This is one of the main reasons for the Group to exit the smaller high debt ratio properties during the year and focus on larger properties that have a lower debt ratio.

The fast-changing, uncertain nature of the economic landscape allowed ACAP management to relook and focus on Asia Capital's investors to financially re-engineer the asset base. In December, as part of our expansion plan, ACAP entered into a share purchase agreement to acquire 70% stake of Navara Capital Partners Ltd. (NCPL) with the aim of re-entering the market and recommencing stock brokering business at a time when capital markets in the country were performing well due to policy certainty prevailing in the current economic landscape of the country. ACAP acquired 3,536,400 ordinary voting shares representing 70% of NCPL held by Navara Capital Ltd. as per the agreement entered by both parties. While we hope to commence operations of the new venture towards the latter part of 2021, the management will continue to focus on expanding into new business avenues to broaden the Group's revenue streams.

## TRAVELS

The global ban on international travel meant that our Travels business also suffered a substantial drop in revenue. Due to the lockdowns and general reluctance to travel around the country, the office was closed for large parts of the year as the staff operated from home. After the first lockdown, the Travels team was able to put together innovative social media campaigns targeted at local travellers with business, channelled directly to Asia Leisure hotels.

# REVIEW OF GROUP OPERATIONS

## PROJECT OPERATIONS

Although there was a marginal recovery after the Easter Sunday attacks, the disruption caused by the COVID-19 pandemic was unprecedented for project development as reduced productivity and lack of focus complicated the business environment for project development considerably. Curfews, travel restrictions and socially distancing affected the operations at construction sites, negatively impacting project completion deadlines. Additionally, there was an increase in costs due to the need to adhere to special health guidelines and a result of reduced efficiency.

447 Luna Tower has reached 92.3% overall working progress with the key highlight during the year being the completion of the super structure and building facade. Currently, the finishing works are being attended to with an overall project completion target of October 2021. Marine Drive Hotel has achieved 97.23% overall working progress with the key highlight being the completion of the super structure. The finishing and interior works are currently being attended to and the expected project completion deadline is December 2021. Meanwhile, the Galle Beach Hotel project has entered its final phase with the super structure being completed. This final phase, which included the commissioning of the finishing works, commenced towards the end of the Financial Year 2019/20 and is expected to be completed by end 2021.

## LEISURE

During the first lockdown period, far-reaching cost reduction methods were introduced, and all hotels were operated with minimum number of staff members. The corporate office activities were carried out remotely to ensure the safety of employees and minimise the operational costs. During this period, all Asia Leisure (AL) hotels were certified by KPMG Sri Lanka as Safe and Secured hotels. Accordingly, numerous safety protocols were established at all AL hotels as per the required health guidelines. Overall, with the announcement of closure of international borders in mid-March 2020, AL was hit with a large number of cancellations for future reservations as well as weddings amounting to over USD 175,000. Despite the challenging circumstances, AL was able to successfully maintain the high-quality standards resulting in the customary high rankings on Trip Advisor and Booking.com.

As a strategic restructure, during the year ACAP has disposed its investment in Shinagawa Beach Resort (Pvt) Ltd by swoping majority shares of Beach Resort Kosgoda (Pvt) Ltd (The Habitat Hotel) in order to maximise benefits to the shareholders.

## CORPORATE ADVISORY

The repercussions of the pandemic meant that Corporate Finance Department had to refine its approach during the year. Resultantly, the Corporate Finance Department spent a majority of the financial year advising Group subsidiaries on strengthening their operational efficiencies while also searching for avenues of business growth, enabling ACAP to venture into new fields. The Department focused on identifying the critical measures that were needed to streamline the operations of the Group's subsidiaries and support them to alleviate the impact of the pandemic.

One of the approaches taken by the Group to minimise the loss of valued employees was the reallocation of staff to different areas, primarily the Head Office staff to the new securities business. One of the main positives in expanding to a domain where we have experience in is that the Group readily has a number of employees with the qualifications, experience and expertise to take the business forward rapidly. Therefore, there is no requirement to recruit new staff, and this in return helps the Group to maintain the current cost structure while increasing our revenue streams.

The Parliamentary Elections of 2020 resulted in the strengthening of the Government's position due to the 2/3rd majority obtained. This is a much-needed positive development for the country as such a stable Government is a prerequisite for the establishment of consistent, long-term economic policies and instils confidence in foreign investors as well as local enterprises and entrepreneurs. Unfortunately, the prolonging of the pandemic has greatly delayed any positive impact that would have been achieved had the economic landscape been normal.

## MANAGEMENT CHANGES

During the year Mr. S.A. Abeysinhe, who was acting as an Executive Director of the Company, resigned with effect from 31st March 2021. He continues to serve as a Non-Independent, Non-Executive Director of the Board of Directors of the Company. With the resignation of Mr. Abeysinha from his executive role, the responsibilities of the day today executive functions have been assigned to the Group CFO and Joint COO's under the guidance of Board of Directors.

## FUTURE FOCUS

With Sri Lanka's vaccination rollout happening smoothly, we believe that there is light at the end of this dark tunnel and that the year 2022 will hopefully see the country and the economy returning to some form of normalcy. A lot will be riding on the outcome of the upcoming tourist season as the Tourism Industry badly requires a boost sooner rather than later. While remaining hopeful that the capital markets pick up, there are some positive signs in the form of low interest rates and IPOs of several new companies.

The pandemic has increased the use of technology at every level and it is clear that the way forward for the Company is to build on that aspect by becoming more tech dependent and less human resources dependent. The existing staff will be given additional training on how to further improve their efficiency levels by better utilisation of multi-tasking and technology. Elements such as working from home, online meetings, and online trainings will be continued with to reduce costs, save time and increase communication. Further, we have begun investing heavily into deploying a world-class IT system for Asia Stockbrokers in order to provide us an edge as we attempt to re-establish ourselves in the industry.

## APPRECIATIONS

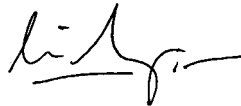
As we come to the conclusion of our review, we would like to take this opportunity to thank the Chairman and the Board of Directors of Asia Capital PLC for their support and guidance throughout this challenging year. We also wish to express our appreciation to the Central Bank of Sri Lanka (CBSL), Sri Lanka Tourism Development Authority (SLTDA), Excise Department of Sri Lanka, our Banking Partners and other Stakeholders, for their immense support during this difficult period. We would like to state our gratitude to all ACAP employees for going the extra mile and demonstrating great passion, commitment, and hard work. We are also grateful to our valued clients, guests, shareholders, and business partners for their continued trust and confidence in us.

We also wish to thank our major shareholders for the continued support given to us throughout the year.

The past year has been probably the toughest period not only for the Company, but also for the country and the world. The dark clouds seem to be clearing and if we continue to work hard and demonstrate a positive attitude, we are confident that we will bounce back sooner rather than later.



Thusitha Perera  
Group Chief Financial Officer



Reyhan Morris  
Joint Chief Operating Officer



Sandun Thushara  
Joint Chief Operating Officer

25th August 2021

# 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. 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.

## 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-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.

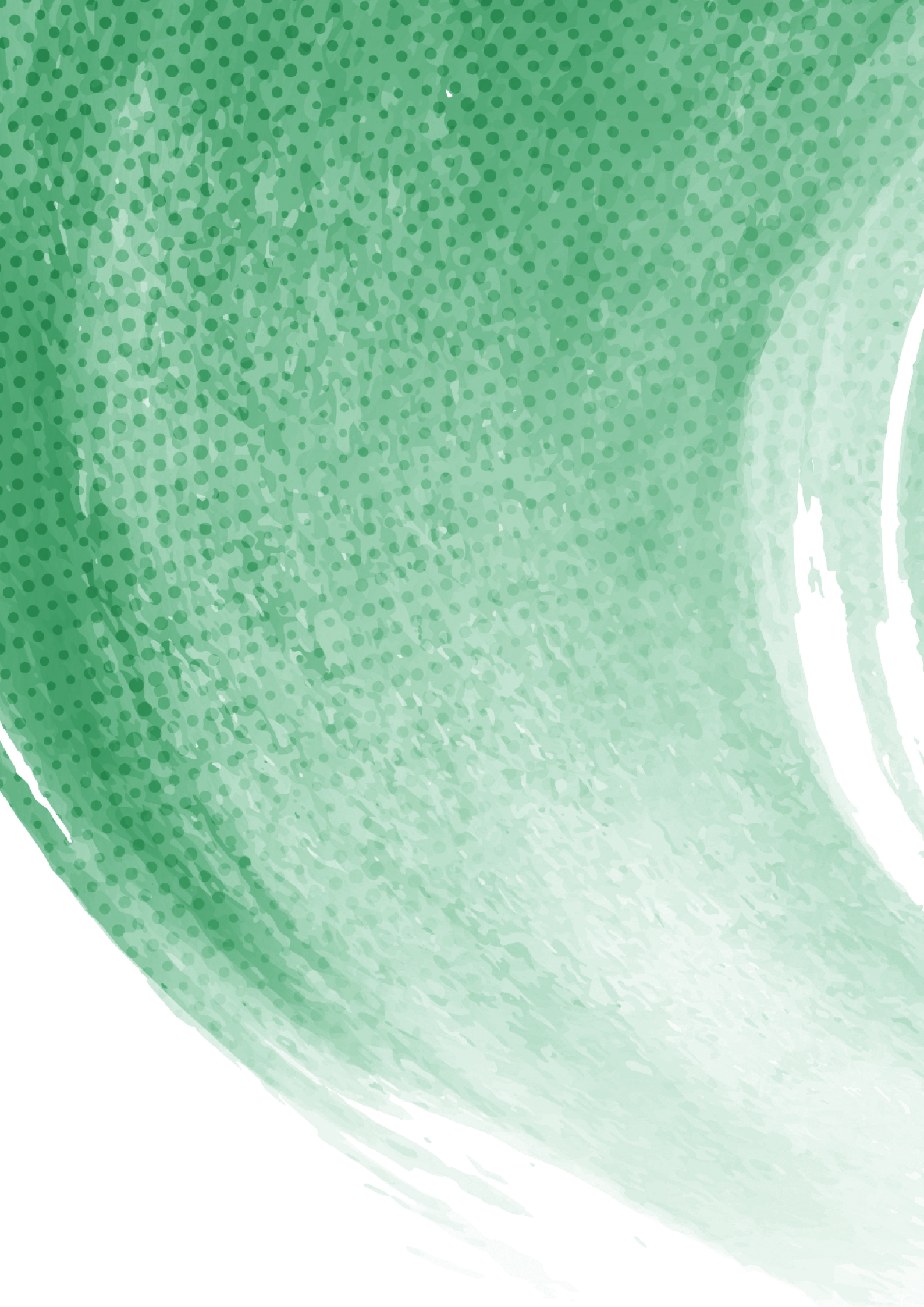
## MR. RAJU RADHA DIRECTOR

Mr. Radha holds a B.Sc. Business Management degree from the University of London.

Mr. Radha has vast knowledge and experience in a number of business domains including Shipping, Logistics, Media, Property Development and Trading. He had been the Managing Director of Sea Services (Private) Limited, a Director of Greenlanka Shipping (Private) Limited and the Chairman of Vauxhall Shipping (Private) Limited.

Mr. Radha was the Founder Director of Radaan Media Works India Limited and a Director of Radaan Talent Factory.

Presently, Mr. Radha is the Managing Director of SAR Shipping (Private) Limited, SAR Maritime (Private) Limited, SAR Trading (Private) Limited and the Chief Operating Officer of Greenlanka Property Developer (Private) Limited.





# VALUE CREATION FRAMEWORK

Stakeholder Engagement | 14  
Materiality Determination | 17

# 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

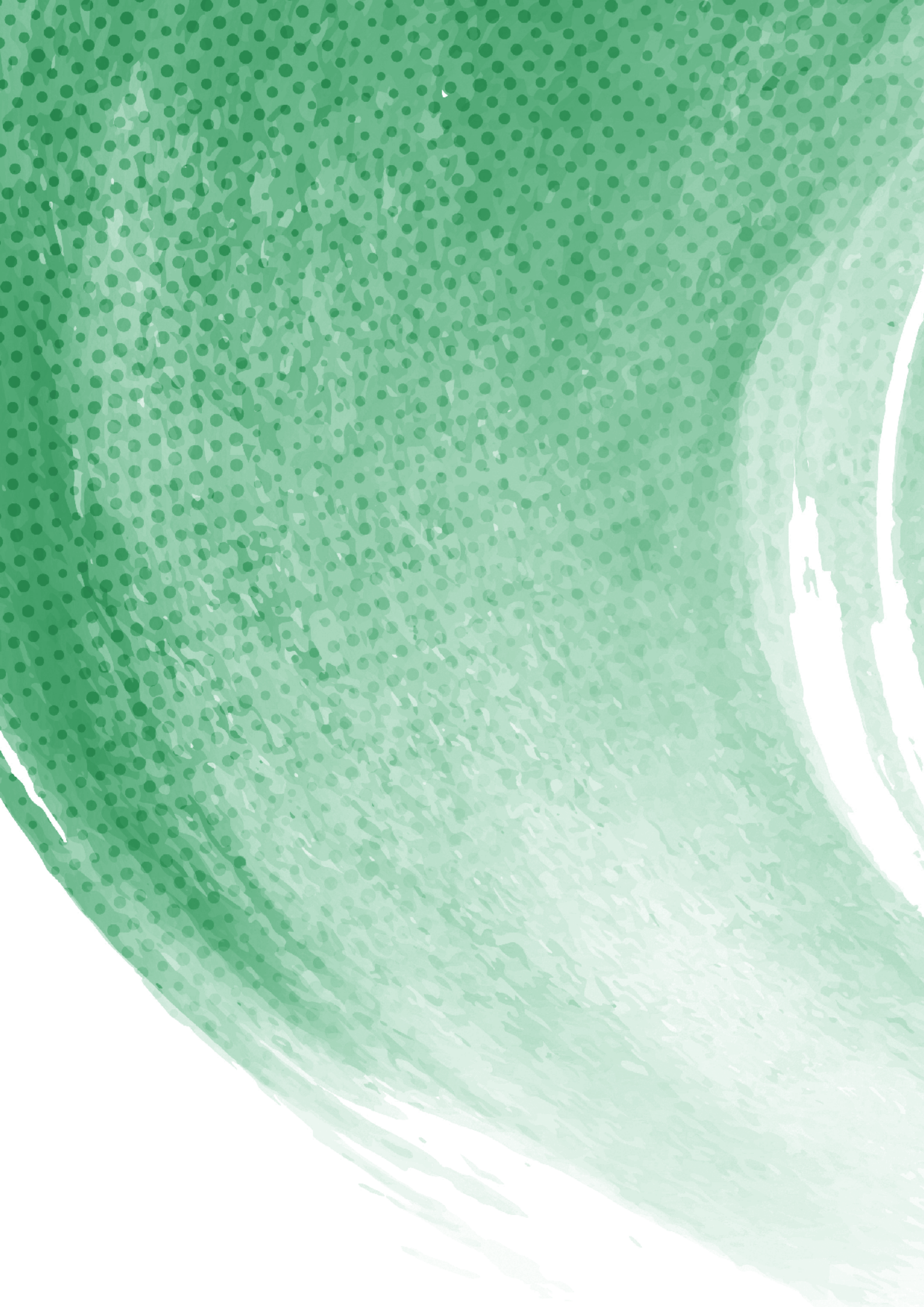
### ENGAGEMENT METHODS

- 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







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# PROJECTS

ACAP'S CORE BUSINESS OPERATIONS ARE RELATED TO LARGE-SCALE LEISURE AND REAL ESTATE PROJECTS. DURING THE YEAR UNDER REVIEW, NEW BUSINESS DEVELOPMENT AND IMPLEMENTATION WAS HALTED DUE TO WEAK INVESTOR SENTIMENT CAUSED BY THE NUMEROUS GLOBAL CHALLENGES PREVALENT AT THE TIME.

In the local context, the changing political environment caused by the formation of a new Government resulted in the continuation of the "wait and see" approach. However, government policies and development strategies have seen moderate growth in project development.

Although a marginal recovery was witnessed towards the latter part of 2019 after the devastating Easter Sunday attacks of April 2019, the subsequent social and economic turmoil triggered by the onset of the COVID-19 pandemic has been significant. As the pandemic continues to spread across the country and dominate headlines, the impact for ACAP's project development was unprecedented. There was a substantial reduction in productivity growth and the lack of focus severely complicated the business environment for the ongoing project developments. Numerous delays and cancellations occurred as the local supply chains were put under severe pressure in the face of the unparalleled health crisis.

The focus on the health and safety concerns of the employees meant that progress was significantly hampered. Following the implementation of the strict health guidelines given by the authorities which included curfews, lockdowns, travel restrictions and social distancing, the operations in construction sites were greatly affected, negatively impacting the deadlines for project completions, increasing costs, and reducing overall efficiency levels. Despite these challenges, the projects made some progress during the course of the financial year. Some of the key highlights of each project are given below.

## 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.

### TOTAL PROJECT COST (AS AT 31ST MARCH 2021)

US\$ 50 Mn

### PROJECT PROGRESS

- Super structure work and the work on the facade of the building was fully completed
- Finishing works are currently being attended to.
- Overall project progress achieved - 92.3%

### SCHEDULED COMPLETION

End 2021

## MARINE DRIVE HOTEL 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.

### TOTAL PROJECT COST (AS AT 31ST MARCH 2021)

US\$ 55 Mn

### PROJECT PROGRESS

- Super structure work is completed.
- Currently, the finishing and interior works are being attended to.
- Overall project progress achieved - 97.23%

### SCHEDULED COMPLETION

End 2021

## GALLE 1 KEY FACTS

Galle 1 is a 96 room hotel project on a 2-acre plot of land that commenced in May 2017.

### TOTAL PROJECT COST (AS AT 31ST MARCH 2021)

US\$ 14 Mn

### PROJECT PROGRESS

The super structure work has been completed. 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 2021. Due to the unstable economic environment prevalent in the country following the Easter Sunday attacks and ongoing COVID-19 pandemic, the launch of Galle Beach Hotel has been pushed back to the latter part of the year 2021.

### SCHEDULED COMPLETION

End 2021



# LEISURE

## THE GROUP'S FLAGSHIP OPERATION ASIA LEISURE HOLDINGS (PVT) LTD ENTERED THE YEAR 2020 WITH RENEWED HOPE AS A RESULT OF THE REASONABLY STRONG PERFORMANCE OF THE TOURISM INDUSTRY FOLLOWING THE EASTER SUNDAY ATTACKS OF APRIL 2019.

Although tourist arrivals from Jan-March 2020 was 507,311 in comparison to 2.3 million in 2018 and 1.9 million in 2019, this was considered a promising start to the new year. However, this was a false dawn as the turmoil caused by the COVID-19 pandemic and its arrival to Lankan shores in February and March brought the Tourism industry and the country to a virtual standstill. Passenger flights and ship arrivals for international guests were stopped from March 2020, marking just the beginning of what turned out to be a year of significant challenges at a scale never before seen in recent memory.

During the first lockdown period of March and April 2020, AL introduced drastic cost reduction methods and all hotels were operated with minimum number of staff members. After the initial lockdown, which was managed well by the Government and relevant health authorities, the Government relaxed domestic travel advisories resulting in hotels gradually re-opening for local business in early May 2020 while adhering to strict health and safety protocols set out by the Ministry of Health. For the first time, the Tourism industry was identified as an export industry and granted VAT exemptions.

During this period all AL hotels were certified by KPMG Sri Lanka as Safe and Secure hotels. KPMG Sri Lanka was selected by the Sri Lanka Tourism Development Authority (SLTDA) to issue the 'Safe and Secure' COVID-19 safety standard compliance certification to registered accommodation and service providers. Subsequently, the compliance certification process was rolled out by the SLTDA to enhance cleanliness and hygiene practices for tourism-related entities and individuals. Tourism establishments who passed the assessment were awarded the 'safe and secure' certification to be displayed on their premises as a means of reassuring guests.

Numerous safety protocols were promptly put in place at all AL hotels as per the health guidelines.

- Developed and implemented Asia Leisure COVID-19 safety protocols

- Followed up and maintained SLTDA guidelines as requested
- Trained and advised all staff members on how to manage any COVID-19 positive guest cases
- Sanitizer and cleaning units such as washbasins and hand soap were placed at each entrance door of public places of the hotel
- Masks, gloves, face shields and other PPE were made compulsory for every employee to wear during the duty times.

With the announcement of closure of international borders in mid-March 2020, AL was hit with a large number of cancellations for future reservations as well as weddings amounting to over USD 175,000. All hotels closed operations initially for 3 months and gradually reopened to welcome domestic tourists while being limited to maintain a maximum of 30% occupancy. The closing down of hotels for 3 months negatively impacted the lifetime of operational equipment and the planned maintenance programme was greatly hindered due to the lack of revenue. Resultantly, AL was faced with numerous challenges that required careful planning and difficult decisions. Hotels were operated with minimum number of staff members while an increase of operational costs were triggered by the requirement to purchase large quantities of equipment such as hand sanitizer, face masks, gloves, face shields, temperature check devices, and room disinfection units in order to adhere to new health and safety protocols.

During the first and second lockdowns functions of the corporate office were carried out remotely in order to ensure the safety of employees and minimise the operational costs. International marketing activities, which generally include foreign sales representation, travel fairs, sales visits, and SEO and PPC, were suspended until further notice. Although AL made every possible attempt to minimise salary cuts and staff layoffs, due to the prolonging pandemic situation, the Company was left with no alternative but to introduce salary cuts at all levels and reduce the staff numbers. This period resulted in a staff cost reduction of around 15% due to the decline in costs such as food, accommodation and transport. AL also



A modernist monument to the most primal of pleasures, Taprobana is a luxury beach resort situated on a soft slice of sand in Wadduwa. The resort is conveniently located only 45 minutes away from the hustle and bustle of Colombo.



**TAPROBANA, WADDUWA**

Situated on the banks of Sri Lanka's grand Madhu Ganga, The River House is a luxurious romantic getaway offering amenities great and small, ranging from the most discreet service imaginable to mouthwatering delights.



**THE RIVER HOUSE, BALAPITIYA**

This resort is a one-of-a-kind property located at the arts and culture capital of Sri Lanka - Galle. Le Grand, Galle is the definition of a luxurious resort, offering spectacular views of the Indian Ocean and the UNESCO Heritage Site, Galle Fort.



**LE GRAND, GALLE**

# LEISURE

Home to the famous sea turtles of Sri Lanka, Kosgoda is one of the most vibrant destinations along the southern coastal line of the island. Adding to the vibrancy of the area is The Habitat, which offers guests the best in comforts by the golden shores.



**THE HABITAT, KOSGODA**

The epitome of opulence, Tamarind Hill is an aristocratic manor house built on the banks of the majestic Gini Ganga over 250 years ago. This sumptuous colonial-style luxury boutique hotel is perfect for the guest who pursues the finest in fine living.



**TAMARIND HILL, GALLE**

70 room luxury property on the island of Miriandhoo, situated in the silk sanded coral Baa Atoll in the heart of the Indian Ocean. Water villas are to dot the untouched beaches of this private island, offering guests the ultimate escape.



**MALDIVES, MIRIANDHOO**

managed to finish 800+ accumulated off days of the staff during the period. Routine maintenance work was carried out continuously to keep the hotels in good working order.

Despite the difficult state of affairs, AL was able to successfully maintain the high quality standards that it is reputed for. It obtained Level 1 approval for Taprobana Wadduwa and Level 2 approval for River House, Habitat and the Tamarind Hill from the SLTDA by passing the KPMG audit. Highest quality of service was maintained by offering set meals to all guests. Notwithstanding the minimum resources available, all routine maintenance work was carried out efficiently to enhance the guests' experience.

AL's commitment to training and development was reaffirmed as the Company carried out training despite the complicated circumstances. In addition to the COVID-19 safety related training, AL maintained 2.5 average training hours per person per month during this period. Upgrading of IT systems and measuring of guest satisfaction levels also continued throughout.

During the financial year, Asia Leisure's 5 hotel properties were closed for a minimum of 3 months with Taprobana Wadduwa being closed for as long as 8 months. Given such a scenario, the annual revenue was negatively affected with Habitat Kosgoda's LKR 26.1 Mn being the highest revenue and River House's 24% topping in terms of occupancy.

Despite the pandemic's far-reaching impact, AL properties successfully maintained their high quality standards resulting in Trip Advisor Rankings of #02 Wadduwa (Taprobana), #02 Kosgoda (Habitat), #01 Balapitiya (River House) and #03 Galle (Tamarind Hill). Similarly, Booking.com ratings were equally impressive - Taprobana Wadduwa 8.2/10, Habitat Kosgoda 8.7/10, River House 9.1/10 and Tamarind Hill – 9.2/10.

In terms of marketing and promotions, AL made all possible efforts to entice visitors by introducing numerous creative promotional campaigns at regular intervals. Some of the more notable campaigns include:

- Welcome Back Program, an exclusive campaign targeting existing domestic travellers
- Promotions with significant savings on room rates and additional value additions
- Promotions with savings on leading credit cards
- All inclusive promotions
- Newspaper advertising campaigns
- Contemporary getaway promotion targeting long

stays with excursions for the international market

- Tie-ups with selected Sri Lankan travel agencies and booking platforms to promote domestic business with the aim of increasing the reach of the existing promotions without an additional marketing expenditure
- "Work from home" offers on social media
- Promotions targeting special days of the year
- Saturday and Sunday Lunch buffet

## FUTURE OUTLOOK

As the new financial year unfolds, AL will closely monitor the fast-changing ground situation of the country. Having gone through exceptionally difficult periods grappling with the pandemic, Western countries are gradually lifting their restrictions at a local level fuelling hope that international travel to Sri Lanka will be a possibility in the not-too-distant future. However, in order for such a scenario to materialise it is imperative that Sri Lanka gets the pandemic under control rapidly while simultaneously purchasing and rolling out vaccines to as many Sri Lankans as possible to enable the country to achieve herd immunity. While a complete opening of the international airport will invariably take some time, the Government's approach of travel bubbles are widely believed to be a solution that can be achieved fairly quickly and will offer a much-needed lifeline to the Tourism industry.

AL will continue to operate Taprobana Wadduwa as a Safe and Secure – Level One hotel catering to foreigners, dual citizens, and Sri Lankan passport holders who are arriving through Tourist Route as per the given SLTDA guidelines. Additionally, Habitat Kosgoda and River House will be continued as Level 02 hotels targeting domestic tourists and vaccinated tourists who have completed a stay at a Level 01 hotel. In the short term, Tamarind Hill will operate as a Level 02 quarantine hotel catering for 14 nights stays for international transit passengers.

# TRAVELS

## THE GROUP'S TRAVEL ARM ASIA LEISURE TRAVELS (PVT) LTD., WAS ONCE AGAIN FACED WITH AN EXTREMELY CHALLENGING SITUATION HAVING NAVIGATED A DIFFICULT 2019/20 FINANCIAL YEAR AS A RESULT OF THE DIP IN TOURIST ARRIVALS AND ECONOMIC DOWNTURN CAUSED BY THE EASTER SUNDAY ATTACKS.

The 2020/21 financial year was even more troubled than the previous year as the entire globe struggled to cope with the COVID-19 pandemic that sent countries into lockdown during the early months of 2020. Resultantly, the Group's travel arm Asia Leisure Travels (Pvt) Ltd., was once again faced with an extremely challenging situation having navigated a difficult 2019/20 financial year as a result of the dip in tourist arrivals and economic downturn caused by the Easter Sunday attacks.

The dramatic impact of the pandemic meant that the Company's operations were severely affected, and it was virtually impossible to carry out operations in its traditional form.

There was a substantial negative impact on the Tourism Industry across the globe with the travel sector being among the hardest hit. Due to the halting of international travel and the grounding of flights, airports were shut down and as a result the Company had to issue refunds to customers. The office was closed down for a majority of the year with the team coming in on a need to basis. As the initial lockdown came into effect, the Company took all necessary steps to ensure the team was able to work from home efficiently. Towards the end of July, as the Government-imposed restrictions were being gradually eased, the Tourism Industry was in dire straits. However, the team was able to come up with some innovative marketing campaigns by offering packages for local travellers with business channelled directly to Asia Leisure hotels. Well-planned promotions were carried out on Facebook and Instagram while tour packages, electronic direct mailers and quizzes were also utilised to encourage locals to patronise the Group's hotels. Unfortunately, the second lockdown that hit the country in October triggered by the 2nd wave worsened the situation and as a result local travellers were unable to travel freely around the country for several weeks.

Given the widespread negative impact of the pandemic, the Company was required to reduce costs by about 30% through cutbacks of fixed costs and overheads as well

as some staff layoffs. Internal processes needed to be re-adjusted to work around the challenges posed by the pandemic, drive down costs and manage operations at an acceptable level with the existing staff. The entire team demonstrated a true sense of teamwork as individuals readily took on additional responsibilities outside their contracted scope of work in order to ensure that the operations functioned smoothly.

### FUTURE OUTLOOK

The 3rd wave of the pandemic has struck Sri Lanka and the Government is taking all necessary steps to bring it under control. It is clear that the international travel will take time to get back to some form of normalcy even after the pandemic is brought under control. Given such a backdrop, the Company is mapping out plans to strengthen domestic tourism during the initial phase of eased restrictions till international tourists start arriving in significant numbers. There will be a concerted effort to promote both short and long distance travel and tour packages within the country. The Company understands that the health and safety of all tourists as well as staff is of paramount importance. Therefore, careful attention will be paid to adhere to the guidelines given by the health authorities at all times.

The pandemic has certainly taken a toll on the number of travel companies in Sri Lanka as many of the smaller operators were forced out of business. This means that the remaining companies have the opportunity to seize a larger share of the market. Therefore, Asia Leisure Travels will be embarking on an expansion plan with the aim of laying the foundation for a strong comeback once the pandemic situation subsides to some extent, global travel commences, and tourists start returning to the country. This expansion plan will require an initial capital influx to get the wheels turning and a broadening of the digital sector of the Company, both of which will hopefully be achievable in a straightforward manner.

# CORPORATE ADVISORY

ACAP created the Corporate Advisory unit with the aim of providing bespoke corporate finance and strategic advisory services to private companies, state institutions, foreign companies, entrepreneurs and any other entities requiring such services. Since its inception, it has become a significant part of the Group's business model. The unit concentrates its efforts on sectors that exhibit significant growth potential and works in partnership with the client to provide a solid platform for them to reach maximum potential in today's competitive business environment.

The Corporate Advisory team consists of skilled professionals who are highly qualified and have several years of experience and expertise from a cross-section of different industries. Such a background ensures that they have the ability to provide solutions to any type of client project irrespective of the size, scope or domain. The team maintains a close, professional relationship with the client in order to get an in-depth understanding of their requirements. Having carried out the necessary internal research, discussions and planning, the team then presents multiple 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:

## STRATEGIC REVIEWS

Helps clients consider and fully evaluate their strategic options and identify the best solutions for achieving their business objectives.

## DIVESTITURES

Working closely with founders and business owners on assessing their available exit strategies and tailoring a transaction that delivers optimal value and certainty.

## CAPITAL RAISING

Assists clients with accessing capital and advising on the capital raising process, either through financial sponsors, private or public capital markets.

## MERGERS AND ACQUISITIONS

Provides advice on M&A transactions, including identifying opportunities, investigation & due diligence process, business valuations, acquisition strategies as well as providing end-to-end execution support.

## BUSINESS DEVELOPMENT STRATEGY

Specialist advisory services and capital solutions for emerging and expansion stage companies and their founders/entrepreneurs.

The year 2020 turned out to be a year of unforeseen complications for the ACAP's Corporate Advisory unit with the COVID-19 pandemic striking hard across all economic activities. The economic challenges caused by the pandemic have been unprecedented and disruptive. The onset of the pandemic and the resulting worldwide financial market disruptions created much uncertainty throughout the year.

Against the backdrop of weak investor sentiments reflecting the uncertainty that prevailed, frontier market investors withdrew funds as they sought safe haven investments resulting in a significant outflow of foreign funds from the capital markets. Sri Lanka also witnessed a sharp decline in the economic performance across all the sectors due to the direct impact of the pandemic, with the Industrial, Trade, Tourism, Real Estate and Services sectors suffering the most. The country's economic woes were further intensified by downgrades in sovereign rating during the year.

During the past few years, the core business of ACAP Group has been focusing mainly on attracting large-scale leisure and real estate sector FDIs into the country. In light of the global challenges posed by the pandemic and the accompanying economic challenges on a national level, the operating landscape of ACAP changed dramatically during the year, presenting considerable implications across the business functions, operating models and work practices. Sourcing new investments was a key challenge that the Group faced during the year although it is expected to improve as the vaccination drive makes progress and the economy gradually opens up in the near future.

The repercussions of the pandemic triggered new challenges for the ACAP Group, affecting anticipated growth in its subsidiaries and forcing a refinement of priorities during the year under review. Accordingly, Corporate Finance Department spent much of its effort advising Group subsidiaries on strengthening their operational efficiencies while also searching for avenues of business growth, enabling ACAP to venture into new fields. Given the conditions that prevailed, the Department placed strategic emphasis on identifying the critical measures that were needed in order to strengthen the operational efficiencies of the Group's subsidiaries and support them through this unprecedented challenging period.

# CORPORATE ADVISORY

## FUTURE OUTLOOK

With the vaccinations programs rolling out across the country and the government introducing economic stimulus packages, ACAP's Corporate Advisory unit is optimistic about a gradual economic revival in 2021 with sectors such as Tourism, Real Estate and Services expected to generate new business opportunities as things return to some form of normalcy.

Given the expected buoyancy in the capital markets and to leverage on ACAP's strengths in capital markets, the management has focused on a strategic re-alignment to venture into stock broking business. The proven track record of ACAP in stock broking sphere is expected to be instrumental in the success of this new business venture. Therefore, the strategic focus for the short to medium term will remain firmly aligned to the development of the stock broking business, where the Company will actively seek greater institutional and high net worth participation. In the long run, the Company will place strategic emphasis on securing mandates in the financial advisory space by pursuing growth opportunities in sectors which are anticipated to thrive in the years ahead. In addition, it will continue to work diligently with the Group subsidiaries in order to strengthen their operations and to seek growth opportunities.

# FINANCIAL REVIEW

## GROUP REVENUE

The Consolidated Group revenue for the financial year ending 31st March 2021 was Rs.56 Mn. With a 86% YoY reduction from the Rs.405 Mn reported in the previous year. The Consolidated revenue for the current financial year consists of Rs.56 Mn from Asia Leisure.

## COSTS

The Group operational cost reduced by 46% due to the strict cost reduction methods adopted by the Group.

## EBIT /LOSS

Both Group and ACAP's losses have reduced substantially due to the strict cost reduction methods adopted by the Group despite of overall revenue loss.

## NET FINANCE COSTS

The Group Net Finance Cost increased from Rs.148 Mn in the previous financial year to Rs.197 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 49% from Rs.95 Mn to Rs.142 Mn due to decrease in interest income of FDs and Repos.

## PROFIT AFTER TAX/LOSS

The Group recorded a consolidated loss of Rs.299 Mn for the year ended 31st March 2021, compared to figure of the Rs.805 Mn reported for the previous financial year. The main contributing factor is the drop in operating cost of the entire Group.

Also, ACAP registered a loss of Rs.201 Mn for the year compared to the profit of Rs.362 Mn reported for the previous financial year.

## ASSETS

The Group Total Asset base remain constant at Rs.4.9 Bn as at 31st March 2021. Also ACAP's total Assets also remain constant at Rs.3.5 Bn as at 31 March 2021.

## DEBT

The Group debt has increased from Rs.1.127 Bn to Rs.1.708 Bn.

## EQUITY

The Group's total equity has decreased to Rs.1.6 Bn as against Rs.1.8 Bn reported last year. Also ACAP's total equity fell to Rs.0.9 Bn as against the Rs.1.1 Bn recorded last year.

# AWARDS & RECOGNITION



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

**THE ACAP TEAM'S DIVERSE TEAM'S TALENT, EXPERIENCE AND EXPERTISE HAS BEEN ONE OF THE MAIN REASONS WHY THE COMPANY HAS BEEN ABLE TO DEMONSTRATE STRENGTH AND RESILIENT IN THE FACE OF TURBULENT TIMES OF RECENT YEARS. DURING THE UNPRECEDENTED TIMES PREVALENT IN THE COUNTRY DURING THE 2020/21 FINANCIAL YEAR.**

The Company went the extra mile to ensure that each and every team member has a safe, healthy and productive work environment that motivates them to be the best that they can be while allaying their fears and anxieties posed by the pandemic.

For the second consecutive year, the Company had to restrict spending at all levels to ensure the continuation of business operations with minimum disruptions. However, the high standards the Company has been known to maintain in terms of human resources continued during the year and its approach covered the following key areas.

## EMPLOYEE RECRUITMENT

ACAP restricted all staff expansion-based new recruitments and specifically focused on hiring for vacant positions only. Management strategically controlled recruitment to required or urgent replacements with the main aim of reducing costs while retaining the best and most talented employees. Given the mounting challenges and increasing difficult circumstances in the country, the Company recognised the need for retaining employees who are willing to go the extra mile for both the customers and the Company and all efforts were made to provide them with maximum support and resources in order for them to carry out their duties efficiently.

## EMPLOYEE RIGHTS AND EQUAL OPPORTUNITIES

Being a responsible, ethical corporate entity, ACAP's human resources principles emphasise on the need to always respect employee rights. The Company remains committed to maintaining a healthy work environment that is fair and free of discrimination, harassment, bullying and victimisation. During the recruitment process, it ensures that all candidates are given equal access to employment opportunities at all levels. Candidates are only chosen for a given vacancy 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

The unexpected turn of events triggered by the COVID-19 pandemic meant that the Company had to rapidly look at ways to reduce overheads. Given the difficult circumstances, the main objective during this year was to survive in the business while retaining the most talented staff in order to provide a launching pad to grow once the pandemic situation had improved. The employees, having understood the gravity of the situation faced by the Company and the country, readily gave their consent to reduce remuneration and other benefits from 50% to 30% thereby ensuring that the organisation survived for the foreseeable future amidst the turmoil. Several of the annual staff activities, such as the Christmas party, annual staff outing and several others were curtailed while annual corporate activities were cancelled.

## EMPLOYEE TRAINING AND DEVELOPMENT

Despite the difficult circumstances facing the Company throughout the year, there was continued focus on training of employees albeit at a scaled down level. In-house training was conducted by sectional Heads of Departments in line with safety and health guidelines given by the authorities. The new health and safety-imposed measures and training were conducted using relevant Government authorities when time and resources were available.

Sri Lanka Tourism and KPMG Sri Lanka stepped up operational standards with anticipation of a much-needed boost to the tourism and economic infusion to the industry. During the pandemic, new measures and standards were introduced along with WHO guidelines with strict adherence to Health Protocols.

- Strict health check for guests
- Stronger measures for employee hygiene
- Promotion of new measures for cleaning and disinfection
- Enhanced cleaning and hygiene procedures and new methods for guest rooms
- Preventive measures applied in the public areas
- Thorough steps were taken to ensure guest safety during the service period

# SUSTAINABILITY REPORT

Accordingly, KPMG audit standards were put in place at Head Office and all the properties allowing employees to undergo strict training and enabling them to learn new methods of health and hygiene.

## EMPLOYEE ENGAGEMENT

As a result of the new challenges presented by the pandemic, there was a greater need within all teams to communicate constantly in order to keep abreast of the fast-changing country situation. This novel work dynamic of new meeting schedules and work patterns led to increased team engagement. While the fun activities were justifiably cancelled, a simple ceremony was organised on the 1st of January to welcome the New Year. It included the lighting of the oil lamp, followed by the partaking in a traditional breakfast by the Chairman and Directors, top management, and employees. As is customary, the event was used as a platform to communicate the Company's yearly direction and objectives with all employees.

## EMPLOYEE HEALTH AND WELLBEING

The importance of guaranteeing the safety and wellbeing of employees was even greater during the year under review. From the onset of the pandemic, the Company made arrangements to strictly follow the COVID-19 guidelines given by the Ministry of Health.

- At the entrance, handheld Infra-Red thermometers, sanitization mats, and hand sanitizers were made available.
- A special register was made available at the security desk to record the contact information of all visitors for contact tracing purposes in the event of an infected case being found at the office premises.
- Hand sanitizers were widely made accessible across the office
- Wearing of masks and social distancing was made compulsory
- Periodic disinfecting of the entire office was carried out
- Travel restrictions imposed by the Government were strictly adhered to
- Employees using public transport was minimised
- Employees were provided cabs to travel to office when they had to report to work on urgent matters
- Work from Home (WFH) opportunities was given to a majority of the employees

## PROTECTING THE ENVIRONMENT

The Group strongly believes in constantly improving its environmental performance so that there is a steady

reduction in its environmental impact. However, during the year, due to the uncertain and fast-changing pandemic situation in the country, all planned environmental related activities were curtailed. All properties adhered to MOH guidelines by regularising new health standards and safety measures while upgrading of a number of the health and hygiene guidelines were successfully carried out to reach the required KPMG standards.

## SERVING THE COMMUNITY

Over the years, a large portion of the Group's community work has revolved around the various communities that reside in close proximity to the hotels. The Group connects with these communities through the employees at these hotels and have built longstanding ties that have been nurtured for years. Among the many ways of connecting and extending support to these communities have been:

- Philanthropic contributions
- Recruiting of local youth to the hotels
- Sourcing of local products and services for the hotels
- Promoting local craftsmen and women as well as artisans to hotel guests
- Encouraged guests to use the services of small-scale transport operators and tour guides based around the hotel properties.

During the year, all community-based activities were severely curtailed due to the pandemic. However, initiatives were conducted to provide advice and counsel staff members to manage their finances prudently and realign their financial commitments to maintain a sustainable lifestyle given the prevalent uncertainty in the country.

## FUTURE OUTLOOK

As part of the Group's expansion drive, Asia Capital will re-enter and recommence Stock Broking business at a time when capital markets in the country are performing well due to policy certainty and the prevailing economic landscape of the country. In terms of human resources, the Company plans to reassign some of the existing senior managers who have capital market experience via Asia Securities experience and also acquire new talent for the Asia Capital Stock Broking Company to fast track its re-entry and growth in this domain.

The Group will remain steadfastly focused on enhancing its environmental impact and will seek to further build on its growing ties with the communities it currently engages with. However, given the volatility of the pandemic, relevant advice and guidance will be sought from the health authorities before proceeding with any initiative.



# GOVERNANCE AND RISK MANAGEMENT

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# RISK MANAGEMENT

PRE-EMPTIVE MEASURES ARE CONSTANTLY INITIATED WITHIN THE GROUP 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 criteria 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

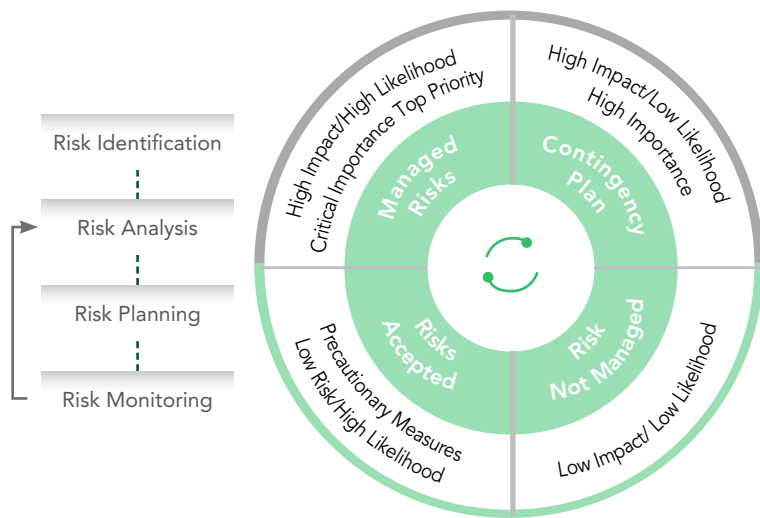
Risk identification at ACAP is a detailed procedure which includes brainstorming sessions, surveys, questionnaires, team meetings and other reliable techniques used to identify internal risks to the Group. In-depth market study, competitor analysis, technology evaluation and customer studies are some 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 Description	Risk Assessment	Factors affecting Risk	Mitigation Strategies
------------------	-----------------	------------------------	-----------------------

Duration of Pandemic			
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<p><b>The prolonging of the pandemic is the most critical risk impacting the industry as new waves and variants emerge necessitating adjustments to emerging vaccines and therapies</b></p>	<p>Impact – High Moderate</p>	<ul style="list-style-type: none"> <li>• Innovation of commercially viable vaccines and treatments for the COVID-19 virus and emerging strains</li> <li>• Practice of strict health and safety measures by people</li> </ul>	<ul style="list-style-type: none"> <li>• Working to spread awareness of health and safety measures to curtail pandemic</li> </ul>
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Safety of Guests			
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<p><b>Safety of our guests and staff at our hotels is our #1 priority with considerable resources allocated to uphold established protocols</b></p>	<p>Impact – High Likelihood - Moderate</p>	<ul style="list-style-type: none"> <li>• Need to address tour operators and prospective guests concern of the safety measures implemented at our hotels prior to opening</li> </ul>	<ul style="list-style-type: none"> <li>• Positive feedback on safety measures implemented by hotel from guests who were present prior to lockdown</li> <li>• Implementation of recommended safety protocols to ensure safety of guests and employees until closure of properties</li> <li>• Awareness training for COVID-19 for guests and staff prior to closure and provision of hand sanitizer</li> <li>• Closure of properties to minimise risks and costs</li> <li>• Comprehensive health &amp; safety policy framework with implementation responsibility at multiple levels</li> <li>• A strong safety culture at all hotels</li> <li>• Implementation of additional security checks prior to entry to our properties in Sri Lanka</li> <li>• Regular debriefing of staff on safety information Oversight of safety at properties by ACAP</li> </ul>
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# RISK MANAGEMENT

Risk Description	Risk Assessment	Factors affecting Risk	Mitigation Strategies
<b>Safety of Travel</b>			
<b>Threats including pandemics and epidemics, political unrest, extreme weather events, terrorism and political unrest deter travel to high-risk destinations during periods of elevated threat</b>	Impact – High Likelihood - High	<ul style="list-style-type: none"> <li>• COVID-19 pandemic</li> <li>• Country border closures</li> <li>• Terrorist attacks</li> <li>• Political unrest</li> </ul>	<ul style="list-style-type: none"> <li>• Implementation of stringent health and safety measures under the guidance of health authorities</li> <li>• Investing in technology to facilitate sanitation of premises at key hotels</li> <li>• Continued monitoring of safety protocols at hotels by internal audit</li> </ul>
<b>Affordability &amp; Connectivity</b>			
<b>Airline connectivity and affordability play a key role in choice of destination</b>	Impact – High Likelihood - High	<ul style="list-style-type: none"> <li>• Closure of country borders resulting in cancellation of commercial flights</li> <li>• Uncertainty regarding affordability of air travel</li> </ul>	<ul style="list-style-type: none"> <li>• Sri Lanka ranking as a popular destination will be a positive factor</li> </ul>
<b>Liquidity &amp; Financial Stability</b>			
<b>Liquidity will be the key to survival for all businesses given the unprecedented level of uncertainty that prevails at present and the disruption of the normal cash flow cycles</b>	Impact – High Likelihood - High	<ul style="list-style-type: none"> <li>• Lack of cash inflows to meet fixed overheads and other financial commitments and obligations</li> </ul>	<ul style="list-style-type: none"> <li>• Loan moratoria in place for interest and capital repayments until 30th September 2021 easing cash flow constraints</li> <li>• Fixed overheads reduced to minimum levels with closure of properties although we have opted to give leave of absence to permanent staff with pay to retain skilled talent pools and facilitate their wellbeing</li> <li>• Asia Leisure is able to access other sources of funds if required due to its track record with banks and as it is part of ACAP Group</li> </ul>
<b>Intense competition</b>			
<b>Competition on waning of the pandemic is expected to be intense, at unprecedented levels</b>	Impact – Moderate Likelihood - High	<ul style="list-style-type: none"> <li>• Rapid growth of room inventory in Sri Lanka outpacing growth of tourist arrivals</li> <li>• Entry of global players into Sri Lanka</li> </ul>	<ul style="list-style-type: none"> <li>• Continued interest from tour operators despite lockdown</li> <li>• Consistently favourable reviews of our properties by guests strengthening brand equity</li> </ul>

Risk Description	Risk Assessment	Factors affecting Risk	Mitigation Strategies
<b>Skilled talent pools</b>			
<b>Uncertainty over ability to retain skilled talent pools as there is no clear time frame for opening of properties at present</b>	Impact – Moderate Likelihood - High	<ul style="list-style-type: none"> <li>Industry wide layoffs due to cash flow constraints stemming from COVID-19</li> <li>We have opted to retain our permanent staff which puts considerable strain on cash flows</li> </ul>	<ul style="list-style-type: none"> <li>Close monitoring of information to determine necessary action</li> <li>Introduction of pay cuts to all staff at Asia Leisure to extend duration of employment due to cash flow constraints</li> <li>Deployment of staff to other companies within the Group where possible although this has some limitations</li> <li>Obtained loan moratoria to support cash flows</li> <li>We will be ready to open within a relatively short period of time due to retention of skilled talent</li> </ul>

# CORPORATE GOVERNANCE

	Reference to SEC & CASL Code, CSE Listing Rules	Compliance	Details of Compliance
<b>1. COMPANY</b>			
<b>A. DIRECTORS</b>			
<b>A.1 Directors (The Board)</b>	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 Seven (07) 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"> <li>I Group strategy and business plan</li> <li>II Financial reporting and internal controls</li> <li>III Financial performance</li> <li>IV Dividend policy</li> <li>V Changes to capital structure</li> <li>VI Constitution and performance of the Board Committees</li> <li>VII Regulatory compliance</li> </ul>
<b>Company Board Meetings</b>	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.
<b>Responsibilities of the Board</b>	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.
<b>Compliance with laws and access to independent professional advice</b>	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.
<b>Company Secretary</b>	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.
<b>Independent judgement of the Directors</b>	A.1.5	Complied	All the Board Members actively participate in the Board meetings by bringing up their own independent judgement.



	Reference to SEC & CASL Code, CSE Listing Rules	Compliance	Details of Compliance
<b>Dedicating adequate time and effort</b>	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.
<b>Training for new and existing Directors</b>	A.1.7	Complied	The Directors are provided with training as and when required.
<b>A.2. Chairman and Chief Executive Officer</b>			
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.			
<b>A.3 Chairman's Role</b>			
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.			
<b>Role of Chairman</b>	A.3.1	Complied	The Chairman should ensure Board proceedings are conducted in a proper manner.
<b>A.4 Financial Acumen</b>			
<b>Financial acumen</b>	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.
<b>A.5 Board Balance</b>			
<b>Presence of Non-Executive Directors</b>	A.5.1 7.10.1(a),7.10.2(a) and 7.10.3(a)	Complied	Six (06) of the Seven (07) Directors on the Board hold office in a non-executive capacity.
<b>Independence of Non-Executive Directors</b>	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 47).
<b>Annual Declaration of Non-Executive Directors</b>	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).
<b>Requirement to appoint a 'Senior Non-Executive Director'</b>	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.
<b>Chairman conducting meetings with the Non-Executive Directors</b>	A.5.9	Complied	The Chairman meets with the Independent Non-Executive Directors as and when necessary.

# CORPORATE GOVERNANCE

	Reference to SEC & CASL Code, CSE Listing Rules	Compliance	Details of Compliance
<b>Recording of concerns in the Board minutes</b>	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.
<b>A.6 Supply Information</b>			
<b>Obligation of the Management to provide appropriate and timely information</b>	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.
<b>Adequate time for circulation at respective Board documents</b>	A.6.2	Complied	Board papers, agenda and previous Board minutes are tabled one week prior to the Board Meeting.
<b>A.7 Appointment to the Board</b>			
<b>Nomination Committee and the assessment of composition of the Board</b>	A.7.1 and A.7.2	Complied	The names of the members of the Committee are on page 48 and on the inner back cover of this Annual Report.
<b>Disclosure to Shareholders</b>	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 46 to 50 of this Annual Report.
<b>A.8 Re-election</b>			
<b>Re-election of Directors</b>	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.
<b>A.9 Appraisal of Board Performance</b>			
<b>Appraisals of the Board and the subcommittees</b>	A.9.1, A.9.2 and A.9.3	Complied	The Board annually appraises itself on its performance in the discharge of its key responsibilities. The Board also undertakes an annual self evaluation of its own performance and that of its committees and the Board states how such performance evaluations have been conducted.
<b>A.10 Disclosure of information in respect of Directors</b>			
<b>Directors' disclosures</b>	A.10.1 7.10.3(c-d)	Complied	The names of the Directors of the Board, their leadership expertise, skills and their profiles are disclosed on pages 10 to 11 of this Annual Report. Director's interests in contracts are indicated in Note 34 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.

	Reference to SEC & CASL Code, CSE Listing Rules	Compliance	Details of Compliance
<b>A.11 Appraisal of Chief Executive Officer (CEO)</b>			
<b>Setting of the annual targets and the appraisal of the CEO</b>	A.11.1 and A.11.2	Complied	The Executive Director performance is reviewed annually.
<b>B. DIRECTORS' REMUNERATION</b>			
<b>B.1/ 7.10.5 Remuneration Procedure</b>			
<b>Establishment of a remuneration and its composition</b>	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) Non-Executive Directors. Two of them are Independent. Mr. S.S. Balasubramaniam is the Chairman of the Committee. The details of the Remuneration Committee's composition, policies and responsibilities are set out on page 54 of this Annual Report.
<b>Determination of the remuneration of the Non-Executive Directors</b>	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.
<b>Consultation with the Chairman and the CEO</b>	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>B.2 Level and Makeup of Remuneration</b>			
<b>Level and makeup of the remuneration of Directors and comparison of remuneration with other companies</b>	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.
<b>Performance-based remuneration</b>	B.2.4	Complied	The performance related payments for Executive Director is structured to align with individual and corporate performance targets.
<b>Executive share options</b>	B.2.5	Not applicable	
<b>Designing the remuneration</b>	B.2.6	Complied	Provisions set-out in Schedule E of the Code of Best Practice is considered.
<b>Early termination of Directors</b>	B.2.7 and B.2.8	Complied	
<b>Remuneration of Non-Executive Directors</b>	B.2.9	Complied	Non-Executive Directors fees are compared with the market rates.
<b>B.3 / 7.10.5 Disclosure of Remuneration</b>			
<b>Disclosure of remuneration policy and aggregate remuneration</b>	B.3.1	Complied	Please refer Remuneration Committee Report on page 54 of this Annual Report

# CORPORATE GOVERNANCE

	Reference to SEC & CASL Code, CSE Listing Rules	Compliance	Details of Compliance
<b>C. RELATIONS WITH SHAREHOLDERS</b>			
<b>C.1 Constructive use of Annual General Meeting and conduct of general meetings</b>			
<b>Use of Proxy</b>	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.
<b>Separate resolution for substantially separate issues</b>	C.1.2	Complied	Separate resolutions are proposed at an Annual General Meeting on each substantially issue.
<b>Chairman of Board Committees to be present</b>	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.
<b>Adequate notice of Annual General Meeting and summary of procedure</b>	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 circulated to the shareholders giving 15 working days notice prior to the date of the AGM.
<b>C.2 Communication with Shareholders</b>			
<b>Effective communication with the shareholders</b>	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.
<b>Contact person in relation to shareholder matters</b>	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.
<b>Process to make all Directors aware of major issues and concerns of shareholders</b>	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.
<b>The process of responding to shareholder matters</b>	C.2.7	Complied	Refer above.

	Reference to SEC & CASL Code, CSE Listing Rules	Compliance	Details of Compliance
<b>C.3 Major and material transactions</b>			
<b>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.</b>			
<b>Major and material transactions</b>	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 transactions are disclosed where necessary.
<b>D. ACCOUNTABILITY AND AUDIT</b>			
<b>D.1 Financial Reporting</b>			
<b>Board responsibility to present the financial statements</b>	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.
<b>Annual Report of the Directors</b>	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 46 to 50.
<b>Statement by the Directors and the Auditors</b>	D.1.3	Complied	Please refer the Statement of Directors' Responsibility on page 51.
<b>Management Discussion and Analysis</b>	D.1.4	Complied	Please refer Review of Group Operations on pages 7 to 9.
<b>Declaration by the Board as to whether the business is a going concern</b>	D.1.5	Complied	Please refer to the Annual Report of the Directors on page 51.
<b>Requirement for an Extraordinary General meeting in a situation of serious loss of capital</b>	D.1.6	Not Applicable	

# CORPORATE GOVERNANCE

	Reference to SEC & CASL Code, CSE Listing Rules	Compliance	Details of Compliance
<b>Related party transactions</b>	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 34 to the financial statements.  A related party transaction review subcommittee is in place. Refer report of the related party transactions review committee on page 55.
<b>D.2 Internal Control</b>			
<b>Directors to review Internal Controls</b>	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.
<b>Requirement to review the need for an Internal Audit function</b>	D.2.2	Not Applicable	
<b>Board responsibility for the disclosure on internal control</b>	D.2.3	Complied	
<b>Directors' responsibility in maintaining a sound system of internal control</b>	D.2.4	Complied	Audit Committee Report on page 52 and Risk Management Report on page 34 of this Annual Report are given to review the effectiveness of Group's system of internal controls to safeguard shareholders' investment and Company's assets.
<b>D.3/7.10.6 Audit Committee</b>			
<b>Composition of the Audit Committee and its duties</b>	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 52.
<b>Terms of Reference of the Audit Committee</b>	D.3.3	Complied	Please refer to the Audit Committee Report on page 52.
<b>Disclosure of names of the members of the Audit Committee</b>	D.3.4 7.10.6(c)	Complied	Please refer to the Audit Committee Report on page 52.
<b>D.4 Code of Business Conduct and Ethics</b>			
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.			

	Reference to SEC & CASL Code, CSE Listing Rules	Compliance	Details of Compliance
<b>Disclosure on a presence of code of business conduct and ethics</b>	D.4.1	Complied	As per our Chairman's Statement on page 6 of this Annual Report, we affirm our adherence to good business conduct and ethics.
<b>Affirmation of the code of conduct and ethics</b>	D.4.2	Complied	
<b>D.5 Corporate Governance Disclosures</b>			
<b>Disclosures of Corporate Governance</b>	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 38 to 45.
<b>2. SHAREHOLDERS</b>			
<b>E. INSTITUTIONAL INVESTORS</b>			
<b>Shareholder voting</b>	E.1.1	Complied	We conduct regular and structured dialogue with shareholders based on a mutual understanding of objectives.
<b>E.2 Evaluation of governance initiatives</b>			
<b>When evaluating the Company's governance arrangements, institutional investors should be encouraged to give due weight to all relevant factors drawn to their attention</b>			
<b>Evaluation of governance initiatives</b>	E.2	Complied	Institution investors are encouraged to provide any feedback on the governance related issues.
<b>F. OTHER INVESTORS</b>			
<b>F.1 Investing and divesting decision</b>			
<b>Investing and divesting decision</b>	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.
<b>F.2 Shareholders Voting</b>			
<b>Individual shareholders' voting</b>	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

## 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 2021.

## 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 anybody 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	
	2021	2020	2021	2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Profit/(Loss) for the Year Before Tax	(299,869)	(805,995)	(201,635)	(362,611)
Income Tax	22	-	-	-
Profit/(Loss) for the Year After Tax	(299,847)	(805,995)	(201,635)	(362,611)
Non-Controlling Interest	(138,260)	(115,534)	-	-
Profit Attributable to Equity Holders of the Company	(161,587)	(690,461)	(201,635)	(362,611)

## DIVIDENDS

No dividends were declared as at 31st March 2021.

## 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 85.

## REVIEW OF OPERATIONS

The Chairman's Statement on page 6 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 Review of Group Operations on pages 7 to 9 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 111 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.

## AUDITOR'S REPORT

The Auditor's Report on the Financial Statements is given on pages 58 to 61.

## ACCOUNTING POLICIES

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

## STATED CAPITAL

The stated capital of the Company as at 31st March 2021 was Rs.1,498,498,000/- representing No. of shares 131,329,995.

## DONATIONS

There were no donations made during the year.



## CAPITAL COMMITMENTS

There are no capital expenditure commitments as at 31st March 2021.

## 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 51.

## CONTINGENT LIABILITIES

There were no material contingent liabilities outstanding as at 31st March 2021, except as disclosed in Note 35 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 (Resigned w.e.f 11th Feb 2021)
Mr. T. Tanaka	Non-Executive Director
Mr. Z. Merchant	Non-Executive Director (Resigned w.e.f 17th Feb 2021)
Mr. Y. Watanabe	Non-Executive Director (Resigned w.e.f 11th Jan 2021)
Mr. S. S. Balasubramaniam	Non-Executive Director
Mr. Raju Radha	Independent Non-Executive Director (Joined w.e.f 11th Feb 2021)

## 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) (Resigned w.e.f 11th Jan 2021)

## APPOINTMENTS DURING THE YEAR

Mr. Raju Radha appointed as Independent Non-Executive Director w.e.f 11th Feb 2021

## RESIGNATIONS DURING THE YEAR

Mr. R. J. Wickramasinghe (Independent Non-Executive Director w.e.f 11th Feb 2021)

Mr. Y. Watanabe (Non-Executive Director w.e.f 11th Jan 2021)

Mr. Z. Merchant (Non-Executive Director w.e.f 17th Feb 2021)

Mr. W. A. T. D. Weragoda (Alternate Director to Mr. Y. Watanabe w.e.f 11th Jan 2021)

## APPOINTMENTS AFTER THE CONCLUSION OF THE YEAR

No appointments after the conclusion period.

## RESIGNATIONS AFTER THE CONCLUSION OF THE YEAR

Mr. Toshiaki Tanaka has resigned as Non-Executive Director w.e.f 18th August 2021.

# ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

## DIRECTORS WHO HELD OFFICE AS AT THE END OF THE ACCOUNTING PERIOD 31ST MARCH 2021

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. T. Tanaka	Non-Executive Director
Mr. Raju Radha	Independent 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)

Of the Nine (07) Directors, Mr. A. D. Ross, Mr. V. Siva Jr and Mr. Raju Radha are Non-executive Independent Directors.

## DIRECTORS RETIRING (AT THE ANNUAL GENERAL MEETING)

- To re-elect Mr. D. A. S. D. A. Abeyesinhe 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.
- Mr. J. H. P. Ratnayeke who is presently 72 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.
- To re-elect Mr. Raju Radha who was appointed to the Board on 11th February 2021 cease to be a Director in accordance with Article 103 of the Articles of Association of the Company and being eligible, offer himself for re-election.

## 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. V. Siva Jr	(Independent Non-Executive Director)
Mr. R. J. Wickramasinghe (D.O.R. 11.02.2021)	(Independent Non-Executive Director)
Mr. A. D. Ross	(Independent Non-Executive Director)
Mr. S. S. Balasubramaniam	Non-Executive Director

## REMUNERATION COMMITTEE

Mr. S. S. Balasubramaniam	Non-Executive Director
Mr. R. J. Wickramasinghe (D.O.R. 11.02.2021)	(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 (D.O.R. 11.02.2021)	(Independent Non-Executive Director)
Mr. V. Siva Jr.	(Independent Non-Executive Director)
Mr. A. D. Ross	(Independent Non-Executive Director)
Mr. S. S. Balasubramaniam	Non-Executive Director

## RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Mr. S. S. Balasubramaniam	Non-Executive Director
Mr. R. J. Wickramasinghe (D.O.R. 11.02.2021)	(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 2021	No. of Shares as at 31st March 2020
Mr. J. H. P. Ratnayake	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
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 34 on page 99 of the Financial Statements.

## SHAREHOLDERS INFORMATION

The distribution and analysis of shareholdings were as follows;

	As at 31st March 2021			As at 31st March 2020		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1 to 1,000 Shares	5,275	765,151	0.59	5,264	741,342	0.56
1,001 to 10,000 Shares	723	2,257,471	1.72	652	1,873,856	1.43
10,001 to 100,000 Shares	181	5,628,985	4.29	124	3,522,507	2.68
100,001 to 1,000,000	16	3,827,320	2.91	14	3,028,428	2.31
Over 1,000,000 Shares	3	118,851,068	90.50	4	122,163,862	93.02
<b>Total</b>	<b>6,198</b>	<b>131,329,995</b>	<b>100.00</b>	<b>6,058</b>	<b>131,329,995</b>	<b>100.00</b>

	As at 31st March 2021			As at 31st March 2020		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
Resident	6150	13,510,759	10.28	6,007	8,537,099	6.50
Non-Resident	48	117,819,236	89.72	51	122,792,896	93.50
<b>Total</b>	<b>6,198</b>	<b>131,329,995</b>	<b>100.00</b>	<b>6,058</b>	<b>131,329,995</b>	<b>100.00</b>

	As at 31st March 2021			As at 31st March 2020		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
Individual	6,054	105,098,040	80.02	5,922	123,251,004	93.85
Institutional	144	26,231,955	19.98	136	8,078,991	6.15
<b>Total</b>	<b>6,198</b>	<b>131,329,995</b>	<b>100.00</b>	<b>6,058</b>	<b>131,329,995</b>	<b>100.00</b>

# ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

## 20 LARGEST HOLDERS OF EQUITY

Name	As at 31st March 2021		As at 31st March 2020	
	No. of Shares	%	No. of Shares	%
Mr. Vijayeswaran S Vijayarathnam	94,039,467	71.61	94,039,467	71.61
Fast Gain International Limited	23,587,426	17.96	6,794,400	5.17
Mrs. Maddumage Kamani Chathurangani Perera	1,224,330	0.93	-	-
People's Merchant Finance PLC/ H.P.C.R Priyadarshana	602,911	0.46	-	-
Mr. Dilan Andrew Stefan De Abrew Abeyesinhe	536,077	0.41	536,077	0.41
Merchant Bank of Sri Lanka & Finance PLC 01	450,000	0.34	450,636	0.34
People's Leasing & Finance PLC / Mr. R.L Perera	295,637	0.23	-	-
Mr. Peter Neville Jansen	268,266	0.20	268,266	0.20
Mr. Christopher Waylan Vandort	217,081	0.17	-	-
Mr. Ranasinghe Arachchige Thusitha Priyantha Perera	198,550	0.15	198,550	0.15
Mr. Calistus Nimalanathan Pakianathan	194,298	0.15	-	-
DFCC Bank PLC/Mr. C. R. Perera	189,802	0.14	178,802	0.14
Mr. Ruwan Manjula Samarakkodi	156,974	0.12	-	-
Mr. Seyed Ahamed Abdul Latheef	148,344	0.11	-	-
Mr. Damitha Rathnayake	134,083	0.10	134,083	0.10
Miss. Imandi Thanudara Madanasingha	120,000	0.09	-	-
Mr. Tuwan Shizasi Salim	110,607	0.08	-	-
People's Merchant Finance PLC / R.M Samarakkodi	103,418	0.08	-	-
Mr. James Henry Paul Ratnayeke	101,272	0.08	101,272	0.08
Mr. Mohammed Munavir Ahamed Ameen	100,000	0.08	-	-

## PUBLIC SHAREHOLDING

The percentage of public shareholding as at the 31st of March 2021 was 27.76%.

## ANNUAL GENERAL MEETING

The notice of the 29th Annual General Meeting is on page 115.

## AUDITORS

The Financial Statements for the year ended 31st March 2021 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 Services (Private) Limited,  
Secretaries

25th August 2021

# 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 2021. These differ from the Auditors responsibilities, which are set out in their report given on page 58.

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.

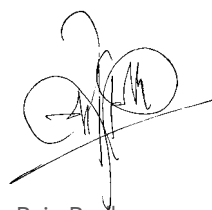
The Directors confirm that the Financial Statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards and that they provide the information required by the Companies Act No. 07 of 2007.

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



Raju Radha  
Director

25th August 2021

# AUDIT COMMITTEE REPORT

## ROLE OF THE AUDIT COMMITTEE

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

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

## COMPOSITION OF THE COMMITTEE

The Composition of the Committee is as follows during the financial year 2020/21;

Mr. V. Siva Jr (Chairman)

Mr. R. Wickramasinghe (resigned w.e.f 11/02/2021)

Mr. A. D. Ross

Mr. S. S. Balasubramaniam

## COMMITTEE MEETINGS

The Committee met 02 times during the year 2020/21. 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 Services (Private) Limited, 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 2020/21 were discussed with the management and the auditors.

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

## RISK AND INTERNAL CONTROL

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

## EXTERNAL AUDIT

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

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

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

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

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

## RECOMMENDATIONS

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



Mr. V. Siva Jr  
Chairman - Audit Committee

25th August 2021

# REMUNERATION COMMITTEE REPORT

## COMPOSITION

The Remuneration Committee consists of Three (03) Non-Executive Directors, Two (02) of whom are Independent.

The members of the Remuneration Committee as at 31st March 2021 are as follows;

.....  
Mr. S. S Balasubramaniam (Chairman)

.....  
Mr. R. J. Wickramasinghe (resigned w.e.f 11/02/2021)

.....  
Mr. V. Siva Jr

.....  
Mr. A. D. Ross

Please refer pages 10 to 11 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. S Secretarial Services (Private) Limited, 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 2020/21. 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.



Mr. S. S. Balasubramaniam  
Chairman - Remuneration Committee

25th August 2021



# 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 following Directors served as members of the Committee during the FY 2020/21;

.....  
Mr. S. S. Balasubramaniam (Chairman)

.....  
Mr. R. J. Wickramasinghe (resigned w.e.f. 11/02/2021)

.....  
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 (Private) Limited who are the Secretaries of the Company functions as Secretaries of the Committee.

## COMMITTEE MEETINGS

The Committee held 02 meetings during the financial year 2020/21. 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.

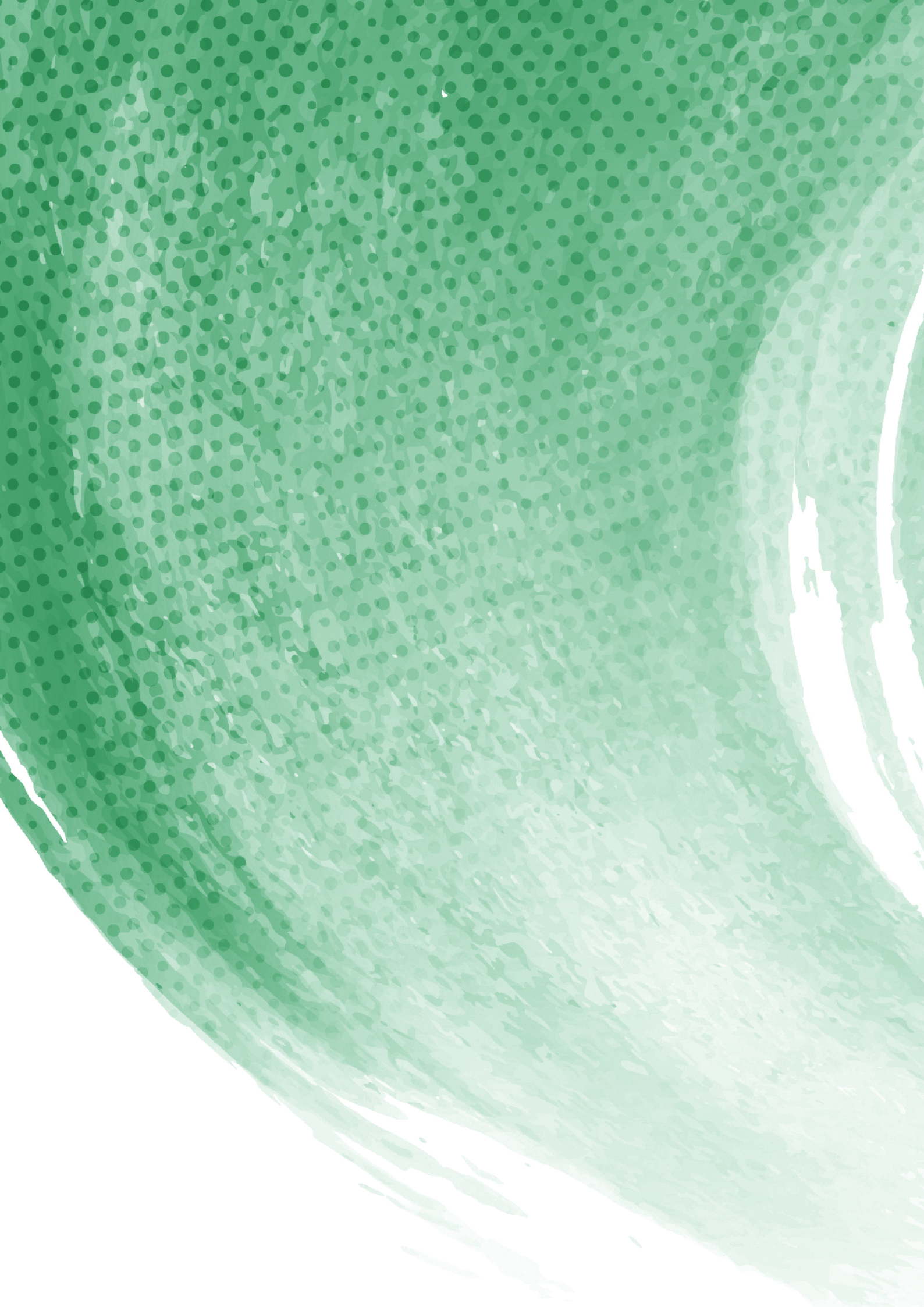
## REVIEW OF RELATED PARTY TRANSACTIONS

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 34 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.



Mr. S. S. Balasubramaniam  
Chairman - Related Party Transactions Review Committee

25th August 2021





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# INDEPENDENT AUDITOR'S REPORT



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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 2021, 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 111.

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 2021, 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 Group has Land and Building carried at fair value amounting to Rs.3.03 Bn as at 31st March 2021 which represents 62% 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 land to ensure that the land values have not changed materially 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.

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

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

## 2 Measurement of Investment in Subsidiaries and Associates

As at 31st March 2021, the Company holds an investment in subsidiaries and associates amounting to Rs. 1.21 Bn and Rs.399 Mn, respectively. The carrying amount of each investment in subsidiaries and associates 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 judgmental.

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 approved budget 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 15 of the financial statements.

## 3 Management's Assessment of the impacts of the COVID-19 pandemic

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 major subsidiaries, particularly the hotels;
- Obtained the cashflow 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 cashflow projections;
- Reviewed the adequacy of the disclosures made in Note 2.11 and 36 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

25th August, 2021

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Group		Company	
		2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
For the year ended 31st March					
<b>Revenue</b>	5	56,473	405,845	-	-
Cost of Sales		(27,651)	(178,430)	-	-
<b>Gross Profit</b>		28,822	227,415	-	-
Other Operating Income	6	364,208	36,839	151,873	16,849
Selling and Distribution Expenses		(29,174)	(73,714)	(16,010)	(10,173)
Administrative Expenses		(362,035)	(623,198)	(92,612)	(158,762)
Other Operating Expenses		(103,769)	(223,236)	(102,623)	(109,909)
Provision for Impairment of Receivables(Net)	7	-	-	-	(5,615)
Net Finance Income/(Costs)	8	(197,497)	(148,430)	(142,263)	(95,001)
Share of Profit /(Loss) of Equity - Accounted Investees (Net of Tax)		(424)	(1,671)	-	-
<b>Profit/(Loss) Before Taxation</b>	9	(299,869)	(805,995)	(201,635)	(362,611)
Income Taxation	10	22	-	-	-
<b>Profit/(Loss) for the Year</b>		(299,847)	(805,995)	(201,635)	(362,611)
<b>Other Comprehensive Income/(Expense)</b>					
<b>Items that may not be Reclassified subsequently to Profit or Loss</b>					
Actuarial Gain on Defined Benefit Obligations (Net of Tax)	25	9,002	8,503	6,690	5,559
Revaluation Surplus on Property, Plant and Equipment		-	-	-	-
Net Gain/(Loss) on Equity Instruments Designated at Fair Value Through Other Comprehensive income		(3,118)	5,694	(3,118)	5,694
<b>Other Comprehensive Income/(Expenses) for the Year, Net of Tax</b>		5,884	14,197	3,572	11,253
<b>Total Comprehensive Income/(Expenses) for the Year</b>		(293,963)	(791,798)	(198,063)	(351,358)
<b>Profit/(Loss) Attributable to</b>					
Equity Holders of the Parent Company		(161,587)	(690,461)	(201,635)	(362,611)
Non-controlling Interests		(138,260)	(115,534)	-	-
		(299,847)	(805,995)	(201,635)	(362,611)
<b>Total Comprehensive Income/(Expenses) Attributable to</b>					
Equity Holders of the Parent Company		(156,840)	(677,365)	(198,063)	(351,358)
Non-controlling Interests		(137,123)	(114,433)	-	-
<b>Total Comprehensive Income for the Year</b>		(293,963)	(791,798)	(198,063)	(351,358)
Basic Earnings/(Loss) Per Share (Rs.)	11.1	(1.23)	(5.26)	(1.54)	(2.76)

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 111.



# STATEMENT OF FINANCIAL POSITION

As at 31st March	Note	Group		Company	
		2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, Plant and Equipment	12	3,167,970	2,864,738	28,737	33,348
Intangible Assets	13	340,622	13,514	550	738
Investment Properties	14	127,780	-	127,780	-
Investments in Subsidiaries	15.1	-	-	1,213,597	1,130,810
Investments in Associates	15.2	171,072	171,496	398,839	398,839
Equity Instruments Measured at Fair Value Through OCI	16	117,430	120,548	117,430	120,548
Long Term Deposits and Advances	17	5,147	5,147	5,147	5,147
Deferred Taxation	24	-	-	-	-
<b>Total Non-Current Assets</b>		<b>3,930,021</b>	<b>3,175,443</b>	<b>1,892,080</b>	<b>1,689,430</b>
<b>Current Assets</b>					
Inventories	18	143,991	190,229	-	-
Other Financial Assets	19	84,655	116,766	61,161	94,589
Income Tax Receivable		1,501	1,387	-	-
Trade and Other Receivables	20	168,254	454,456	35,298	213,765
Amounts Due from Related Companies	21	566,717	726,505	1,534,729	1,535,850
Cash and Cash Equivalents	22	34,417	230,698	25,004	15,798
<b>Total Current Assets</b>		<b>999,535</b>	<b>1,720,041</b>	<b>1,656,192</b>	<b>1,860,002</b>
<b>Total Assets</b>		<b>4,929,556</b>	<b>4,895,484</b>	<b>3,548,272</b>	<b>3,549,432</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and Reserves</b>					
Stated Capital	23	1,498,498	1,498,498	1,498,498	1,498,498
Revaluation Reserve		1,242,858	1,361,370	5,905	5,905
Retained Earnings/(Accumulated Losses)		(2,091,998)	(1,927,527)	(518,356)	(320,293)
Shareholders' Fund		649,358	932,341	986,047	1,184,110
Non-controlling Interests		952,009	935,493	-	-
<b>Total Equity</b>		<b>1,601,367</b>	<b>1,867,834</b>	<b>986,047</b>	<b>1,184,110</b>
<b>Non-Current Liabilities</b>					
Retirement Benefit Obligations	25	31,748	42,558	15,877	23,620
Non - Interest Bearing Borrowings- Due after One year	26	790,795	790,795	790,795	790,795
Interest Bearing Borrowings - Due after one year	27	465,855	228,582	31,870	23,809
Lease liability -Due after One year	28	20,008	19,944	-	-
<b>Total Non-Current Liabilities</b>		<b>1,308,406</b>	<b>1,081,879</b>	<b>838,542</b>	<b>838,224</b>
<b>Current Liabilities</b>					
Non-Interest Bearing Borrowings- Due within one year	26	49,866	62,070	49,866	62,070
Interest Bearing Borrowings - Due within one year	27	1,243,110	899,024	1,220,655	898,468
Lease Liability-Due Within one year	28	7,131	10,530	-	-
Deferred Income	29	4,035	4,035	4,035	4,035
Trade and Other Payables	30	219,825	293,366	65,108	55,003
Amounts Due to Related Companies	31	-	-	50,133	37,966
Income Tax Payable		42,851	42,848	42,845	42,846
Bank Overdrafts	22	452,965	633,898	291,042	426,710
<b>Total Current Liabilities</b>		<b>2,019,783</b>	<b>1,945,771</b>	<b>1,723,683</b>	<b>1,527,098</b>
<b>Total Liabilities</b>		<b>3,328,189</b>	<b>3,027,650</b>	<b>2,562,225</b>	<b>2,365,322</b>
<b>Total Equity and Liabilities</b>		<b>4,929,556</b>	<b>4,895,484</b>	<b>3,548,272</b>	<b>3,549,432</b>
Net Assets Per Share (Rs.)		4.94	7.10	7.51	9.02

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 111.

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



Thusitha Perera  
Group Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.  
Approved and signed for and on behalf of the Board of Directors,



J. H. P. Ratnayeke  
Chairman



S. A. Abeyesinhe  
Executive Director

25th August 2021  
Colombo

# STATEMENT OF CASH FLOWS

For the year ended 31st March	Note	Group		Company	
		2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Profit/(Loss) before income Tax Expense		(299,869)	(805,995)	(201,635)	(362,611)
<b>Adjustments for;</b>					
Provision for Retiring Benefit Obligation	25	6,827	11,678	2,629	5,251
Depreciation on Property, Plant and Equipment	12	140,926	108,647	5,173	4,281
Fixed Assets Written Off					441
Amortisation on Intangible Assets		2,154	2,160	188	188
Impairment Loss of Intangible Assets		-	100,347	-	-
(Gain)/Loss on Translation of Foreign Currency		50,345	47,423	50,307	42,677
Non Cash Revenue		(127,780)	-	(127,780)	-
Gain/Loss on Disposal Property, Plant and Equipment		(993)	-	-	-
(Gain)/Loss on Disposal of Shares in Subsidiary		(176,058)	-	-	-
Share of (Profit)/Loss of Equity-Accounted Investees Net of Tax		424	1,670	-	-
Provision for Impairment of Receivables		-	-	-	5,615
Finance Income	8	(20,865)	(19,461)	(20,897)	(19,505)
Finance Cost	8	218,362	167,891	163,160	114,506
<b>Operating Profit/(Loss) before Working Capital Changes</b>		<b>(206,527)</b>	<b>(385,640)</b>	<b>(128,855)</b>	<b>(209,157)</b>
Changes in					
Inventories		46,238	(177,757)	-	-
Other Financial Assets		32,111	7,691	33,428	9,603
Trade and Other Receivables		286,202	86,403	178,326	(11,010)
Amount Due from Related Companies		159,788	(60,907)	2,194	(251,116)
Trade and Other Payables		(73,541)	44,066	8,056	14,150
Amount Due to Related Parties		-	-	14,241	(123)
<b>Cash Used in Operations</b>		<b>244,271</b>	<b>(486,144)</b>	<b>107,390</b>	<b>(447,653)</b>
Gratuity Paid	25	(4,955)	(580)	(3,682)	-
Income Tax Paid		25	-	(1)	(137)
<b>Net Cash From (used in) Operating Activities</b>		<b>239,341</b>	<b>(486,724)</b>	<b>103,707</b>	<b>(447,790)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Acquisition of Property, Plant and Equipment		(43,680)	(49,324)	(564)	(21,990)
Acquisition of Intangible Assets		(28,866)	-	-	-
Acquisition of Subsidiaries		(546,656)	-	(82,785)	-
Proceeds from Disposal of Property, Plant and Equipment		46,535	463	-	-
Finance Income		20,865	19,461	20,897	19,505
Long-Term Advances	17	-	(20)	-	(20)
<b>Net Cash Flows from (used in) Investing Activities</b>		<b>(551,802)</b>	<b>(29,420)</b>	<b>(62,452)</b>	<b>(2,505)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Net Proceeds from/(Repayment) of Other Loans		469,242	417,183	215,782	345,550
Net Proceeds from/(Repayment) of leases		(3,335)	(1,525)	-	(1,874)
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		49,568	1,075	50,997	2,783
Finance Cost		(218,362)	(167,891)	(163,160)	(114,506)
<b>Net Cash Flows from/(used in) Financing Activities</b>		<b>297,113</b>	<b>320,747</b>	<b>103,619</b>	<b>231,953</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		<b>(15,348)</b>	<b>(195,397)</b>	<b>144,874</b>	<b>(218,330)</b>
<b>Cash and Cash Equivalents at the Beginning of the Year</b>	22	<b>(403,200)</b>	<b>(207,803)</b>	<b>(410,912)</b>	<b>(192,582)</b>
<b>Cash and Cash Equivalents at the End of the Year</b>	22	<b>(418,548)</b>	<b>(403,200)</b>	<b>(266,038)</b>	<b>(410,912)</b>

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 111.

# STATEMENT OF CHANGES IN EQUITY

<b>GROUP</b>	<b>Stated Capital</b>	<b>Revaluation Reserve</b>	<b>Retained Earnings/ (Accumulated Losses)</b>	<b>Total Attributable to Equity Holders</b>	<b>Non-Controlling Interest</b>	<b>Total</b>
For the year ended 31st March	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>
Balance as at 01st April 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
Profit / (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
<b>Balance as at 31st March 2020</b>	1,498,498	1,361,370	(1,927,527)	932,341	935,493	1,867,834
Adjustment on Acquisition, Disposal and Change in Holding of Subsidiary	-	(118,512)	(7,631)	(126,143)	153,639	27,496
Profit/(Loss) for the year	-	-	(161,587)	(161,587)	(138,260)	(299,847)
Other Comprehensive Income for the Year (Net of Tax)	-	-	4,747	4,747	1,137	5,884
<b>Balance as at 31st March 2021</b>	1,498,498	1,242,858	(2,091,998)	649,358	952,009	1,601,367

<b>COMPANY</b>	<b>Stated Capital</b>	<b>Revaluation Reserve</b>	<b>Retained Earnings/ (Accumulated Losses)</b>	<b>Total</b>
For the year ended 31st March	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>
Balance as at 01st April 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
<b>Balance as at 31st March 2020</b>	1,498,498	5,905	(320,293)	1,184,110
Loss for the year	-	-	(201,635)	(201,635)
Other Comprehensive Income for the Year (Net of Tax)	-	-	3,572	3,572
<b>Balance as at 31st March 2021</b>	1,498,498	5,905	(518,356)	986,047

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 111.

# 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 are 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 23rd 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 33 on page 99.

### 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.

- Equity instruments measured at fair value through OCI
- 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 considered following amendments and improvements, which are effective for annual periods beginning on or after 1 January 2020 and do not expect to have a significant impact on the Group's financial statements.

- Amendments to SLFRS 16 COVID-19 Related Rent Concessions
- Amendments to SLFRS 3: Definition of a Business
- Amendments to LKAS 1 and LKAS 8 Definition of Material
- Conceptual Framework for Financial Reporting

### 2.7. Standards issued but not yet effective

The following amendments and improvements are not expected to have a significant impact on the Group's financial statements.

- Amendments to LKAS 1 : Classification of liabilities as Current or Non-current.

- Amendments to SLFRS 3: Reference to the Conceptual Framework.
- Amendments to LKAS 16 : Property, Plant & Equipment - Proceeds before Intended Use  
Amendments to LKAS 37 : Onerous Contracts - Cost of Fulfilling a Contract.
- Amendments to SLFRS 7, SLFRS 9 and LKAS 39 : Interest Rate Benchmark Reform - Phase 2

## 2.8. Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification.

An asset as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

## 2.9. 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.

## 2.10. 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.

## 2.11. 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.

## 2.12. 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

# NOTES TO THE FINANCIAL STATEMENTS

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 is initially recognised at cost in the financial statements of the Company. Any transaction cost relating to acquisition of investment in subsidiaries is immediately recognised in the income statement. After the initial recognition, Investments in subsidiaries are carried at cost less any accumulated impairment losses.

## 3.1.3. Non-controlling interests

The profit or loss and net assets of subsidiaries attributable to equity interests that are not owned by the parent, directly or indirectly through subsidiaries, are disclosed separately under the heading 'Non-controlling interest'.

The Group applies a policy of treating transactions with non-controlling interests as transactions with the parties external to the Group. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

Non-controlling interests 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 non-controlling interests 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 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.

### 3.1.6. 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

#### *Initial measurement*

Property, plant and equipment are initially stated at cost.

#### *Subsequent measurement*

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

The Group has adopted a guideline of revaluing 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. Restoration cost

Expenditure incurred on repairs or maintenance of property, plant and equipment in order to restore or maintain the future economic benefits expected from the originally assessed standard of performance is recognised as an expense when incurred.

### 3.3.4. 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 3.3.5. 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.

## 3.3.6. 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 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.
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. Investment Property

Investment property comprises completed property under construction or re-development that is held, or to be held, to earn rentals or for capital appreciation or both. Property held under a lease is classified as investment property when it is held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in production or administrative functions.

Investment property is measured initially & subsequently at cost, including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Investment property is derecognised either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

### 3.6. Financial instruments - Initial recognition and subsequent measurement

#### 3.6.1. 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.

#### 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,

# NOTES TO THE FINANCIAL STATEMENTS

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

## ***b) Financial assets at fair value through OCI***

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

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

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

#### **e) 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.

#### **f) Impairment of financial assets**

The Group 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.

### **3.6.2. 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  
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in

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

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

#### **i. Loans and borrowings**

This is the category most relevant to the Group.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the 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.

#### **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.

# NOTES TO THE FINANCIAL STATEMENTS

## 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.

## 3.7. 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.

## 3.8. 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. Cash and cash equivalents includes cash in hand. Bank overdrafts are shown in current liabilities on the consolidated statement of financial position.

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

## 3.9. 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 formulae.

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

## 3.10. Leases

### 3.10.1. Determining whether an arrangement contains a lease

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

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

### 3.10.2. Leased assets

Assets held by the group under leases that transfer to the group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

### 3.10.3. Lease payments

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

## 3.11. Liabilities and provisions

### 3.11.1. Liabilities

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

#### a) Trade and other payables

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

#### b) Provisions, contingent assets and contingent liabilities

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

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

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

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

## 3.12. Employee benefits

### 3.12.1. 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.

### 3.12.2. 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.

### 3.12.3. Defined benefits plans

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

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.

## 3.13. Revenue Recognition

### 3.13.1. Revenue from contracts with customers

#### *a) Revenue recognition*

The Group recognises revenue when the Group satisfies a performance obligation transferring promised goods or services to a customer, i.e. when the customer obtains the control of those goods or services.

#### *b) Performance obligations and timing of revenue recognition*

The Group's revenue is mainly derived from selling goods with revenue recognised at a point in time when control of the goods has transferred to the customer. This is generally when the goods are delivered to the customer. There is limited judgment needed in identifying the point at which control passes: once physical delivery of the products to the agreed location has occurred, the Company no longer has physical possession, usually will have a present right to payment (as a single payment on delivery) and retains none of the significant risks and rewards of the goods.

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

#### *c) Determining the transaction price*

Most of the Group's revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices.

#### *d) Allocating amounts to performance obligations*

For contracts with customers, there is a fixed unit price for each product sold. Therefore, there is no judgment involved in allocating the contract price to each unit in such contracts. Where a customer orders more than one product line, the Group is able to determine the

split of the total contract price between each product line by reference to each product's stand-alone selling prices (all product lines are capable of being, and are, sold separately).

#### *Room revenue*

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

#### *Food and beverage*

Food and beverage revenue is recognised at the time of sale.

### 3.13.2. Other source of income

#### *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) Dividend income*

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

## 3.14. Expenses

### 3.14.1. 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.

### 3.14.2. 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.

### 3.15. 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.

#### 3.15.1. 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.

#### 3.15.2. 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.

### 3.16. 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 4. Critical Accounting Estimates, Judgements and Assumptions

The preparation of the financial statements of the Group requires the management to make judgements, estimates and assumptions, which may affect the amounts of income, expenditure, assets, liabilities and the disclosure of contingent liabilities at the end of the reporting period.

Uncertainty about these assumptions and estimates could result in the outcome that requires a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Group's accounting policies, the management has made various judgements.

Those which the management has assessed to have the most significant effect on the amounts recognised in the consolidated financial statements have been discussed in the individual notes of the related financial statement line items.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also described in the individual notes to the financial statements. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

The line items which have the most significant effect on accounting, judgements, estimation and assumptions are as follows:

Critical accounting estimate / judgment	Disclosure note
Going concern	2.11
Impairment of property, plant and equipment	3.3.6
Impairment of financial assets	3.6.1 (f)
Defined benefits plans	3.12.3
Deferred tax	3.15.2



For the year ended 31st March		Group		Company	
		2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
<b>5</b>	<b>REVENUE</b>				
<b>5.1</b>	<b>Summary</b>				
	Gross Revenue	57,898	407,641	-	-
	Less: Intra Group Transactions	(1,425)	(1,796)	-	-
		56,473	405,845	-	-
<b>5.2</b>	<b>Segments</b>				
	Investments	-	-	-	-
	Service	10	384	-	-
	Leisure	56,463	405,461	-	-
		56,473	405,845	-	-
<b>6</b>	<b>OTHER OPERATING INCOME</b>				
	Gains on Disposal of Property, Plant and Equipment	993	-	-	-
	Gain on Disposal of Subsidiary	176,058	-	-	-
	Sundry Income	187,157	36,839	151,873	16,849
		364,208	36,839	151,873	16,849
<b>7</b>	<b>(PROVISION)/REVERSAL FOR IMPAIRMENT OF RECEIVABLES</b>				
	Balance at the Beginning of the Year	62,355	62,355	530,819	525,204
	Provision made During the Year	-	-	-	5,615
	Bad Debt Write Off	-	-	-	-
	Balance at the End of the Year (Note 7.1)	62,355	62,355	530,819	530,819
<b>7.1</b>	<b>Provision for Impairment of Receivables Reflected in,</b>				
	Trade Receivables (Note 20)	1,199	1,199	-	-
	Other Receivables (Note 20)	61,156	61,156	43,076	43,076
	Amounts Due from Related Companies (Note 21)	-	-	487,743	487,743
	Balance at the End of the Year	62,355	62,355	530,819	530,819
<b>8</b>	<b>NET FINANCE INCOME/(COSTS)</b>				
	Financing Income				
	Interest Income				
	- Related Parties	-	-	14,991	-
	- Others	20,865	19,461	5,906	19,505
		20,865	19,461	20,897	19,505
	Financing Cost				
	Interest on Overdraft	(100,588)	(84,155)	(78,720)	(58,179)
	Interest on Other Borrowings	(117,774)	(83,736)	(84,440)	(56,327)
		(218,362)	(167,891)	(163,160)	(114,506)
	Net Finance Costs	(197,497)	(148,430)	(142,263)	(95,001)

# NOTES TO THE FINANCIAL STATEMENTS

	Group		Company	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
For the year ended 31st March				
<b>9 PROFIT/(LOSS) BEFORE TAXATION</b>				
Profit/(loss) before tax is stated after charging all expenses including the following :				
<b>Included in Administrative Expenses</b>				
Auditors Remuneration - Audit fees and Expenses	1,688	1,683	900	900
- Non-Audit Services	-	16	-	18
Director's Emoluments	20,894	47,886	20,894	47,886
Director's Fees	1,325	12,705	1,325	12,705
Secretarial Fees	1,766	2,306	621	751
Depreciation on Property, Plant and Equipment	140,926	108,647	5,173	4,281
Amortisation of Intangible Assets	2,154	2,160	188	188
Legal Fees	665	805	617	735
<b>Personnel Costs Includes;</b>				
Defined Benefit Plan - Gratuity	6,827	11,678	2,629	5,251
Defined Contribution Plan Costs - EPF and ETF	14,740	25,855	5,619	8,233
Staff Incentives	-	-	-	383
Other Staff Costs	2,793	210,869	39,412	63,648
<b>Other Operating Expenses Includes;</b>				
Exchange Loss	50,345	47,423	50,307	42,677
Number of Employees	203	233	33	31
<b>10 INCOME TAX EXPENSES</b>				
Current Tax Expenses - Company	-	-	-	-
Current Tax Expenses - Subsidiaries (Note 10.2)	-	-	-	-
Current Tax Expenses - Total	-	-	-	-
Deferred Tax Originated During the Year (Note 24)	-	-	-	-
Under/(Over) Provision in Respect of Prior Years	-	-	-	-
Deferred Taxation Charge/(Reversal) (Note 24)	(22)	-	-	-
	(22)	-	-	-
<b>10.1 Reconciliation of Accounting Profit/(Loss) and Taxable Income</b>				
Accounting Profit/(Loss) Before Tax	(299,869)	(805,995)	(201,635)	(362,611)
Aggregate Disallowed Items	216,762	244,756	69,005	58,206
Aggregate Allowable Items	(149,498)	(101,419)	(9,196)	(8,762)
Income not subject to Tax	-	-	-	(19,505)
Tax Profit/(Loss) on Trade or Business	(232,605)	(662,658)	141,827	(332,672)
Other Taxable Income	1,365	21,562	-	-
Tax Losses Set off under Section 19	(2,630)	(22,907)	-	(19,505)
Taxable Income/(Loss)	(233,870)	(664,003)	(141,827)	(352,177)
Income Tax @ 24%	-	-	-	-
Current Tax Expense	-	-	-	-

For the year ended 31st March	Group		Company	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
<b>10.1.1 Reconciliation of Unrelieved Tax Losses</b>				
Opening Balance	3,142,742	2,614,014	851,562	553,747
Under/(Over) Provision in Respect of Prior Years	-	(15,352)	-	(15,352)
Loss for the Year	492,537	566,987	141,827	332,672
Loss Utilised during the year	(2,630)	(22,907)	-	(19,505)
	3,632,649	3,142,742	993,389	851,562
<b>10.2 Subsidiary Companies</b>				
Asia Leisure Holdings (Private) Limited	-	-	-	-
Asia Leisure (Private) Limited	-	-	-	-
Wadduwa Resorts (Private) Limited	-	-	-	-
Strider Capital Asia (Private) Limited	-	-	-	-
Asia Fort Sri Lanka Direct Investment Fund Limited	-	-	-	-
	-	-	-	-

### 10.3 Summary

#### 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 2021/2022 was Rs.290,218,096/- (2020/2021 - Rs.224,091,543/-).

#### 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 2021/2022 is Rs.417,909,190/- (2019/2020 - Rs.382,678,253/-).

#### 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 2021/2022 is Rs.805,015,519/- (2020/2021 - Rs.695,879,872/-).

#### Strider Capital Asia (Private) Limited

The Company is liable to taxation at the rate of 24% 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 2021/2022 is Rs.318,899/- (2020/2021 - Rs.212,116/-).

# NOTES TO THE FINANCIAL STATEMENTS

## 11 BASIC EARNING PER SHARE

11.1 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 per share:

For the year ended 31st March	Group		Company	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
Profit After Tax Attributable to Equity holders of the Company	(161,587)	(690,461)	(201,635)	(362,611)
Weighted Average number of Ordinary Shares outstanding during the Year	131,330	131,330	131,330	131,330
Basic Earnings Per Share (Rs.)	(1.23)	(5.26)	(1.54)	(2.76)

## 12 PROPERTY, PLANT AND EQUIPMENT

### 12.1 Group

Cost / Valuation	Balance as at 01.04.2020 Rs.'000	Acquisition of Subsidiaries	Additions Rs.'000	Adjustment due to Revaluation Rs.'000	Disposals / Transfers Rs.'000	Balance as at 31.03.2021 Rs.'000
<b>Freehold Assets</b>						
Land	1,760,177	19,327	40,209	255,473	(204,000)	1,871,186
Buildings and Improvements	1,024,580	411,367	1,000	107,810	(259,000)	1,285,757
Motor Vehicles	16,656	-	-	-	(14,800)	1,856
Office Equipment	50,903	23,404	1,366	-	(12,039)	63,634
Fixtures and Fittings	30,611	-	-	-	(8,880)	21,731
Furniture and Fittings	102,227	55,211	419	-	(38,095)	119,762
Computer Equipment	37,112	4,245	526	-	(10,199)	31,684
Plant and Machinery	64,940	51,073	-	-	(30,604)	85,409
Hotel Equipment	106,384	29,286	160	-	(38,951)	96,879
<b>Leasehold Assets</b>						
Motor Vehicles	76,911	9,475	-	-	(48,388)	37,998
Computer Equipment	2,897	-	-	-	-	2,897
Total	3,273,398	603,388	43,680	363,283	(664,956)	3,618,793

### 12.1.1 In the Course of Construction

	Balance as at 01.04.2020 Rs.'000	Incurred During the Year Rs.'000	Reclassified/ Transferred Rs.'000	Balance as at 31.03.2021 Rs.'000
Building Work in Progress	25,051	-	-	25,051

## 12.1.2 Depreciation

	Balance as at 01.04.2020 Rs.'000	Acquisition of Subsidiary	Charge for the year Rs.'000	Adjustment due to Revaluation Rs.'000	Disposals / Transfers Rs.'000	Balance as at 31.03.2021 Rs.'000
<b>Freehold Assets</b>						
Buildings and Improvements	89,699	64,432	72,232	(74,779)	(28,748)	122,836
Motor Vehicles	15,422	-	158	-	(14,800)	780
Office Equipment	28,835	14,180	8,050	-	(8,875)	42,190
Fixtures and Fittings	14,901	-	2,598	-	(8,828)	8,671
Furniture and Fittings	83,427	28,977	15,074	-	(33,988)	93,490
Computer Equipment	27,298	3,530	3,254	-	(7,550)	26,532
Plant and Machinery	52,317	29,478	14,657	-	(28,305)	68,147
Hotel Equipment	88,784	17,754	12,711	-	(33,982)	85,267
						-
<b>Leasehold Assets</b>						
Motor Vehicles	30,938	5,393	11,385	-	(22,652)	25,064
Computer Equipment	2,090	-	807	-	-	2,897
Total Depreciation	433,711	163,744	140,926	(74,779)	(187,728)	475,874
Net Carrying Value as at 31.03.2020						2,864,738
Net Carrying Value as at 31.03.2021						3,167,970

## 12.2 Company

Cost / Valuation	Balance as at 01.04.2020 Rs.'000	Additions Rs.'000	Disposals / Transfers Rs.'000	Balance as at 31.03.2021 Rs.'000
<b>Freehold Assets</b>				
Motor Vehicles	15,121	-	(14,800)	321
Office Equipment	12,238	54	-	12,292
Fixtures and Fittings	21,509	-	-	21,510
Furniture and Fittings	11,759	-	-	11,760
Computer Equipment	14,708	510	-	15,218
<b>Leasehold Assets</b>				
Motor Vehicles	-	-	-	-
Total	75,335	564	(14,800)	61,101

# NOTES TO THE FINANCIAL STATEMENTS

## 12.2.1 Accumulated Depreciation on Cost

	Balance as at 01.04.2020 Rs.'000	Charge for the year Rs.'000	Disposals / Transfers Rs.'000	Balance as at 31.03.2021 Rs.'000
<b>Freehold Assets</b>				
Motor Vehicles	15,121	-	(14,800)	321
Office Equipment	2,275	1,127	-	3,402
Fixtures and Fittings	6,645	1,856	-	8,502
Furniture and Fittings	7,267	811	-	8,080
Computer Equipment	10,679	1,379	-	12,059
<b>Leasehold Assets</b>				
Motor Vehicles	-	-	-	-
Total Depreciation	41,987	5,173	(14,800)	32,364
Net Carrying Value as at 31.03.2020				33,348
Net Carrying Value as at 31.03.2021				28,737

## 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 31.03.2021 Rs.	Carrying Value of Building as at 31.03.2021 Rs.
Wadduwa Resorts (Pvt) Ltd	No 352/16c, Ratnayaka Road, Talpitiya, Wadduwa	3 A, 1 R, 36.22 P	3	834,330,000	436,102,775
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	1R , 28 Perch	1	79,197,900	37,499,225
River House Estate (Pvt) Ltd	Robert De Soysa Mawatha, Walagedara, Balapitiya	5A, 1R, 26P	-	173,200,000	-
Nuwara Eliya Hotel & Resorts (Pvt) Ltd	Misty Hills, Badulla Road, Katumanna, Nuwaraeliya	63.8P	1	47,850,000	47,919,000
River House (Pvt) Ltd	No 70, Uttamana Mawatha, Welagedara, Balapitiya	06A 01R 36P	3	414,400,000	414,400,000
Beach Resorts Kosgoda (Pvt) Ltd	No 47/23, Paratharakaya Round Road, Kosgoda.	01A 01R 39P	1	274,800,000	497,760,000
				1,760,177,900	1,162,921,000

All above revaluations are based on market values and were carried out by an independent valuer Mr D. Jayawardene (B.Sc Estate Management & Valuation - Special, Incorporated Valuer, A.I.V - Sri Lanka). The 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	Cumulative Depreciation If assets were carried at cost	Net Carrying Amount 2021	Net Carrying Amount 2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Group</b>				
<b>Freehold Assets</b>				
Buildings and Improvements	630,301	408,876	221,425	411,781
Motor Vehicles	1,060	1,060	-	899
Office Equipment	71,340	49,307	22,033	9,649
Fixtures and Fittings	18,499	16,942	1,557	2,257
Furniture and Fittings	168,544	137,977	30,567	-
Computer Equipment	35,429	35,429	-	-
Plant and Machinery	124,983	124,983	-	-
Hotel Equipment	135,670	126,556	9,114	-
<b>Leasehold Assets</b>				
Motor Vehicles	88,043	45,706	42,337	-
Computer Equipment	2,897	1,967	930	1,392
<b>Total</b>	<b>1,276,766</b>	<b>948,803</b>	<b>327,963</b>	<b>425,978</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 12.5 Cost of Fully Depreciated Assets

As at 31st March	Group		Company	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
Office Equipment	2,447	2,122	997	997
Fixtures and Fittings	3,585	2,925	2,925	2,925
Furniture and Fittings	12,411	12,236	2,037	2,037
Motor Vehicles	321	321	321	321
Computer Equipment	7,630	7,285	-	-
Leasehold Motor Vehicles	18,660	18,660	14,800	14,800
	45,054	43,549	21,080	21,080

## 13 INTANGIBLE ASSETS

As at 31st March	Group		Company	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
<b>Cost</b>				
<b>13.1 Computer Software</b>				
Balance at the Beginning of the Year	67,316	67,316	31,413	31,413
On Acquisition of Subsidiary	28,866	-	-	-
Balance at the End of the Year	96,182	67,316	31,413	31,413
<b>13.1.1 Amortisation</b>				
Balance at the Beginning of the Year	58,823	56,663	30,675	30,487
Amortisation for the Year	2,154	2,160	188	188
Balance at the End of the Year	60,977	58,823	30,863	30,675
Net Carrying Value	35,205	8,493	550	738
<b>13.2 Goodwill</b>				
Balance at the Beginning of the Year	5,021	105,368	-	-
On Acquisition of Subsidiary	300,396	-	-	-
Written-off During the Year	-	(100,347)	-	-
Balance at the End of the Year	305,417	5,021	-	-
Total Net Carrying Value	340,622	13,514	-	738

## 13.3 Summary of Goodwill - Group

	2021 Rs.'000	2020 Rs.'000
Asia Leisure Holding (Pvt) Ltd	5,021	5,021
Beach Resorts Kosgoda (Pvt) Ltd	246,179	-
Navara Capital Partners Ltd	4,976	-
Navara Securities (Pvt) Ltd	49,241	-
	305,417	5,021



## 14 INVESTMENT PROPERTIES

As at 31st March	Group		Company	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
Balance at the beginning of the year		-	-	-
On Acquisition during the year	127,780		127,780	-
On Disposals during the year		-	-	-
Depreciation for the year	-	-	-	-
Balance as at end of the year	127,780		127,780	-

The Group's investment properties consist of two Apartment units at 447 Luna Tower at Union Place. Management determined that the investment properties consist of single class of asset based on the nature, characteristics and risks of each property.

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

During the year, the Group has neither earned Revenue nor incurred repair and maintenance on this Investment Properties.

## 15 LONG TERM INVESTMENTS

As at 31st March	Group		Company	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
Investments in Subsidiaries (Note 15.1)	-	-	1,213,595	1,130,910
Investments in Associates (Note 15.2)	171,072	171,496	398,839	398,839
Total Investments	171,072	171,496	1,612,434	1,529,749

### 15.1 Investments in Subsidiaries

As at 31st March	Company			
	2021 Effective Holding %	Rs.'000	2020 Effective Holding %	Rs.'000
<b>Non-Quoted</b>				
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 Holding (Private) Limited	73%	730,249	73%	730,249
Wadduwa Resorts (Private) Limited	26.41%	252,546	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
Navara Capital partners (Private) Limited	70%	82,785		-
		1,371,522		1,288,735
Less: Provision for fall in value of investments (Note 15.1.1)		(157,925)		(157,925)
Total Investments in Subsidiaries		1,213,597		1,130,810

# NOTES TO THE FINANCIAL STATEMENTS

## 15.1.1 Provision for Fall in value of Investments

As at 31st March	Company	
	2021 Rs.'000	2020 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)

## 15.2 Investment In Associates

As at 31st March	Group			Company		
	Effective Holding %	2021 Rs.'000	2020 Rs.'000	Effective Holding %	2021 Rs.'000	2020 Rs.'000
493 Talpe Lands (Private) Ltd	49%	(298)	(245)	49%	-	-
Galle Beach CC Trust (Private) Limited	40%	171,370	171,741	40%	398,839	398,839
		171,072	171,496		398,839	398,839

### 15.2.1 Summarised Financial Information - Associate

#### 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	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
Non-Current Assets	40,989	40,989	1,247,722	1,247,667
Current Assets	1	1	111,575	112,855
Total Assets	40,990	40,990	1,359,297	1,360,522
Non-Current Liabilities	-	-	408,825	408,825
Current Liabilities	41,597	41,491	522,048	522,344
Total Liabilities	41,597	41,491	930,873	931,169
Net Assets	(607)	(501)	428,424	429,353
Carrying Amount of the Investment	(298)	(245)	171,370	171,741
<b>Share of the Associate's Revenue and Profit</b>				
Revenue	-	-	-	-
Loss	105	114	928	4,037

## 16 EQUITY ASSETS MEASURED AT FAIR VALUE THROUGH OCI

As at 31st March	Group		Company	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
<b>Non-Current</b>				
Investment in Equity Securities - Non-Quoted (Note 16.1)	117,430	120,548	117,430	120,548
	117,430	120,548	117,430	120,548

### 16.1 Investments in Equity Securities - Non-Quoted

As at 31st March	No. of Shares	Carrying Value 2021 Rs.'000	No. of Shares	Carrying Value 2020 Rs.'000
<b>Group</b>				
Galle Heritage Lanka (Private) Limited	20	80,200	20	80,200
Marine Drive Hotels (Private) Limited	20	40,347	20	40,347
Total	40	120,547	40	120,547
<b>Company</b>				
Galle Heritage Lanka (Private) Limited	20	80,200	20	80,200
Marine Drive Hotels (Private) Limited	20	40,347	20	40,347
Total	40	120,547	40	120,547

**16.2** The Management has made a fair value assessment of investment in Marine Drive Hotels (Pvt)Ltd those equity securities as at March 2021 and noted that the fair value has not changed significantly. Therefore, no adjustments were made to the carrying value of investment in Marine Drive Hotels (Pvt)Ltd.

## 17 LONG TERM DEPOSITS AND ADVANCES

As at 31st March	Group		Company	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
Rent Deposit	5,147	5,147	5,147	5,147
Advances given During the Period	-	-	-	-
	5,147	5,147	5,147	5,147
Less: Provision for Impairment	-	-	-	-
	5,147	5,147	5,147	5,147
<b>Maturity Analysis of Long Term Deposits</b>				
Within 2-3 Years	-	-	-	-
Within 3-5 Years	5,147	5,147	5,147	5,147
After 5 Years	-	-	-	-
	5,147	5,147	5,147	5,147

# NOTES TO THE FINANCIAL STATEMENTS

## 18 INVENTORIES

As at 31st March	Group		Company	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
Food and Beverages	5,491	11,729	-	-
Apartments	138,500	178,500	-	-
Films Stock	267,224	267,224	-	-
	411,215	457,453	-	-
Less: Provision for Inventories	(267,224)	(267,224)	-	-
	143,991	190,229	-	-

## 19 OTHER CURRENT FINANCIAL ASSETS

As at 31st March	Group		Company	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
Investments in Fixed Deposits	74,655	116,766	50,664	94,121
Investments in Overnight Repo	10,000	-	10,000	-
Investments in Reverse Repurchase Agreements	-	-	497	468
	84,655	116,766	61,161	94,589
Less: Provision for fall in value of investment	-	-	-	-
	84,655	116,766	61,161	94,589

## 20 TRADE AND OTHER RECEIVABLES

As at 31st March	Group		Company	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
Trade Debtors	103,810	178,284	-	-
Less: Provision for Bad and Doubtful Debts	(1,199)	(1,199)	-	-
	102,611	177,085	-	-
Staff Loan (Note 20.1)	-	-	-	-
Advances and Prepayments	56,183	271,125	18,266	198,942
Other Debtors	70,616	67,402	60,108	57,899
	229,410	515,612	78,374	256,841
Less: Provision for Bad and Doubtful Debts	(61,156)	(61,156)	(43,076)	(43,076)
	168,254	454,456	35,298	213,765
	168,254	454,456	35,298	213,765

### 20.1 Staff Loan

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

## 21 AMOUNTS DUE FROM RELATED COMPANIES

As at 31st March	Relationship	Group		Company	
		2021 Rs.'000	2020 Rs.'000 Restated	2021 Rs.'000	2020 Rs.'000 Restated
Asia Growth Fund 1 (Private) Limited	Subsidiary	-	-	819	739
Asia Fort Sri Lanka Direct Investment Fund Limited	Subsidiary	-	-	2,354	2,269
Asia Capital Technologies (Private) Limited	Subsidiary	-	-	44,711	41,924
Asia Capital Projects (Private) Limited	Subsidiary	-	-	23,352	23,284
Asia Leisure Holdings (Private) Limited	Subsidiary	-	-	606,714	299,493
Galle Beach (Private) Limited	Subsidiary	-	-	385	365
Asia Digital Entertainment (Private) Limited	Subsidiary	-	-	374,937	378,754
Asia Leisure (Private) Limited	Subsidiary	-	-	39,746	6,823
Asia Tea Packaging (Private) Limited	Subsidiary	-	-	10,921	10,839
Asia Capital Private Equity (Private) Limited	Subsidiary	-	-	31,902	31,839
Navara Capital Partners Limited	Subsidiary	-	-	1,045	-
Wadduwa Resorts (Private) Limited	Sub-subsidiary	-	-	50,901	36,932
Shinagawa Beach Resorts (Private) Limited	Sub-subsidiary	-	-	-	190,163
River House (Private) Limited	Sub-subsidiary	-	-	5,663	5,623
River House Estate (Private) Limited	Sub-subsidiary	-	-	84,586	95,421
Asia Leisure Apartments (Private) Limited	Sub-subsidiary	-	-	178,817	178,500
Asia Leisure Travels (Private) Ltd	Sub-subsidiary	-	-	34,522	29,782
Galle Beach Hotel (Private) Limited	Sub-subsidiary	-	-	143	102
Galle Beach CC Trust (Private) Limited	Associate	454,827	396,907	419,064	414,896
493 Talpe Lands (Private) Limited	Associate	41,472	41,367	41,472	41,421
Katumankelle Hill Estate (Private) Ltd	Affiliate	-	22,140	-	28,937
Forest Resorts Nuwara Eliya (Private) Ltd	Affiliate	70,418	205,184	70,418	205,398
		566,717	665,598	2,022,473	2,023,504
<b>Less: Provision for Bad and Doubtful Debts</b>					
Asia Growth Fund 1 (Private) Limited		-	-	(739)	(739)
Galle Beach (Private) Limited		-	-	(365)	(365)
Asia Capital Projects (Private) Limited		-	-	(23,284)	(23,284)
Asia Tea Packaging (Private) limited		-	-	(10,839)	(10,839)
Asia Capital Technologies (Private) Limited		-	-	(41,924)	(41,924)
Asia Digital Entertainment (Private) Limited		-	-	(378,754)	(378,754)
Asia Capital Private Equity (Private) Limited		-	-	(31,839)	(31,839)
		-	-	(487,744)	(487,744)
		566,717	665,598	1,534,729	1,535,850

# NOTES TO THE FINANCIAL STATEMENTS

## 22 CASH AND CASH EQUIVALENTS

As at 31st March	Group		Company	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
<b>Favourable Balances</b>				
Cash in Hand and at Bank	34,417	230,698	25,004	15,798
	34,417	230,698	25,004	15,798
<b>Unfavourable Balances</b>				
Bank Overdrafts	(452,965)	(633,898)	(291,042)	(426,710)
Cash and Cash Equivalents for the Cash Flow Purpose	(418,548)	(403,200)	(266,038)	(410,912)

## 23 STATED CAPITAL

As at 31st March	Group/Company			
	2021		2020	
	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

## 24 DEFERRED TAXATION

As at 31st March	Group			
	2021		2020	
	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	(743,094)	(105,991)	(618,855)	(89,566)
On Retirement Benefit Obligations	31,748	12,047	42,558	9,455
On Tax Losses Carried Forward	3,632,649	847,937	3,142,742	717,187
	2,921,303	753,993	2,566,445	637,076

As at 31st March	Company			
	2021		2020	
	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	(8,701)	(2,088)	(13,312)	(3,727)
On Retirement Gratuity	15,877	3,810	23,260	6,614
On Tax Losses Carried Forward	993,389	238,413	851,562	238,437
	1,000,565	240,135	861,870	241,324

### 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.240 Mn (2020 - Rs.241 Mn).

## 25 RETIREMENT BENEFIT OBLIGATIONS

As at 31st March	Group		Company	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
Balance at the Beginning of the Year	42,558	39,963	23,620	23,928
On Acquisition of Subsidiary	237	-	-	-
On Disposal of Subsidiary	(3,917)	-	-	-
Interest for the Year	1,140	2,001	1,030	1,901
Provision made During the Year	5,687	9,677	1,599	3,350
(Gain)/Loss arising from changes in assumptions or (over)/under provision in the previous year	(9,002)	(8,503)	(6,690)	(5,559)
Payments made during the Year	(4,955)	(580)	(3,682)	-
Balance at the end of the Year	31,748	42,558	15,877	23,620

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	2021	2020
Rate of Interest	8.00%	8.95%
Rate of Salary Increase	7.50%	7.50%
Labour Turnover	7.0%	5.6%
Retirement Age	60	60

### 25.1 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	Total Comprehensive Income Increase/(Reduction) Rs:'000	Employment Benefit Obligation Increase/ (Reduction) in the Liability Rs:'000
<b>Group</b>		
Increase in Discounts Rate (1%)	10	(3,056)
Decrease in Discount Rate (1%)	9	3,403
Increase in Salary Increment Rate (1%)	217	3,390
Decrease in Salary Increment Rate (1%)	85	(3,097)
<b>Company</b>		
Increase in Discounts Rate (1%)	(11)	(1,348)
Decrease in Discount Rate (1%)	28	1,496
Increase in Salary Increment Rate (1%)	156	1,489
Decrease in Salary Increment Rate (1%)	(142)	(1,366)

# NOTES TO THE FINANCIAL STATEMENTS

## 26 NON-INTEREST BEARING BORROWINGS

As at 31st March	Group		Company	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
Balance at the Beginning of the Year	852,865	859,715	852,865	859,715
Loan Obtained During the Year	-	-	-	-
Installments Paid During the Year	(12,204)	(6,850)	(12,204)	(6,850)
Balance at the End of the Year	840,661	852,865	840,661	852,865
<b>26.1 Summary</b>				
Questnet Limited (Note 26.1.1)	49,866	62,070	49,866	62,070
CC Trust Pte Ltd	790,795	790,795	790,795	790,795
	840,661	852,865	840,661	852,865
Amount repayable within one year	49,866	62,070	49,866	62,070
Amount repayable after one year	790,795	790,795	790,795	790,795

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

## 27 INTEREST BEARING BORROWINGS

As at 31st March	Group		Company	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
Direct Borrowing	505	473	506	473
Preference Facility Loan	1,084,462	851,142	1,084,462	851,142
Borrowing Under Commercial Papers	64,519	14,951	82,770	31,773
Borrowing Under Repurchase Agreement	795	795	796	795
Other Long-Term Loans	558,684	260,245	83,992	38,094
	1,708,965	1,127,606	1,252,525	922,277
Amount repayable within one year (Note 27.2)	1,243,110	899,024	1,220,653	898,468
Amount repayable after one year (Note 27.2)	465,855	228,582	31,870	23,809
	1,708,965	1,127,606	1,252,523	922,277

### 27.1 Assets Pledged

Name of the Lender	Nature of Facility	Name of the Lender	Facility Limit Rs.	Details of the Assets Pledged	Balance as at 31st March 2021 Rs.	Balance as at 31st March 2020 Rs.
Asia Capital PLC	Long Term Loan	Seylan Bank PLC	100,000,000	Arachchige Watta, Waduwanakaduwatta, and Ratranhadiligeliyadda, Kosgoda	31,227,107	38,095,239
Wadduwa Resorts (Private) Limited	Long Term Loan	Seylan Bank PLC	325,000,000	Taprobana Land building located at No.325/16,Ratnayaka Road, Thalpitiya, Wadduwa. Corporate guarantee of Asia Capital PLC	152,831,426	160,261,697
Beach Resorts Kosgoda (Private) Ltd	Long Term Loan	Seylan Bank PLC	250,000,000	Land and Building Located at No.47/23, Paratharakaya Round Road, Kosgoda.	219,869,123	218,507,656



## 27.2 Analysis of Non-current Portion of Interest Bearing Borrowings

As at 31st March	2021		2020	
	Payable within One year Rs.'000	Payable after One year Rs.'000	Payable within One year Rs.'000	Payable after One year Rs.'000
<b>Group</b>				
Direct Borrowing	505	-	471	-
Preference Facility Loan	1,084,462	-	851,142	-
Borrowing under Commercial Papers	64,519	-	14,951	-
Borrowing under Repurchase Agreement	795	-	795	-
Other Long Term Loans	92,829	465,855	31,663	228,582
	1,243,110	465,855	899,022	228,582
<b>Company</b>				
Direct Borrowing	506	-	473	-
Preference Facility Loan	1,084,462	-	851,142	-
Borrowing under Commercial Papers	82,770	-	31,773	-
Borrowing Under Repurchase Agreement	796	-	795	-
Other Long Term Loans	52,121	31,870	14,285	23,809
	1,220,655	31,870	898,468	23,809

27.3 Interest bearing borrowings includes preference facility loan amounting to Rs.909,293,142/- (2020 - Rs.577,350,000/-) obtained from Fast Gain International Limited, a shareholder related entity.

## 28 LEASE LIABILITY

As at 31st March	Group		Company	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
<b>Finance Lease Liability</b>				
Balance at the Beginning of the Year	40,754	40,116	-	1,934
On Acquisition of Subsidiary	6,766	-	-	-
Lease Obtained During the Year	14,000	10,600	-	-
Repayment During the Year	(24,235)	(9,962)	-	(1,874)
Balance as at 31st March	37,285	40,754	-	60
Interest in Suspense	(10,146)	(10,280)	-	(60)
Balance at the End of the Year	27,139	30,474	-	-
Amount within One Year	7,131	10,530	-	-
Amount After One Year	20,008	19,944	-	-
	27,139	30,474	-	-

## 29 DEFERRED INCOME

As at 31st March	Group		Company	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 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

# NOTES TO THE FINANCIAL STATEMENTS

## 30 TRADE AND OTHER PAYABLES

As at 31st March	Group		Company	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
Trade Creditors	27,957	64,799	-	-
Sundry Creditors including Accrued Expenses	182,569	219,268	55,809	45,704
Refundable Deposits	9,299	9,299	9,299	9,299
	219,825	293,366	65,108	55,003

## 31 AMOUNTS DUE TO RELATED COMPANIES

As at 31st March	Relationship	Group		Company	
		2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
Navara Securities (Pvt) Limited	Subsidiary	-	-	12,186	-
Strider Capital Asia (Private) Limited	Subsidiary	-	-	37,947	37,966
		-	-	50,133	37,966

## 32 DISPOSAL AND ACQUISITION OF SUBSIDIARIES

During the year ended March 31, 2021 the Company has disposed its entire holding in Shinagawa Beach Resorts (Private) Limited and acquired controlling stake of Navara Capital Partners Limited Navara Securities (Private) Limited and Beach Resorts Kosgoda (Private) Limited.

### 32.1 Disposal of Subsidiary

	Shinagawa Beach Resorts (Private) Limited Rs.'000
<b>Profit on Disposal of Subsidiary</b>	
<b>Group</b>	
Consideration Received	385,417
Share of Net Assets of the Subsidiary as at Disposal Date/Cost of Investment	(209,359)
Unimpaired Goodwill	-
Profit / (loss) on Disposal of Subsidiary	176,058

32.1.1 The carrying amount of assets and liabilities in the disposal may be analysed as follows.

Assets	Rs.'000	Liabilities	Rs.'000
Property, Plant and Equipment	454,151	Retirement Benefit Obligation	3,917
Inventory	4,300	Trade & Other Payables	23,817
Trade & Other Receivable	10,717	Bank Overdraft	16,913
Cash and Cash Equivalents	1,501		
Total Assets	470,669	Total Liabilities	44,647
Net Assets	426,022		

### 32.2 Acquisition of Subsidiaries

As at 31st March

	Navara Capital Partners Ltd	Navara Securities (Private) Ltd	Beach Resorts Kosgoda (Private) Ltd
	Rs.'000	Rs.'000	Rs.'000
<b>Acquisition of Subsidiaries</b>			
Purchase Consideration	82,785	78,454	385,417
Share of Net Asset Acquired	(77,809)	(29,213)	(139,238)
Goodwill	4,976	49,241	246,179

Operations of the Navara Securities (Private) Limited to be started under the name of Asia Capital Stock Brokers (Private) Limited in the financial year of 2021/2022.

#### 32.2.1 The fair value of identifiable assets and liabilities of subsidiaries as at the date of acquisition are as follows.

##### Navara Capital Partners (Private) Limited

<b>Assets</b>	<b>Rs.'000</b>	<b>Liabilities</b>	<b>Rs.'000</b>
Property, Plant and Equipment	45	Amount due to Related Parties	1,044
Investment in Subsidiaries	112,077	Accrued Expenses	18
Cash and Cash Equivalents	95		
Total Assets	112,217	Total Liabilities	1,062
Net Assets	111,155		

##### Navara Securities(Private) Limited

<b>Assets</b>	<b>Rs.'000</b>	<b>Liabilities</b>	<b>Rs.'000</b>
Property, Plant and Equipment	150	Amount due to Related Parties	448
Intangible Assets	28,865	Deffered tax	7
Trade Receivables & Prepayments	2,771	Accrued Expenses	13
Amount due from Related Party	12,903		
Cash and Cash Equivalents	39		
Total Assets	44,728	Total Liabilities	468
Net Assets	44,260		

##### Beach Resorts Kosgoda (Private) Limited

<b>Assets</b>	<b>Rs.'000</b>	<b>Liabilities</b>	<b>Rs.'000</b>
Property, Plant and Equipment	835,738	Interest bearing borrowing	239,745
Intangible Assets	45	Amount due to Related Parties	215,277
Trade Receivables & Prepayments	20,538	Accrued Expenses	14,300
Amount due from Related Party	5,814	Bank Overdraft	29,183
Cash and Cash Equivalents	2,785		
Total Assets	864,920	Total Liabilities	498,505
Net Assets	366,415		

# NOTES TO THE FINANCIAL STATEMENTS

## 33 SUMMARISED FINANCIAL INFORMATION OF SUBSIDIARIES

	Assets		Liabilities		Equity		Revenue		Profit After Tax		Total Comprehensive Income	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	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	-	-	1,003	883	(1,003)	(883)	-	-	(120)	(192)	(120)	(192)
Asia Fort Sri Lanka Direct Investment Fund Ltd	19,056	17,630	2,810	2,649	16,246	14,981	1,425	1,736	1,265	1,345	1,265	1,345
Asia Capital Private Equity (Pvt) Ltd	26,269	26,269	32,076	31,985	(5,807)	(5,716)	-	-	(91)	(108)	(91)	(108)
Asia Capital Technologies (Pvt) Ltd	8,321	10,247	48,798	45,442	(361,576)	(35,195)	10	384	(5,251)	(7,004)	(5,282)	(6,810)
Asia Digital Entertainment (Pvt) Ltd	17,538	17,569	379,114	378,922	(40,477)	(361,353)	-	-	(223)	(385)	(223)	(385)
Asia Capital Projects (Pvt) Ltd	2,860	175,769	23,523	197,037	(20,663)	(21,268)	-	-	605	(173)	605	(173)
Galle Beach Hotel (Pvt) Ltd	35,891	35,891	202	136	35,689	35,754	-	-	(65)	(135)	(65)	(135)
Asia Leisure Holding (Pvt) Ltd	1,497,965	1,224,190	691,513	352,520	806,452	871,670	7,595	19,520	(65,865)	(22,442)	(65,216)	(22,159)
Asia Leisure (Pvt) Ltd	216,873	243,197	291,817	285,521	(83,654)	(48,775)	10,383	43,165	(34,552)	(58,054)	(34,876)	(57,948)
Beach Resorts Kosgoda (Pvt) Ltd	827,891	-	279,589	-	288,037	-	20,881	-	(78,378)	-	(77,769)	-
Wadduwa Resorts (Pvt) Ltd	1,393,810	1,465,770	305,292	252,913	920,349	1,021,567	8,302	104,580	(102,469)	(188,789)	(101,217)	(187,148)
Asia Tea Packaging (Pvt) Ltd	3,852	3,852	11,534	11,413	(7,688)	(7,561)	-	-	(127)	(147)	(127)	(147)
River House (Pvt) Ltd	508,751	508,751	7,894	7,825	500,857	500,926	-	-	(69)	(137)	(69)	(137)
River House Estate (Pvt) Ltd	173,514	202,495	86,273	102,245	78,900	85,695	-	-	(6,795)	(14,223)	(6,795)	(14,223)
Asia Leisure Travels (Pvt) Ltd	50,195	68,150	102,116	108,786	(62,874)	(46,982)	1,266	94,151	(16,050)	(16,244)	(15,893)	(15,999)
Nuwara Eliya Hotel & Resorts (Pvt) Ltd	95,769	95,769	80,120	80,091	15,649	15,678	-	-	(29)	(61)	(29)	(61)
Strider Capital Asia (Pvt) Ltd	38,002	38,054	145	94	37,858	37,961	-	-	(101)	(154)	(101)	(154)
Asia Leisure Apartments (Pvt) Ltd	179,758	178,501	179,936	178,586	(178)	(85)	-	-	(93)	(86)	(93)	(86)
Navara Capital Partners (Pvt) Ltd	112,201	-	1,109	-	111,109	-	-	-	(64)	-	(64)	-
Navara Securities (Pvt) Ltd	43,781	-	118	-	43,663	-	-	-	(599)	-	(599)	-

### 33.1 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	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	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										
Wadduwa Resorts (Pvt) Ltd	42	42	42	42	(43,037)	(79,291)	(42,511)	(78,602)	386,547	429,058
Asia Leisure Holding (Pvt) Ltd	26	26	26	26	(17,125)	(5,835)	(16,956)	(5,761)	209,678	226,634
Asia Leisure Travels (Pvt) Ltd	41	41	41	41	(6,581)	(6,660)	(6,517)	(6,560)	(25,778)	(19,263)
River House Estate (Pvt) Ltd	26	26	26	26	(1,767)	(3,698)	(1,767)	(3,698)	20,514	22,281
River House (Pvt) Ltd	26	26	26	26	(18)	(36)	(18)	(36)	130,223	130,241
Nuwara Eliya Hotel & Resorts (Pvt) Ltd	26	26	26	26	(8)	(16)	(8)	(16)	4,069	4,076
Beach Resorts Kosgoda (Pvt) Ltd	62	-	62	-	(48,594)	-	(48,216)	-	178,583	-
Navara Capital Partners (Pvt) Ltd	30	-	30	-	(14)	-	-	-	33,333	-
Navara Securities (Pvt) Ltd	34	-	34	-	(204)	-	-	-	14,845	-

### 33.2 Details of Subsidiaries (Contd.)

Name of the subsidiary	Registered Office	Principal place of Business
Asia Growth Fund (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 Holding (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
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	No.102, Bauddhaloka Mawatha, Colombo 04
Asia Leisure Travels (Pvt) Ltd	No.102, Bauddhaloka Mawatha, Colombo 04	No.102, Bauddhaloka Mawatha, Colombo 04
Nuwara Eliya Hotel & Resorts (Pvt) Ltd	No.102, Bauddhaloka Mawatha, Colombo 04	Misty Hill, Kaumankelle, Nuwara Eliya
Strider Capital Asia (Pvt) Ltd	No.102, Bauddhaloka Mawatha, Colombo 04	No.102, Bauddhaloka Mawatha, Colombo 15
Asia Leisure Apartments (Pvt) Ltd	No.102, Bauddhaloka Mawatha, Colombo 04	No.102, Bauddhaloka Mawatha, Colombo 15
Beach Resorts Kosgoda (Pvt) Ltd	No.102, Bauddhaloka Mawatha, Colombo 05	No.47/23, Paratharakaya Round, Road, Kosgoda
Navara Capital Partners Ltd	No.102, Bauddhaloka Mawatha, Colombo 06	- Do -
Navara Securities (Pvt) Ltd	No.102, Bauddhaloka Mawatha, Colombo 07	- Do -

#### Name of the Associates

Galle Beach CC Trust (Pvt) Ltd	No.102, Bauddhaloka Mawatha, Colombo 04	No.471, Colombo Road, Daddalla, Galle
493, Talpe Lands (Pvt) Ltd	No.102, Bauddhaloka Mawatha, Colombo 04	493, Talpe, Habaraduwa, Galle

### 34 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.

#### 34.1 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.

# NOTES TO THE FINANCIAL STATEMENTS

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

For the year ended 31st March	Group		Company	
	2021	2020	2021	2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Short-Term Employment Benefits	24,380	79,595	24,380	79,595
Post-Employment Benefits Paid	Nil	Nil	Nil	Nil
Other Long Term Benefits	Nil	Nil	Nil	Nil
Termination Benefits	Nil	Nil	Nil	Nil

The Company contributes towards a post-employment contribution plan for the Executive Director (CEO) and Group Chief Financial Officer.

There are no share-based payments made to the KMP during the year.

No loans were granted to KMP of the Company.

## 34.2 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.

## 34.3 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	
				2021 Rs.'000	2020 Rs.'000
<b>Transactions with Subsidiaries/Sub-Subsidiaries</b>					
Asia Growth Fund 1 (Private) Limited	Subsidiary	Mr. J.H.P. Rathnayake	Reimbursement of Expenses (net)	80	138
		Mr. S.A. Abeyesinhe	Provision for Bad and Doubtful Debts Expense during the year	-	138
Asia Fort Sri Lanka Direct Investment Fund Limited	Subsidiary	Mr. J.H.P. Rathnayake	Interest Expense on Commercial Papers	-	1,769
		Mr. S.A. Abeyesinhe	Reimbursement of Expenses (net)	84	369
<b>Transactions with Related Companies</b>					
Asia Capital Technologies (Private) Limited	Subsidiary	Mr. S.A. Abeyesinhe	Reimbursement of Expenses (net)	2,345	3,624
			Intercompany Fund Transfers	443	1,100
			Provision for Bad and Doubtful Debts Expense during the year	-	4,724
Asia Capital Projects (Private) Limited	Subsidiary	Mr. S.A. Abeyesinhe	Intercompany Fund Transfers	1	500
			Reimbursement of Expenses (net)	66	159
			Reimbursement of Expenses (net)	4,345	19,090
			Provision for Bad and Doubtful Debts Expense during the year	-	160

Name of the Related Party	Nature of the Relationship	Name of the Common Director	Details of the Transactions/Balances	Value of the Transactions	
				2021 Rs.'000	2020 Rs.'000
Asia Leisure Holdings (Private) Limited	Subsidiary	Mr. S.A. Abeyesinhe	Intercompany Fund Transfers	6,644	50,013
			Inter Company Balance Settlement	-	-
			Transfer of RPT Balance with Shinagawa	288,872	-
			Reimbursement of Expenses (net)	11,705	36,704
Asia Leisure (Private) Limited	Subsidiary	Mr. S.A. Abeyesinhe	Inter Company Fund Transfers	(1,200)	-
			Reimbursement of Expenses (Net)	34,122	733
			Inter Company Balance Settlement	-	-
Asia Capital Private Equity (Private) Ltd	Subsidiary	Mr. S.A. Abeyesinhe	Inter Company Fund Transfers	-	0
			Reimbursement of Expenses (Net)	62	100
			Provision for Bad & Doubtful Debts	-	100
			Expense during the year	-	-
Asia Digital Entertainment (Private) Limited	Subsidiary	Mr. V. Siva Jr	Intercompany Fund Transfers (Net)	(4,000)	-
			Reimbursement of Expenses	182	350
			Provision for Bad & Doubtful Debts	-	350
			Expense during the year	-	-
Asia Tea Packaging (Private) Limited	Subsidiary		Reimbursement of Expenses	81	100
			Provision for Bad & Doubtful Debts	-	100
			Expense during the year	-	-
River House (Private) Ltd	Subsidiary	Mr. S.A. Abeyesinhe	Reimbursement of Expenses	40	83
Wadduwa Resorts (Private) Ltd	Subsidiary	Mr. S.A. Abeyesinhe	Intercompany Fund Transfers (Net)	4,309	41,451
		Mr. T. Tanaka	Reimbursement of Expenses	9,657	4,516
		Mr. Y. Wattanabe	Inter Company Balance Settlement	-	-
			Share issue against RPT account balance	-	252,546
River House Estate (Private) Ltd	Subsidiary	Mr. S.A. Abeyesinhe	Intercompany Fund Transfers (Net)	(11,566)	7,159
		Mr. V. Siva Jr	Reimbursement of Expenses	731	1,037
Galle Beach Hote (Private) Ltd	Subsidiary	Mr. S.A. Abeyesinhe	Reimbursement of Expenses	40	(127)
		Mr. V. Siva Jr	Intercompany Fund Transfers	-	-
Asia Leisure Travels (Private) Ltd	Subsidiary	Mr. S.A. Abeyesinghe	Reimbursement of Expenses	4,364	2,704
			Intercompany Fund Transfers (Net)	375	15,520
			Inter Company Balance Settlement	-	-
		Mr. T. Tanaka	Reimbursement of Expenses	(19)	(97)
Asia Leisure Apartment (Private) Ltd	Subsidiary	Mr. S.A. Abeyesinhe	Advanced paid to purchase of Apartments	-	178,500
			Reimbursement of Expenses	57	-
			Intercompany Fund Transfers	50	-
			Transfer of apartment to Navara Capital Limited as settlement of purchase consideration	40,000	-

# 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	
				2021 Rs.'000	2020 Rs.'000
<b>b) Transactions with Associates</b>					
Galle Beach CC Trust (Private) Ltd	Subsidiary	Mr. S.A. Abeyesinhe	Fund Transferred for Construction of the Hotel		32,312
			Fund Transferred for Repayment of Bank Loan interest		16,139
			Reimbursement of Expenses	51	279
			Intercompany Fund Transfers (Net)	3,850	5,111
493 Talpe Lands (Private) Ltd	Associate	-	Payment for Acquisition of Talpe Land	-	-
			Reimbursement of Expenses	51	53
<b>c) Transactions with Affiliates</b>					
Katumankelle Hill Estate (Private) Limited	Affiliate	Mr. S.A. Abeyesinhe	Interest Paid by ACAP for Loan obtained to Purchase Kosgoda Land	-	6,487
			Intercompany Fund Transfers (Net)	-	-
			Reimbursement of Expenses	-	303
<b>d) Transactions with Shareholder Related Entities</b>					
Fast Gain International Limited	Shareholder related entity		Preference facility loan outstanding	909,293	577,350
			Interest on preference facility Loan	73,393	42,333
Questnet Limited	Shareholder related entity		Net settlement	(12,204)	(6,691)
<b>(e) Transactions with Other Related Parties</b>					
P.R. Secretarial Services (Private) Limited	Common Directors	Mr.J.H.P.Rathnayake	Secretarial Fees	203	92
P.R Corporate Services (Private) Limited			Secretarial Fees	-	-
			Lawyers fee	948	35

Amount receivable and payable to related parties are disclosed in the Note 21 and 31 to the financial statements. Closing Balance of the provision for bad & doubtful debts are disclosed under respective related party balances. Outstanding balances at the year end are unsecured and 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 35.1.



#### 34.4 Non-Recurrent Related Party Transactions

There were no non-recurrent related party transactions other than the following in which aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Company as per 31st March 2020 audited financial statements, which required additional disclosures in the 2020/2021 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.

#### 34.5 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, 2021 audited Financial Statements, which required additional disclosures in the 2020/2021 Annual Report under Colombo Stock Exchange listing Rule 9.32 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.

### 35 COMMITMENTS AND CONTINGENCIES

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

#### 35.1 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	2021 Rs.	2020 Rs.
Asia Leisure Holdings (Private) Ltd	Seylan Bank PLC	Working Capital	7,000,000	7,000,000
Wadduwa Resorts (Private) Ltd	Seylan Bank PLC	Constructions	152,831,426	160,261,697
Wadduwa Resorts (Private) Ltd	Seylan Bank PLC	Working Capital	27,500,000	27,500,000
Asia Leisure Travels (Private) Ltd	Seylan Bank PLC	Repayment of Banking facility of subsidiary Company	10,000,000	10,000,000

#### 35.2 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.

### 36 EVENTS SUBSEQUENT TO THE REPORTING DATE

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

The COVID-19 outbreak since early 2020 has brought about additional uncertainties in the Group's operating environment and has impacted the Group operations. Based on the available information, the management has assessed the existing and anticipated effects of COVID-19 on the Group Companies and the appropriateness of the use of the going concern basis. The Company has been closely monitoring the impact of the developments on the Company's business in the aspects of cost management, profitability, debt repayment, collection of cash and capital nature expenditure. The Board together with the management is committed to withstand the negative effects and short term uncertainty this pandemic has created and confident that the company is in the possession of required resources and capabilities to achieve this. The Company does not anticipate any impairment provision on the carrying value of the assets in the balance sheet.

# NOTES TO THE FINANCIAL STATEMENTS

## 37 BUSINESS SEGMENT

For the year ended 31st March	Investments		Leisure	
	2021	2020	2021	2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Revenue</b>				
Total Gross Sales	1,425	1,796	56,463	405,461
Less: Inter segment sales/dividend	(1,425)	(1,796)	-	-
<b>Net Segment Revenue</b>	-	-	56,463	405,461
Segmental Operating Profit / (Loss)	(141,333)	(391,922)	(318,655)	(293,486)
Other Operating Income	152,868	16,850	210,632	19,989
Share of Profit/(Loss) of Associate Companies	(424)	(1,671)		
<b>Operating Profit / (Loss) before Provision for Fall in Value of Investments</b>				
	11,111	(376,742)	(108,023)	(273,497)
Provision for fall in value of investments	-	(5,615)		
<b>Operating Profit / (Loss)</b>	11,111	(382,357)	(108,023)	(273,497)
Finance Cost	(163,158)	(115,536)	(55,206)	(52,357)
Finance Income	20,865	19,461	-	-
Profit Before Taxation	(131,182)	(478,432)	(163,229)	(325,854)
Income Taxation	-	-	-	-
<b>Profit After Taxation</b>	(131,182)	(478,432)	(163,229)	(325,854)
<b>Assets</b>				
Segment Assets	120,006	606,943	4,479,453	3,927,194
Investment in Associates	171,072	171,496	-	-
<b>Total Assets</b>	291,078	778,439	4,479,453	3,927,194
<b>Liabilities</b>				
Segment Liabilities	949,340	990,579	212,743	272,201
Interest Bearing Borrowings	1,506,366	1,158,550	655,564	429,336
<b>Total Liabilities</b>	2,455,706	2,149,129	868,307	701,537
<b>Net Assets</b>	(2,164,628)	(1,370,690)	3,611,146	3,225,657
Capital Expenditure	40,773	21,991	2,907	27,333
Depreciation	10,957	14,659	130,097	94,122

Manufacturing		Stock brokering		Services		Group	
2021	2020	2021	2020	2021	2020	2021	2020
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
-	-	-	-	10	384	57,898	407,641
-	-	-	-	-	-	(1,425)	(1,796)
-	-	-	-	10	384	56,473	405,845
(128)	(147)	(685)	(685)	(5,353)	(7,177)	(466,154)	(692,732)
1	-	-	-	707	-	364,208	36,839
-	-	-	-	-	-	(424)	(1,671)
(127)	(147)	(685)	(685)	(4,646)	(7,177)	(102,370)	(657,563)
-	-	-	-	-	-	-	-
(127)	(147)	(685)	(685)	(4,646)	(7,177)	(102,370)	(657,563)
-	-	-	-	-	-	(218,364)	(167,893)
-	-	-	-	-	-	20,865	19,461
(127)	(147)	(685)	(685)	(4,646)	(7,177)	(299,869)	(805,995)
-	-	22	22	-	-	22	-
(127)	(147)	(663)	(663)	(4,646)	(7,177)	(299,847)	(805,995)
3,852	3,852	144,008	144,008	11,165	186,000	4,758,484	4,723,988
-	-	-	-	-	-	171,072	171,496
3,852	3,852	144,008	144,008	11,165	186,000	4,929,556	4,895,484
614	574	165	165	3,397	2,795	1,166,259	1,266,149
-	-	-	-	-	173,615	2,161,930	1,761,501
614	574	165	165	3,397	176,410	3,328,189	3,027,650
3,238	3,278	143,843	143,843	7,768	9,590	1,601,367	1,867,834
-	-	-	-	-	-	43,680	49,324
-	-	-	-	2,026	2,026	143,080	110,807

# NOTES TO THE FINANCIAL STATEMENTS

## 38 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.

### 38.1 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 2021	31st March 2020	31st March 2021	31st March 2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Equity Instruments Measured at Fair Value Through OCI	117,430	120,548	117,430	120,548
Other Financial Assets	84,655	116,766	61,161	94,589
Trade and Other Receivables	112,071	183,331	35,298	213,765
Amounts Due from Related Parties	566,717	726,505	1,534,729	1,535,850
Long-term Deposits	5,147	5,147	5,147	5,147
Cash at Bank	34,417	230,698	25,004	15,798
	920,437	1,382,995	1,178,769	1,985,697

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 homogenous 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 2021 Rs.'000	31st March 2020 Rs.'000	31st March 2021 Rs.'000	31st March 2020 Rs.'000
	Past due but not impaired			
31-60 days	12,660	70,786	-	-
61-90 days	20,451	47,882	-	-
>90 days	70,699	59,616	-	-
Total	103,810	178,284	-	-

### 38.2 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 2021 Rs.'000	31st March 2020 Rs.'000	31st March 2021 Rs.'000	31st March 2020 Rs.'000
	Other Financial Assets	84,655	116,766	61,161
Amount due from Related Parties	566,717	726,505	1,534,729	1,535,850
Trade and Other Receivables	112,071	183,331	17,032	14,823
Cash in Hand and at Bank	34,417	230,698	25,004	15,798
Total liquidity Assets	797,860	1,257,300	1,637,926	1,661,060
Non-Interest Bearing Borrowing	840,661	852,865	840,661	852,865
Interest Bearing Borrowings	1,243,110	899,024	1,220,655	898,468
Lease Liability	27,139	30,474	-	-
Trade and Other Payables	219,825	293,366	65,108	55,003
Bank Overdrafts	452,965	633,898	291,042	426,710
Amount due to related Parties	-	-	50,133	37,966
Total Liabilities	2,783,700	2,709,627	2,467,599	2,271,012
Net (Debt)/Cash	(1,985,840)	(1,452,327)	(829,673)	(609,952)

# 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	2021	2020	2021	2020
Debt/Equity	3.97	2.14	2.12	1.50

## 38.3 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 2021 Rs.'000	31st March 2020 Rs.'000	31st March 2021 Rs.'000	31st March 2020 Rs.'000
Preference Facility Loan	1,084,462	851,142	1,084,462	851,142
Net Borrowing (Rs.)	1,084,462	851,142	1,084,462	851,142
Closing Exchange Rate (Rs.)	202.04	192.45	202.04	192.45
Net Borrowing (Functional Currency)	5,368	4,423	5,368	4,423
Increase Exchange Rate in 3% (Rs.)	208.10	198.22	208.10	198.22
Impact to the PBT	(32,534)	(25,534)	(32,534)	(25,534)
Decrease Exchange Rate in 3% (Rs.)	195.98	186.68	195.98	186.68
Impact to the PBT	32,534	25,534	32,534	25,534

**(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 2021 Rs.'000	31st March 2020 Rs.'000	31st March 2021 Rs.'000	31st March 2020 Rs.'000
<b>Fixed Rate Instruments</b>				
Financial Assets				
Fixed Deposit	74,655	116,754	50,664	94,121
Financial Liabilities				
Other Long Term Loans	(558,684)	(260,245)	(83,991)	(38,094)
<b>Variable Rate Instruments</b>				
Financial Assets				
Reverse Repurchase Agreement	-	-	497	468
Financial Liabilities				
Direct Borrowings	(505)	(473)	(505)	(473)
Reverse Repurchase Agreement	(795)	(795)	(795)	(795)
Preference Facility Loan	(1,084,462)	(851,142)	(1,084,462)	(851,142)
Lease Liability	(27,139)	(30,474)	-	-
Commercial Papers	(64,519)	(14,951)	(82,770)	(31,773)
Bank Overdrafts	(452,965)	(633,898)	(291,042)	(426,710)
	(2,114,414)	(1,675,212)	(1,492,404)	(1,254,398)

**Cash flow sensitivity analysis for variable rate instruments**

The Group is exposed to changes in market interest rates through bank overdrafts and commercial papers which were borrowed at a variable interest rate.

**Group**

As at 31st March 2021	Profit or loss		Equity	
	1% Increase Rs.	1% Decrease Rs.	1% Increase Rs.	1% Decrease Rs.
Variable rate instruments				
Commercial Papers	(645)	150	(645)	150
Bank Overdrafts	(4,530)	6,339	(4,530)	6,339

**Company**

As at 31st March 2021	Profit or loss		Equity	
	1% Increase Rs.	1% Decrease Rs.	1% Increase Rs.	1% Decrease Rs.
Commercial Papers	(828)	(264)	(828)	(264)
Bank Overdrafts	(2,890)	(1,322)	(2,890)	(1,322)

# NOTES TO THE FINANCIAL STATEMENTS

## 39 FINANCIAL INSTRUMENTS

### 39.1 Fair Values Versus Carrying Amounts

The fair values of financial assets and liabilities together with the carrying amounts shown in the statement of Financial Position as at 31st March 2021 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
<b>Assets Carried at Fair Value</b>				
<b>Assets Carried at Amortised Cost</b>				
Trade and Other Receivables	112,071	112,071	17,032	17,032
Other Financial Assets	84,655	84,655	61,161	61,161
Long-term Deposits and Advances	5,147	5,147	5,147	5,147
Amount Due from Related Company	566,717	566,717	1,534,729	1,534,729
Cash and Cash Equivalents	34,417	34,417	25,004	25,004
<b>Liabilities Carried at Amortised cost</b>				
Interest Bearing Borrowings	1,708,965	1,708,965	1,220,655	1,220,655
Lease liability	27,139	27,139	-	-
Non Interest Bearing Borrowings	840,661	840,661	840,661	840,661
Trade and Other Payables	219,825	219,825	65,108	65,108
Amount Due to Related Company	-	-	50,133	50,133
Bank Overdraft	452,965	452,965	291,042	291,042

### 39.2 Fair Value Hierarchy

39.2.1 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

	2021			
	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000	Total Rs.'000
<b>Group</b>				
Fair Value Through Profit and Loss	-	-	-	-
Equity Instruments Measured at Fair Value Through OCI	-	-	117,430	117,430
	-	-	117,430	117,430
<b>Company</b>				
Fair Value Through Profit and Loss	-	-	-	-
Equity Instruments Measured at Fair Value Through OCI	-	-	117,430	117,430
	-	-	117,430	117,430



As at 31st March

	2020			
	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000	Total Rs.'000
<b>Group</b>				
Fair Value Through Profit and Loss	-	-	-	-
Equity Instruments Measured at Fair Value Through OCI	-	-	120,548	120,548
	-	-	120,548	120,548
<b>Company</b>				
Fair Value Through Profit and Loss	-	-	-	-
Equity Instruments Measured at Fair Value Through OCI	-	-	120,548	120,548
	-	-	120,548	120,548

#### 40 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 misstatements, whether due to fraud or error selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### 41 STOCK EXCHANGE LISTING

##### 01 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

##### 02 Market Price

	31st March 2021 (Rs. Per Share)	31st March 2020 (Rs. Per Share)
Last Traded Price	5.00	4.40
Last Traded Date	31.03.2021	20.03.2020
Highest	7.70	8.80
Lowest	4.00	4.00
	<b>31st March 2021</b>	<b>31st March 2020</b>
Float Adjusted Market Capitalisation	124,303,840	107,422,683
Public Holding %	27.76%	18.59%
Number of Public Shareholders	6,165	6,050

# TEN YEAR SUMMARY

For the year ended 31 March

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>OPERATING RESULTS</b>										
Revenue	56,473	405,845	1,108,108	900,013	539,984	498,791	1,651,075	970,321	854,889	1,996,276
Profit/Loss before taxation	(299,869)	(805,995)	(33,289)	175,001	(761,990)	(433,448)	(380,927)	(615,763)	(747,918)	843,459
Taxation	22	-	(1,683)	(52,368)	(1,343)	29,323	(7,680)	(6,992)	20,262	(146,226)
Profit/Loss after Taxation	(299,847)	(805,995)	(34,972)	122,633	(763,333)	(404,125)	(388,607)	(622,755)	(727,656)	697,232
Minority Interest	138,260	115,534	95,027	(85,460)	50,045	27,768	41,439	(2,007)	(4,684)	(158,517)
Profit(Loss) attributable to Shareholders	(161,587)	(690,461)	60,055	208,093	(713,288)	(376,357)	(347,168)	(624,762)	(722,972)	538,715
<b>ASSETS</b>										
Property, Plant & Equipment	3,167,970	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
Intangible Assets	340,623	13,514	116,021	115,306	115,681	121,460	127,402	147,271	149,539	108,675
Investment Property	127,780	-	-	174,656	-	-	-	98,353	32,935	42,935
Long Term Investment	171,072	171,496	173,166	-	-	-	-	-	-	-
Investment in Joint Venture	-	-	-	-	36,532	35,118	-	-	-	-
Financial Assets - Equity instruments measured at fair value through OCI	117,430	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	5,147	5,127	14,019	11,913	11,947	29,325	1,482,971	1,086,956	1,066,774
Current Assets	999,536	1,720,041	1,523,849	1,063,231	313,936	582,532	982,001	3,039,296	3,381,593	2,985,043
Assets Classified as Held for Sale	-	-	-	126,666	-	-	-	-	-	-
Total Assets	4,929,556	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
<b>EQUITY AND LIABILITIES</b>										
Stated Capital	1,498,498	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
Capital Redemption Reserve Fund	-	-	-	-	-	-	-	-	-	-
Revaluation Reserve	1,242,858	1,361,370	1,361,370	852,694	1,197,364	1,226,812	43,634	45,779	45,867	-
Available For Sale Reserve	-	-	-	-	-	-	-	-	-	(4,154)
Capital Reserve	-	-	-	-	-	-	-	5,922	11,148	6229
General Reserve	-	-	-	-	-	-	-	19,054	16,347	8,425
Accumulated Profits/(Loss)	(2,091,998)	(1,927,527)	(1,185,425)	(1,411,333)	(1,325,293)	(732,683)	(1,192,237)	(880,200)	(410,842)	(92,315)
Shareholders' Fund	649,357	932,341	1,674,443	939,859	1,370,569	1,992,627	349,895	305,113	777,078	1,032,744
Minority Interest	952,009	935,493	913,661	663,645	677,705	471,114	19,852	263,492	138,609	44,096
Non-Current Liabilities	1,601,366	1,867,834	2,588,104	1,603,504	2,048,274	2,463,741	369,747	568,605	915,687	1,076,840
Current Liabilities	1,308,406	1,081,879	1,146,993	419,151	351,210	989,698	1,888,863	2,218,270	1,645,804	443,195
Total Liabilities	2,019,783	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
Total Equity & Liabilities	3,328,189	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
Total Equity & Liabilities	4,929,556	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

# 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 29TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Virtual 29th Annual General Meeting for the year ended 31st March 2021 of Asia Capital PLC will be held on 24th September 2021 at 9.30 am at No. 59, Gregory's Road (Srimath R. G. Senanayake Mawatha), Colombo 07 and via online platform.

## 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 2021 together with the Report of the Auditors thereon.
- 2) To re-elect Mr. D. A. S. D. A. Abeyesinhe 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 REOLVED 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 72 (seventy-two) years of age and that he be re-elected as a Director of the company for a further period of one year or until the conclusion of the next Annual General Meeting whichever occurs first".

- 4) To re-elect Mr. Raju Radha who was appointed to the Board on 11th February 2021 cease to be a Director in accordance with Article 103 of the Articles of Association of the Company and being eligible, offer himself for re-election.
- 5) To re-appoint Messrs. BDO Chartered Accountants as the Auditors to the Company for the ensuing year and to authorise the Directors to determine their remuneration.

BY ORDER OF THE BOARD OF ASIA CAPITAL PLC



Secretaries  
Colombo, 25th August 2021

## Notes:

- A Shareholder is entitled to appoint a Proxy to attend and vote at this meeting on his/her behalf.
- A Proxy need not be a Shareholder of the Company.
- A Shareholder wishing to vote by Proxy may use the Form of Proxy enclosed.
- To be valid the completed Form of Proxy must be lodged at the office of the Registrars, P. R. Secretarial Services (Private) Limited, No.59, Gregory's Road (Srimath R. G. Senanayake Mawatha), Colombo 07 or email to [prsecs@gmail.com](mailto:prsecs@gmail.com) not less than 48 hours before the time appointed for the holding of the meeting.
- Shareholders/ Proxy Holders are kindly requested to have their National Identity Card or a similar form of accepted identity when attending the meeting via online platform.
- All shareholders and proxyholders are requested to participate the Annual General Meeting via online platform by completing the enclosed online registration form.









# FORM OF PROXY

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

- 2) Mr. J. H. P. Ratnayeke or failing him
- 3) Mr. D. A. S. A. Abeyesinhe or failing him
- 4) Mr. V. Siva Jr. or failing him
- 5) Mr. A. D. Ross or failing him
- 6) Mr. S. S. Balasubramaniam or failing him
- 7) Mr. Raju Radha

as my/our\* Proxy to represent me/us\* and vote and speak for me/us\* on my/our\* behalf at the Virtual 29th Annual General Meeting of Asia Capital PLC to be held on 24th September 2021 at 9.30 am No. 59, Gregory's Road (Srimath R. G. Senanayake Mawatha), Colombo 07 (via online platform) 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 2021 together with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
02) To re-elect Mr. D. A. S. D. A. Abeyesinhe 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 REOLVED 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 72 (seventy-two) years of age and that he be re-elected as a Director of the company for a further period of one year or until the conclusion of the next Annual General Meeting whichever occurs first".	<input type="checkbox"/>	<input type="checkbox"/>
04) To re-elect Mr. Raju Radha who was appointed to the Board on 11th February 2021 cease to be a Director in accordance with Article 103 of the Articles of Association of the Company and being eligible, offer himself for re-election.	<input type="checkbox"/>	<input type="checkbox"/>
05) To re-appoint Messrs. BDO Partners 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 ..... 2021.

.....  
Signature of shareholder

### Note:

- i) Please delete the inappropriate words.
- ii) Instructions for completion of Proxy are noted below.
- iii) A proxy needs to be a shareholder of the Company.
- iv) 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 filing in legibly your full name, National Identity Card/ Passport/ Company Registration Number, your address and your instructions as to voting and by signing in the space provided and filing in the date of signature. Please ensure that all details are legible.
2. Please mark "X" in appropriate cages, to indicate your instructions as to voting on each resolution. If no indication is given, the Proxy holder in his/her discretion will vote as his /her thinks fit.
3. To be valid, the completed Form of Proxy must be deposited at the office of the Registrars, P. R. Secretarial Services (Private) Limited No. 59, Gregory's Road (Srimath R. G. Senanayake Mawatha), Colombo 07 or email to [prsecs@gmail.com](mailto:prsecs@gmail.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.

**Note:** *Due to the prevailing pandemic situation in the country, the Annual General Meeting will be conducted via online platform and no shareholder will be permitted to be physically present at the venue except for the Board of Directors. Upon you forwarding the completed online registration form (which is enclosed herewith) along with the duly completed proxy a log in link will be forwarded to you.*

# 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  
Strider Capital Asia (Private) Limited  
Galle Beach (Private) Limited  
Asia Capital Partners Limited

## SUB-SUBSIDIARIES

Asia Leisure Travels (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  
Asia Capital Stock Brokers (Private) Limited

## ASSOCIATE

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

## BOARD OF DIRECTORS

J. H. P. Ratnayeke (Chairman)  
S. A. Abeyesinhe (Executive Director)  
A. D. Ross  
V. Siva Jr.  
R. J. Wickramasinghe (D.O.R. 11.02.2021)  
Z. Merchant (D.O.R. 17.02.2021)  
T. Tanaka  
Y. Watanabe (D.O.R. 11.01.2021)  
S. S. Balasubramaniam  
Raju Radha

## AUDIT COMMITTEE

V. Siva Jr. (Chairman)  
R. J. Wickramasinghe (D.O.R. 11.02.2021)  
A.D. Ross  
S. S. Balasubramaniam

## REMUNERATION COMMITTEE

S. S. Balasubramaniam (Chairman)  
R. J. Wickramasinghe (D.O.R. 11.02.2021)  
V. Siva Jr.  
A. D. Ross

## NOMINATION COMMITTEE

R.J. Wickramasinghe (D.O.R. 11.02.2021)  
V. Siva Jr.  
A. D. Ross  
S. S. Balasubramaniam

## RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

S. S. Balasubramaniam (Chairman)  
R.J. Wickramasinghe (D.O.R. 11.02.2021)  
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 Ratnayeke 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