

The Outlook of **Perseverance**



ASIA
CAPITAL
PLC



ANNUAL REPORT 2021/2022

The Outlook of **Perseverance**



ur footprint in the country continues to grow with focused strategies in the stock brokerage, leisure, and investment banking sectors. We have continued to be resilient despite challenges caused by the pandemic, macroeconomic conditions and

social & political unrest. We remain confident in Sri Lanka, and the company has embarked on a journey of growth that has been infused by our stakeholder's energetic spirit and novel thinking, thereby taking us to next level. We remain steadfast in our core values while focusing on growth that would broaden our legacy. By identifying new verticals potential in strategic sectors, we are expanding our horizons in stock brokering and tourism, which indeed reflects our confidence in the revival of the nation.

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VISION

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

MISSION

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

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

During its inception, Asia Capital PLC started with an emphasis on stock brokerage, swiftly expanding its business portfolio to cover a larger share of Sri Lanka's investment banking sector. In order to fulfill our ambition of being a force in the financial sector that provides value-added investment options and unmatched assistance in the process of wealth creation, we have expanded our business activities into a number of markets and disciplines. We have made it our duty to take advantage of every opportunity the market presents since the day we first opened our doors.

Thanks to a combination of our attention to our clients' demands and the expertise and experience we've gained working in this business; we've developed a reputation that cannot be ignored. Our objectives have not been scaled back, and they are supported by thorough investment research and a wide range of corporate investments. The dedicated group of professionals we have put together at Asia Capital PLC is crucial to realising our vision and completing our purpose by successfully putting our plans into action. They serve as the channel through which our organisation creates value for all of its stakeholders.

In the present, we engage in investment banking, project management, advisory services, and leisure activities. In addition, we have also established our presence in the real estate, IT services, asset management, and property management sectors. We are continually prepared to add new spheres to our ever-expanding tapestry of spheres that are in line with our diverse business aims. We receive frequent attention investors, both local and foreign, for our distinctive, time-tested approaches to wealth creation and investment management.

We have helped the country by aiding in the establishment of job opportunities and by assisting in the growth of Sri Lanka's economy. Additionally, we have improved our reputation in the leisure business and were able to successfully complete significant projects. These successes demonstrate that our business is among the most active and growing ones in the industry in which we engage. We can now categorically state that we are a rising star in the industry we work in, and not only limited to one or two aspects. For anybody seeking a trustworthy business partner that can continuously provide results better than expected, Asia Capital PLC is the finest choice.

We have endeavored to find a balance between the display of comprehensive and relevant information and the report's simplicity, clarity, and readability, as the Corporate Reporting discussion increasingly focuses on increased coherence, relevance, and significance of the information offered in the Annual Report. The Group has actively pursued organic and inorganic expansion over the last ten years or more, which has significantly increased the number of businesses within the Group and, as a result, the scope of the Report. As a result, Asia Capital PLC has concentrated more on automating its information gathering and reporting processes in an attempt to increase productivity, reliability, and accuracy.

GROUP STRUCTURE

Company	Board of Directors	Relationship to
Asia Capital PLC		
1. Asia Leisure Holdings (Private) Limited	J.T. Sumathipala (DOA 15-10-2021) J. H. P. Ratnayeke S. A. Abeyesinhe V. Siva Jr. R. M. Morris (DOR 27-08-2021) Thusitha Perera K. Senathirajah (Alternate - S. A. Abeyesinhe) H. D. S. Thushara (DOR 30-09-2021) Y. Watanabe (Alternate - T. Tanaka) (DOR 22-03-2022) T. Watanabe (Alternate Damitha Rathnayaka (DOA 16-03-2022))	Subsidiary
2. Asia Leisure (Private) Limited	S. A. Abeyesinhe R. M. Morris (DOR 27-08-2021) H. D. S. Thushara (DOR 30-09-2021) S. Gunawijeya (DOR 10-02-2022) Raju Radha	Subsidiary
3. Asia Tea Packaging (Private) Limited	Thusitha Perera (DOR 27-01-2022) 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 (DOR 24-03-2022) Sandun Hettige (DOR 30-09-2021) R. M. Morris (DOR 27-08-2021)	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 (DOR 30-09-2021) R. M. Morris (DOR 27-08-2021) Dinusha Rathnayake (DOA 28-09-2021) R.C.T. Gunarathne (DOA 28-09-2021)	Subsidiary
10. Strider Capital Asia (Private) Limited	S. A. Abeyesinhe T. Tanaka (DOR 24-03-2022)	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 (DOR 06-08-2021)	Subsidiary

Company	Board of Directors	Relationship to
13. Beach Resort Kosgoda (Pvt) Ltd.	Stefan Abeyesinhe Sandun Hettige (DOR 05-08-2021) R. M. Morris (DOR 27-08-2021) S. Amunugama	Subsidiary
14. Asia Capital Stock Brokers (Private) Limited	S. A. Abeyesinhe J. H. P. Ratnayeke J.T. Sumathipala (DOA 10-10-2021) S. Kariyawasam (DOR 30-09-2021) Thusitha Perera Jayasankha Alahendra (DOR 15-07-2021)	Sub-subsiidiary
15. Asia Leisure Travels (Private) Limited	S. A. Abeyesinhe R. M. Morris (DOR 27-08-2021) Raju Radha Thusitha Perera S. Gunawijeya M. Senda (DOR 24-03-2022) T. Tanaka (DOR 24-03-2022) H. D. S. Thushara (DOR 30-09-2021)	Sub-subsiidiary
16. River House (Private) Limited	S. A. Abeyesinhe R. M. Morris (DOR 27-08-2021) R. T. C. Gunarathna	Sub-subsiidiary
17. River House Estate (Private) Limited	S. A. Abeyesinhe V. Siva Jr. Thusitha Perera	Sub-subsiidiary
18. Wadduwa Resorts (Private) Limited	S. A. Abeyesinhe (Alternate - S. Samaranayeke) R. M. Morris (DOR 27-08-2021) J.T. Sumathipala (DOA 02-03-2022) S. Hamaguchi (Alternate - Peter Neville Jansen) O. Miyoshi J. H. P. Ratnayeke T. Tanaka (DOR 24-03-2022) Y. Watanabe	Sub-subsiidiary
19. Nuwara Eliya Hotels and Resorts (Private) Limited	Thusitha Perera (DOA 25-08-2021) R.T.C. Gunarathne (DOA 25-08-2021) R. M. Morris (DOR 27-08-2021) H. D. S.Thushara (DOR 30-09-2021)	Sub-subsiidiary
20. Asia Leisure Apartments (Private) Limited	Thusitha Perera H. D. S. Thushara (DOR 05-08-2021) R.T.C. Guanrathne (DOA 28-09-2021)	Sub-subsiidiary
21. Galle Beach Hotel (Private) Limited	S. A. Abeyesinhe R. M. Morris (DOR 27-08-2021) Thusitha Perera (DOA 27-08-2021)	Sub-subsiidiary
22. Galle Beach CC Trust (Private) Limited	S. A. Abeyesinhe R. M. Morris (DOR 27-08-2021) Thusitha Perera R. T. C. Gunarathna R. Shiraishi T. Ishizeki Y. Saida	Associate
23. 493 Talpe Lands (Private) Limited	Thusitha Perera H. D. S. Thushara (DOR 30-09-2021) R.T.C. Gunarathne (DOA 28-09-2021)	Associate
24. Forest Resorts Nuwara Eliya (Private) Limited	H. D. S. Thushara (DOR 30-09-2021) Thusitha Perera Dinusha Rathnayake (DOA 28-09-2021)	Affiliate

CHAIRMAN'S MESSAGE

From an operational perspective we probed each business model to determine areas for improvement vis-a-vis their immediate operating environment

I am pleased to present the Annual Report and Financial Statements of Asia Capital PLC for the year ended 31 March 2022.

The year presented multiple challenges for the country as well as the Company. The delta-variant spread rapidly during the first and second quarters of the financial year, causing significant loss of life while slowing down economic activity. The fourth quarter posed a different set of challenges due to the depleting foreign exchange reserves, which led to shortages of essential food, medicine, fuel, and gas. Operations were periodically impacted by power interruptions and fuel shortages, leading to delays in distribution and loss of productivity.

What started as an economic crisis has now spilled over to a social and political crisis. Public outrage due to the economic hardships has given rise to a large-scale people's movement which continues to date. The youth are standing united in one voice, demanding solutions for the economic crisis and greater accountability in governance. We are inspired by the unity and perseverance shown by our fellow Sri Lankans during these challenging times, and it gives us confidence to continue to make investments towards nation building.

The impact of three consecutive years of seismic shocks to the leisure industry was indeed a heavy blow. The Easter Sunday terror attacks in April 2019 impacted Sri Lanka, while the onset of the COVID-19 pandemic affected the global tourism industry in 2020 and 2021 with unprecedented border closures. Now in the fourth consecutive year, Sri Lanka is facing economic and political instability, plunging the country into its darkest period post-independence.

Sri Lanka needs to move beyond the current paralysis of finding solutions for its urgent issues which, if not will only fester uncertainty and unrest as witnessed in incidents unfolding since April 2022. Recovery is however, possible. Every action must be aligned to restoring law and order, political and economic stability, and in creating a sense of civic duty by individuals, corporates, public sector officials, and politicians alike.

2HFY22 – Resurgence in Leisure

As Sri Lanka reopened its borders to international tourists on 21st January 2021, arrivals during the first quarter of CY2021 remained subdued, reflecting the lower demand globally for international travel. The surge in COVID-19 positive cases from late April 2021 and the resultant border and mobility restrictions imposed by the Government in May 2021 continued to dampen arrivals in the second quarter as well.

In August 2021, the country re-opened its borders to fully vaccinated travellers and removed mandatory on-arrival PCR tests with effect from September 2021. The easing of restrictions for vaccinated travellers together with increased vaccination rates globally resulted in a resurgence in tourist arrivals commencing September 2021, with the country welcoming a total of 106,500 tourists in March 2022, the highest number of arrivals achieved since the COVID-19 outbreak in March 2020. Whilst the emergence of the new COVID-19 variant resulted in a slight decline in arrivals in January 2022, this trend reversed in February and March 2022.

Unfortunately, this momentum slowed, and eventually came to a stop, with widespread global news of the country's political and economic instability. And now, with Sri Lanka's economic crisis, we battle to source sufficient amounts of medicine, fuel, gas, and other essentials, which has resulted in the imposition of negative travel advisories by our key source markets, as well as a general lack of confidence in the destination due to the challenges faced by our people.

We are faced with an unprecedented challenge yet again, not only as an industry, but as an entire nation. Despite these hardships, I want to reassure you that we have never given up on tourism in the past, and we remain optimistic about our country's potential to be one of Asia's leading luxury travel destinations.

Strategic Planning: Set the direction to deliver value

With restructuring activities now well behind us, our main strategic thrust for the year was to turnaround and gear up to maintain consistent results in the future. This meant putting in place a solid framework that would facilitate a steady growth momentum across all our businesses. The process was initiated during October in collaboration with BDO Partners Sri Lanka where a 5-year Corporate Strategic Plan was devised to encourage strategic goal congruence in

the process of shareholder value creation. This was a novel approach to business transformation, which was embraced by the entire Group. With a shareable, adaptable roadmap to transformation, there is a corporate-wide sense of clarity, confidence, and a mechanism for continual improvement. The strategic planning approach included cross-functional involvement; employees from across the business were engaged with a greater sense of ownership, accountability, and productivity. As teams understand those priorities and how their specific roles contribute to achieving them, collaboration and innovation would flourish.

Review of Operations

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

We continued with our efforts to closely monitor and manage our cashflows, curtailing all discretionary expenses and deferring non-essential capital investment by the Group. We also took steps to improve operational efficiencies and optimise working capital.

Investment Banking

Our first priority was to boost the prospects of our core business as an investment promoter. Drawing on our strengths, we sought out opportunities in the local real estate and leisure sectors, two areas that have continued to thrive in the past. Regrettably, however, our ability to forge new partnerships and secure new projects was greatly hampered by the downturn in economic activity in the country and the political crisis that erupted, which together appears to have led to a weakening of overall investor confidence. Nevertheless, the Corporate Finance Department also 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.

CHAIRMAN'S MESSAGE

Leisure

The performance of the Group was inextricably linked to the performance of the tourism industry, and hence the impacts of the challenges faced over the financial year in this segment are reflected in the performance of the Group. While international tourist arrivals were marginal towards the beginning of the year, we were able to increase traction with domestic customers through multiple attractive offers. It is encouraging to note that by November 2021, our occupancy levels at the hotels showed a steady growth, mirroring the increase in foreign tourist arrivals into the country.

Stock Brokering

During the year under review, Asia Capital Stockbrokers, the latest addition to our portfolio of businesses, was gearing up to activate its license. Despite the severe liquidity crisis being faced by the Group, with the financial assistance extended by the majority shareholders, the stockbroking license was activated towards the end of the financial year under review in compliance with the capital adequacy requirements applicable for the industry.

Focused on priority areas

While it is a cliché that employees are our greatest asset, as a Company operating in a people's business we know this to be true. We remain invested in attracting, engaging, developing and retaining talent, supporting lifelong careers in the industry. During the period under review, the health and safety of our associates and ensuring job security were our main priorities. We made it through the uncertainty of the past year, gaining strength as a team as we strategised to steer the Group forward.

A shortage of skilled labour, exacerbated by lucrative opportunities in competitor markets and increased migration levels, continues to be a key challenge faced by the local hospitality industry. We are committed to addressing this issue both at Group and industry level and will continue to implement progressive measures to attract, train, and retain talent. Innovative recruitment models including work from home and flexible working hours are being explored to attract untapped associates and further diversify our employee base.

Investment Banking operation is the key financial advisor to the Group and functions as the Group's corporate finance arm mobilising funds for investments. This division structures all the private equity investments of the Group. In the year ahead, the company hopes to expand its corporate finance operations with greater engagement in private placements, debt syndication and capital raising for a broader corporate clientele.

Risk management and compliance are key components of our corporate governance framework that enable the Group to effectively manage risks and conduct business activities responsibly and in full compliance with all applicable regulations. Accordingly, our governance, risk and compliance processes are subject to ongoing review to ensure that they evolve in tandem with the size, scale and complexities of our business and are also capable of adding value as the business grows.

The Board sets out the overall strategic direction for the Group, while regularly reviewing management performance to ensure that adequate resources are available to support our strategic goals.

Outlook – Resilience and Relevance

Investment Banking

As we navigate the ensuing years, we must learn from our experiences and apply these lessons when operationalising our strategies. Needless to say that our core business as an Investment Promoter greatly depends on the Government's efforts to create a stable, more conducive environment that would help to spur investor confidence and attract foreign direct investments to the country.

Stock Brokering

The Group expects a revival in foreign investor participation once reasonable clarity towards economic, social and political stability is conveyed, which would contribute to improved activity in the CSE. Asia Capital Stockbrokers (ACAPSB) would cultivate foreign tie-ups in order to strengthen its presence among foreign institutional investors. The business would simultaneously work towards expanding its local client base aimed at local corporates, fund managers, and high-net-worth individuals.

Leisure

Whilst global tourist arrivals may record a recovery, continued uncertainty and volatility on the macroeconomic stability of the country and resultant social unrest, further exacerbated by the ongoing fuel and power crisis, may pose challenges for the country in attracting foreign arrivals in the immediate-term.

Hence, ensuring continued political and social stability coupled with clear and transparent communication with the global community would be pivotal in attracting foreign arrivals to the country. Given the ongoing discussions to strengthen Sri Lanka's fiscal position, such impacts are envisaged to diminish in the next few months as this is expected to stabilise the macro economy and address the social unrest. Accordingly, impact of arrivals is envisaged to be largely managed, particularly in time for the upcoming peak season of the year.

To be standing firm on shifting sands

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

Citing the trying circumstances of the past few months, at present, the Group's focus is to improve the status quo and ride out the difficult times by making prudent management decisions. We are confident that our shareholders will stand by us all the way as we try to navigate these uncharted waters till the business landscape improves and the economy takes a positive turn.

Acknowledgements

Let me express my sincere appreciation to my colleagues on the Board for their invaluable insights and enthusiastic participation in all Board-related matters during the year. On behalf of the Board, I would also like to show my appreciation to the Corporate Management, Senior Management and all Group employees for their commitment to enhancing our levels of efficiency and productivity to build a truly sustainable and resilient business model, which can withstand external shocks with minimum fallout whilst supporting Sri Lanka and its people in its return to economic prosperity. Last and by no means least, I would like to say "Thank you" to all our shareholders and other stakeholders for believing in the Company. As we stand on the cusp of an increasingly uncertain future, I am confident that by working together and staying positive, we can achieve great things in the new financial year and beyond.



Dr. J.T. Sumathipala
Chairman

CHIEF EXECUTIVE OFFICER'S REVIEW

The past year has reaffirmed our belief that the Asia Capital PLC's Team is the Group's most valuable asset, and we deeply appreciate the passion, commitment and sacrifices that each and every one of them have made in delivering the phenomenal results achieved. In the midst of these unprecedented times, we extend our heartfelt gratitude to the frontline workers and first responders who placed their lives on the line to help us face the unknown. Their sacrifice and acts of bravery enabled our nation to soar above the storm; through safeguarding our very existence, they created a means for us to reach our potential as a people, and a reason to believe in the promise of tomorrow.

Financial Performance

The Consolidated Group Revenue for the financial year was Rs. 350mn. The revenue shows an increase of 525% compared to the last year mainly as a result of increase in revenues from the Leisure Sector. During the latter part of the year, ACAP manage to add Stock Brokering Sector in to the group and the sector is yet to contribute positively for the group performance.

Leisure

Despite the nation's worsening economic crisis, the industry experienced a robust resurgence in early 2022, with total arrivals rising to 285,334 till March 2022. From September 2021 to March 2022, Sri Lanka's top five traveler markets were Russia, India, the United Kingdom, Germany, and France, with India continuing to be the largest individual market. However, arrivals did decline significantly month over month in April, suggesting growing worries about potential social instability as well as shortages of fuel and essentials.

The leisure sector was directly affected by the global pandemic and carried out its operations as repatriation business showing a gross income of Rs. 266,311,000/- compared to the previous year of Rs. 56,463,000/- which was also a year of difficulty due to the pandemic. The Group was quick to adapt to the realities of the pandemic, with all sectors obtaining the necessary approvals and implementing stringent safety measures which in turn allowed the relatively swift recommencement of operations.

Travels

In 2021, global tourism showed signs of a slow rebound after 2020, which was the worst year on record for international arrivals with a 73 percent decline. Arrivals grew by 4% in 2021 thanks to higher cross-border coordination, higher immunization rates, pent-up demand being satisfied, and lighter travel restrictions. Arrivals, however, are still significantly below pre-pandemic levels, illustrating the sector's difficult recovery process despite being among the hardest hit by the pandemic.

With a roughly 130% YoY gain in January 2022, the international tourism rebound grew stronger in 2022. It is interesting that during the first quarter of 2022, all regions showed substantial recovery. The confrontation between Russia and Ukraine and the sporadic COVID-19 waves, which have caused the reinstatement of travel restrictions in some areas.

Corporate Advisory

With our Corporate advisory stockbroking service, we aim to build a lasting relationship with our clients in order to provide with quality investment ideas based firmly on a personal objective, attitude to risk and level of knowledge. Then, periodically, we will assess our clients' investments to make sure they are still suitable to their objective.

We begin by carrying out a full suitability assessment. Armed with this important information, our stockbrokers can ensure the advice they give to all their clients is appropriately tailored to the individual needs and circumstances. Our advice is based on top-quality multi-asset research by our industry-leading teams. We use a committee-based approach to drive our investment process, with each committee focusing on a specific asset class.

We also use a third-party risk analysis tool to add an extra layer of governance to our risk management framework. Our aim is to give our clients the peace of mind that comes with working with an experienced stockbroker while allowing them to stay in control of their investments. Investment banking is the division of Asia Capital PLC that serves corporations, and institutions by providing underwriting (capital raising) and mergers and acquisitions (M&A) advisory services.

Future Focus

The Group has set the pace for a well-diversified portfolio of investment with financial service sector dominating the growth in terms of profitability and asset growth. The Group will continue to expand operations mainly in financial service sector followed by other strong growth potential sectors in order to derive long term value creations on the total assets held by the Group. The current economic crisis coupled with shortage of essential items and political instability have hampered the short-term outlook for the Sri Lankan cluster. The medium-to-long term outlook, however, remains more positive as we anticipate a gradual turnaround in the macroeconomy given appropriate policy response and international support. Our properties are aptly positioned to capitalize on the first signs of recovery, underpinned by our strong brand name, agile operating models and extensive relationships with distribution partners.

Retaining skilled workers will become more difficult as new markets open up, especially for Sri Lanka since it has been a favored recruiting ground for the hospitality industry. Maintaining the excellent standards of hospitality that are synonymous with Asia Capital PLC requires retaining key staff, offering competitive compensation in line with industry expectations and economic conditions, and investing in training and development.

Regenerative tourism must evolve from sustainable tourism, taking sustainability one step further by involving visitors in actively reviving and rejuvenating the destination. The local communities, economies, destination, and natural beauty as well as biodiversity of the destinations would all benefit from this. Before the effects of climate change become irrevocable and turn once-beautiful regions into desolation, the industry must respond to the challenge. Asia Capital PLC will also seek to diversify its risks by entering new markets, reducing the volatility that comes with portfolio concentration within a united country.

Appreciations

The robust recovery of Asia Capital PLC is a testament to the agile and prudent strategic measures and harmonious commitment of all stakeholders. I express my heartfelt gratitude to all our employees who have made many sacrifices over the last two years whilst upholding the highest standards of hospitality and customer excellence. This resulted in our strong recovery with rave reviews from our guests. I commend and thank the wise counsel and direction of the Chairman, the Board of Directors and the Senior Management Team who are our managing agents for their strong leadership, untiring efforts and vigilance during an uncertain year and steering the Group to recovery. I thank our business partners who have promoted our properties and supported our recovery in numerous ways. We are sincerely appreciative of the support and understanding provided by our Bankers who have shared our risks. In closing, I thank our shareholders for the unwavering trust and commitment placed in us through the volatile years. I look forward to the continuous support of all stakeholders as we journey together to a stronger recovery in the year ahead.



Mr. Thusitha Perera
Director/CEO

BOARD OF DIRECTORS

■ Dr. Thilanga Sumathipala

■ Chairman

Dr. Thilanga Sumathipala has previously served as a Member of Parliament of Sri Lanka, Deputy Speaker of the Parliament of Sri Lanka and in several Ministerial and Deputy Ministerial roles within the Sri Lankan Government. Dr. Sumathipala is the current Chairman of Sumathi Ventures and has held Chairmanships in various high-profile institutions, such as Sri Lanka Telecom, Mobitel and the Asian Cricket Counsel and has also served as the President of the Sri Lanka Cricket Board. Dr. Sumathipala hold degrees in Public Administration and Business Administration and Management from universities in the U.S.A., China and Sri Lanka.

■ Mr. Thusitha Perera

■ Director/ CEO

Thusitha Perera is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and Associate member of Certified Management Accountants of Sri Lanka.

Started his career at Kreston Sri Lanka, correspondent firm of Grant Thornton International – Sri Lanka Division , a firm of Chartered Accountants and counts over 27 years of professional and commercial experience in the fields of auditing ,finance and management consultancy both locally and internationally .He also serves on the Boards of other subsidiaries of the Asia Capital Group as a Non-Executive Director .Prior to being appointed CEO, he was the Group Chief Financial officer of the Asia Capital Group .

■ Mr Dhammika Swarnasinghe

■ Director

Mr Dhammika Swarnasinghe is an award winning Gemmologist, Designer, Craftsman and Jeweller hailing from the hill capital of Sri Lanka. He is a celebrated Philanthropist and a prominent social figure that functions as a design and cultural consultant for the Sri Dalada Maligawa (Temple of the tooth) Swarna & Sons (Pvt) Limited Chairman (2005 – To date) Swarna & Sons Private Limited is a high end ornate metal work manufacturer based out of Kandy which has been in operation since 1959. During his time as chairman he has undertaken several noteworthy jobs including diplomatic awards and mementos which have been presented to the pope, the prince and princess of wales as well as several culturally significant jobs like the refurbishment of the inner temple doors of the Sri Dalada Maligawa and the solid gold housing used to sheathe the sacred tooth relic of the Gautama Buddha. Philanthropy work and societies He is the sitting president of the Kandy Club which was established in 1877 making it one of the oldest clubs in Sri Lanka. He has previously held board positions in the Sinhalese Traders Association, Kandy Sports Club as well as the Up Country Motor Sports Club. He was the working director of the Hadhabima Authority between 2007 and 2010. He is a devoted philanthropist who has donated passionately to the arts and craft community through his company's own foundation. He is also an active member of the Rotary club of Kandy.

■ Mr. Kapila G Sri Chandrasekera

■ Director

Mr. Kapila G Sri Chandrasekera has over 18 years of CxO experience in the area of Financial Reporting, Restructuring, Strategic Marketing, Corporate Finance, Mergers and Acquisitions, Regulatory Affairs, Strategic Planning & Business Development to enhance business processes and value creation in the telecommunications /capital intensive or asset intensive business sectors. Mr. Sri Chandrasekera was instrumental in the successful IPO and listing of shares of Sri Lanka Telecom on the Colombo Stock Exchange as well as the successful placement of the first internationally listed bond issued by a Sri Lankan entity listed on the Singapore Stock Exchange. Mr. Sri Chandrasekera is CIMA qualified and has worked for several notable organizations which include Sri Lanka Telecom PLC, Dialog Axiata PLC a Telecom Fiji Limited, Blue Sky Group Pacific (A subsidiary of Amper S.A. of Spain and has served on the Board of Directors of subsidiary companies of Bluesky Pacific, Telecom Fiji subsidiary companies, Information and Communication Technology Agency, Lanka Domain Registry, and N Able (Pvt) Limited. He also served on the cabinet subcommittee on ICT, and was a member of a Cabinet appointed Negotiating Committee scrutinizing from a public finance perspective a proposed takeover by a listed entity of a competitor in the ICT field.

■ 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.

■ 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.

■ 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).

■ S.A. Abeyesinhe

■ Director

Mr. Abeyesinhe is a 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.

■ 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.

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STAKEHOLDER ENGAGEMENT

Stakeholder Engagement enables Asia Capital PLC to proactively take into account the requirements and preferences of all parties with an interest in them. This helps build relationships, confidence, and buy-in for your business's most important activities. Stakeholder involvement, when done properly, can reduce possible risks and conflicts with stakeholder groups, including ambiguity dissatisfaction, misalignment, disengagement, and resistance to change.

Stake Holder Engagement Process

Step 1	Step 2	Step 3	Step 4	Step 5	Step 6
Identification of Stakeholders	Plan	Engagement	Evaluate	Implement	Monitor
What decision they make?	Set objectives	Meetings	Brand Awareness	Revise timelines	Feedback
Do they affect daily operations?	Tailoring strategies	Marketing Materials	Strong engagement	Use different models	Assessment Matrix
How are they affected by ACAP?	Market research	Social Media	Responsiveness	Action Plan	Communication

Our Stakeholders consist of Employees, Shareholders, Business Partners, Customers, Government, Local communities, Suppliers & Vendors and the General Public / Professional Bodies / Media Institutions.

Employees	Shareholders	Business Partners
<h3>Our Commitment</h3> <p>We support a strong communication culture that gives workers many avenues to easily and confidentially connect with their superiors, when needed. We also encourage staff members to routinely interact with their managers. A busy social event schedule has also been established by the Group with the intention of promoting closer relationships and improved communication.</p>	<h3>Our Commitment</h3> <p>We always provide shareholders with a fair picture of the Group's operations. Every company activity is done to enhance the value generated in terms of rising share prices, rising profits, and dividend payments.</p>	<h3>Our Commitment</h3> <p>In order to develop long-lasting, mutually advantageous business alliances that are consistent with the Group's strategic goal, we continuously concentrate on forming and fostering strategic relationships both domestically and abroad.</p>
<h3>Areas of Interest</h3> <ul style="list-style-type: none"> ■ Career advancement ■ Compensation and perks ■ Employment equality ■ Secure working conditions ■ Business performance ■ Job security and the group's long-term viability 	<h3>Areas of Interest</h3> <ul style="list-style-type: none"> ■ Dependability of finances ■ Potential for growth ■ Business model sustainability ■ Cost management ■ Corporate management ■ Framework for risk management ■ Company standing ■ Timeliness, openness, and transparency of disclosures 	<h3>Areas of Interest</h3> <ul style="list-style-type: none"> ■ Liquidity and stability of the economy ■ Prospects for business ■ Business model sustainability ■ Marketability of brands ■ Market share ■ Corporate ethics and management ■ The provision of accurate, dependable, and timely progress data
<h3>Engagement Methods</h3> <ul style="list-style-type: none"> ■ solitary consultations ■ Four times annually ■ Workshops on knowledge sharing ■ yearly performance evaluations 	<h3>Engagement Methods</h3> <ul style="list-style-type: none"> ■ Direct Communication During the AGM ■ Annual report ■ Interim Financial reports ■ Regular updates via discussion forums, social media, organization websites, and press releases ■ Information released to Colombo Stock Exchange (CSE) 	<h3>Engagement Methods</h3> <ul style="list-style-type: none"> ■ In-person interactions ■ Business website ■ Annual report ■ Interim Financial reports ■ Regular presentations and reports

Customers	Government	Local Communities	Media Institutions
<p>Our Commitment</p> <p>We firmly believe in establishing lasting, mutually beneficial relationships with our clients by fusing their dynamic value proposition with top-notch customer service, tailored communication, and one-on-one conversation.</p>	<p>Our Commitment</p> <p>By maintaining open lines of contact with regulators and cooperating closely with those who make policy decisions, we are always ready to provide a progressive operating environment. In order to actively engage in idea and insight exchange with professionals in the industry, we also actively participate in national and international consultative forums and information sharing sessions.</p>	<p>Our Commitment</p> <p>Through a variety of direct communication opportunities, we embrace corporate social responsibility by supporting the regional communities in and around each of our hotel properties; assisting them in integrating into the larger business model; ensuring their rights are upheld; and supporting their efforts to protect the environment.</p>	<p>Our Commitment</p> <p>In our opinion, it is in the best interests of the Company to constantly foster respectful and cordial relationships with all other stakeholders, including the general public, professional organizations to which the Company is connected, and media organizations.</p>
<p>Areas of Interest</p> <ul style="list-style-type: none"> ■ Service excellence and dependability ■ Costing ■ Innovation and technology ■ Corporate branding and reputation ■ Having access to trustworthy and unbiased information 	<p>Areas of Interest</p> <ul style="list-style-type: none"> ■ legal compliance ■ The tax system ■ Committees for governance 	<p>Areas of Interest</p> <ul style="list-style-type: none"> ■ Social welfare and economic growth ■ Construction of community infrastructure ■ Maintenance of ecosystems ■ Emergency aid 	<p>Areas of Interest</p> <ul style="list-style-type: none"> ■ Business performance ■ Creation of jobs ■ Community building ■ Brand recognition and standing ■ Integrity in business
<p>Engagement Methods</p> <ul style="list-style-type: none"> ■ Meetings ■ News articles ■ Business website ■ Social networking sites ■ Press releases with ads 	<p>Engagement Methods</p> <ul style="list-style-type: none"> ■ Private consultations ■ Discussions on knowledge-sharing ■ Participating in forums for business and industry 	<p>Engagement Methods</p> <ul style="list-style-type: none"> ■ Community welfare initiatives ■ Attending community-sponsored activities 	<p>Engagement Methods</p> <ul style="list-style-type: none"> ■ News articles ■ Social media and the company website ■ Literature ■ CSR programs ■ Publicity and advertising campaigns

Stakeholder involvement in strategic planning is essential. Our stakeholders must comprehend our mission, goals, and strategy in order for them to support our business. Furthermore, it's critical that Asia Capital PLC's strategic direction is supported by and shared by our key stakeholders in order for us to act as champions and support the realization of your mission and vision.

STAKEHOLDER ENGAGEMENT

Employees

Employees of Asia Capital PLC have a “unique position among stakeholders” due to their intimate integration with the organization. However, employees essentially constitute the business: they are often the most significant aspect or “resource” as they represent the company to other stakeholders, and they act on its behalf. People often make major investments in their employment, such as relocating to a new location, altering their interpersonal ties, and continuing their education. Our Employees are often the face of our organization. They are the individuals that manufacture the goods or deliver the services to the clientele. Employees have a significant impact on the success of Asia Capital PLC.

Our actions as a company influence their economic well-being and job satisfaction. Their interest as stakeholders in our company is not just related to their remuneration package and job security, but also to their job satisfaction. Because they believe they are valued team members, satisfied and content employees will perform better and engage nicely with each other and our clients.

Shareholders

Shareholders of Asia Capital PLC participate in activities in direct and indirect ways. They choose the directors, including the chief executive officer and the chief financial officer, who select and oversee top officials. Through the stock market, they indirectly influence the business.

Shareholders Responsibilities

- Meditating and selecting the authority they would provide the board of directors, such as the right to appoint and dismiss them from their positions.
- Determining the directors' salaries and other perks.
- Making decisions on instances the directors have no power over, including making changes to the company's constitution.
- Examining and approving the company's financial statements.

Business Partners

As we carry out our duties, make plans for the future, and increase our knowledge of goods, developments, and trends, business partner relationships serve as crucial links and resources. When a product or service evolves or when a new product or service is required, developing ties with potential business partners may be helpful. We consistently focus on creating and developing strategic relationships both locally and internationally in order to create long-term, mutually beneficial business alliances that are compatible with the strategic purpose of the Group.

Customers

Our Customers are the individuals who will ultimately determine whether Asia Capital PLC is successful or not. Customers will remain loyal to a brand they like. Customers will, however, just go to a competitor if a company doesn't consistently meet their demands. The impact on the company will be severe.

Customers have an interest in a business doing well because they want the following:

- quality products and services
- low prices
- value for money

Customers can influence how a business operates by:

- deciding whether or not to purchase the product or use the service
- affecting an organization's reputation by word of mouth

Government

Governments are our stakeholders in a variety of initiatives. Governments have a responsibility to provide our businesses with services, and in providing such services, we see the government as a proxy stakeholder for the citizens themselves. Governments may alter tax rates, create new laws, or raise expenditure in ways that have an impact on our businesses. We are continually prepared to create a progressive working environment thanks to our strong collaboration with individuals who make policy choices and open lines of communication with regulators. We also actively participate in national and international consultative forums and knowledge-sharing sessions in order to actively engage in the idea- and insight-sharing process with experts in the sector.

Local Communities

A local community is a collection of socially engaged individuals who live in the same area. Intention, belief, resources, preferences, wants, dangers, and a variety of other circumstances may be present in human communities and are often shared, which may have an impact on the individuals' identities and levels of cohesiveness. Through a variety of direct communication opportunities, we embrace corporate social responsibility by supporting the regional communities in and around each of our hotel properties, assisting them in integrating into the larger business model, ensuring their rights are upheld, and supporting their efforts to protect the environment.

We are concerned about the neighborhood's infrastructure, ecology, and the effect the enterprise will have on local employment and wealth. The amount of employment in a municipality is often influenced by nearby businesses. We embrace corporate social responsibility by assisting the local communities in and around each of our hotel properties in integrating into the larger business model, ensuring their rights are upheld, and supporting their environmental protection efforts. We do this through a variety of direct communication opportunities.

Suppliers & Vendors

Vendors buy goods and services to resell them to Asia Capital PLC. Our Suppliers play a crucial role in the operation of our company. In order to satisfy our final customers, suppliers are crucial when considering pricing, product quality, and on-time delivery. Another important factor to take into account while picking vendors is reliability. Reliable vendors fulfill orders promptly and according to our requirements.

General Public / Professional Bodies / Media Institutions

We believe that maintaining polite and cordial relationships with all other stakeholders, such as the general public, professional organizations with which the Company is involved, and media organizations, is in the Company's best interests. The media sector, which is a component of the non-market environment, is one of the most significant stakeholder groups for a corporation. The media sector includes companies that focus on broadcast content and distribution, including print, the Internet, television, radio, and direct mail. The media sector is a significant stakeholder for Asia Capital PLC.

MATERIALITY DETERMINATION

The materiality part of an integrated report would consist of the disclosure of information regarding issues that have a substantial impact on a company's capacity to produce value over time, whether in the short-, medium-, or long-term. By identifying, assessing, and narrowing down processes and concerns, as well as by identifying people responsible for governance and other important responsibilities, materiality in an organization is assessed. Strategic planning and risk assessment both include engaging with stakeholders as part of daily operations. Line managers and department leaders are held accountable for attaining goals and objectives. To bring their performances into conformity with the company strategy direction, key performance targets and tolerance limits are defined.

ACAP on Materiality

When dealing with policies, processes, internal controls, and managing situations of material concern, Management is required to act in a responsible, open, and ethical manner. Procedures are regularly reviewed to align with environmental changes. Continuous environmental screening is carried out to identify events of materiality in all aspects. Responsibility is assigned to senior managers to address and resolve grievances arising from the grievance procedure and information channels set in place. Since our solutions and stakeholder input may sometimes have an impact on the substantive concerns, we continuously prioritize them based on stakeholder feedback and expanding business trends in the relevant sectors. At Asia Capital PLC, we use a simple yet effective methodology to determine materiality. New standards offer practical areas of clarity when determining what matters in respect to specific challenges. In order to produce results, we monitor performance, and attempt to effectively connect with our stakeholders.

Materiality framework

In the context of environmental, social, and corporate governance (ESG), materiality refers to the efficacy and financial relevance of a particular metric within the context of Asia Capital PLC. Materiality framework is currently described as what is significant to us, what directly and indirectly affects objectives and decision-making, and which factors have the most impact on the development and sustainability of our business.

Materiality Assessment Table

Aspect	Stakeholders with materiality Issues	Relevance	Significance	Risks	Opportunity	How we Manage
Revenue & Profitability	All	High	Enables growth & value	Macro-economic changes in finances	Reduce operating costs	Put the right strategies in place
Rewards & Recognition	Employees	Moderate	Improves productivity		Growth and Productivity	Employee Appraisals.
Loyalty programs	Customers	High	Retain customers	Higher costs	Positive reviews	Seasonal Offers
Stocks	Share Holders	Moderate	Higher investments	Low share value to economic crisis.	Increase Capital	Offer competitive dividends
Brand	Customers	High	Recognition and awareness	Competition	Increase Sales	Marketing & promotions
Community Engagement	Local communities	Low	Improved CSR engagements	Costs	Increase reputation	CSR
Financial performance	All	High	ROI	Inflation	Increase profits	Cost Management
Compliance	Employee	Moderate	Discipline	Employees Turnover	Maintain business ethics.	Human Resource Management
Media Institutions	All	Low	Exposure	Brand Image	More reach	Advertising
General Public	All	Low	Perception	Overall business	Opinion	All departments
Waste Management	All	Low	Cleanliness	Maintenance	Go Green	Regular audit of the premises

Aspect	Stakeholders with materiality Issues	Relevance	Significance	Risks	Opportunity	How we Manage
Water Management	All	Low	Supply of water	Maintenance	No water shortages	Maintenance of the water pipelines
Health & Wellbeing	All	High	Productivity	Fitness	Living and working healthy	Awareness programs
Impact of Tourism	Tourist & Leisure Business	High	Turnover	Profits	Global recognition	Promote Sri Lanka Tourism
Economic Stability	All	High	Business	Overall Operations	Manage our business resources	Keep our costs low.
Information Security	Data protection	High	Information systems	Data security breaches	Keep Cyber threats away	Firewalls

Materiality Grid

No.	Materiality Topic	Importance to Stakeholders	Influence on the Business Success
1	Revenue & Profitability	High	High
2	Loyalty programs	Low	Medium
3	Brand	High	High
4	Rewards & Recognition	Medium	High
5	Stocks	Medium	Medium
6	Compliance	Medium	Low
7	Community Engagement	Medium	Low
8	Media Institutions	Low	Medium
9	General Public	Low	High
10	Waste Management	Medium	Medium
11	Water Management	Medium	Medium
12	Health & Wellbeing	Medium	Medium
13	Impact of Tourism	Medium	High
14	Economic Stability	High	High
15	Information 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 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

US\$ 55 Mn

Project Progress

■ Project was completed & Commenced handing over procedures in April 2022



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

US\$ 62 Mn

Project Progress

■ Project was completed & Commenced Commercial Operations in May 2022



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 2022)

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 2023.



GALLE BEACH HOTEL

LEISURE

The international tourist rebound got more robust in 2022, with a near 130% YoY rise in January 2022. It is interesting that all areas saw robust recovery in the first quarter of 2022. However, the situation is dimmed by the crisis between Russia and Ukraine and the irregular COVID-19 waves, which have led to the reintroduction of travel restrictions in certain places. Since the assaults on Easter Sunday in April 2019, the tourist sector in Sri Lanka has endured another year of exceptional challenges. The COVID-19 pandemic's breakout in 2020 had devastating impacts on the industry that lingered into 2021 after recurring surges in illnesses and the effects these had on travelers' attitudes. As a consequence, in 2021 there were just over 195,000 visits, down from over 2 million before COVID-19. The sector saw a robust resurgence in early 2022 despite the nation's escalating economic crisis, with total arrivals climbing to 285,334 by March 2022. Russia, India, the United Kingdom, Germany, and France were Sri Lanka's top five tourist-producing markets from September 2021 to March 2022, with India being the biggest individual market. However, there was a noticeable month-over-month fall in arrivals in April as a result of increasing concerns about probable social upheaval as well as shortages of essentials like electricity. Tourism has historically ranked as the third-largest contributor to the country's foreign currency profits, accounting for around 14% of total earnings between 2014 and 2019. The industry may be vital in easing Sri Lanka's present currency issue since it can create net foreign revenues as compared to sectors that rely on imported raw materials.

The country's socioeconomic and political climate is evolving, which is having an impact on the operating environment of the Group and will inevitably have an impact on strategy and performance over the short, medium, and long term. The macroeconomic fundamentals of Sri Lanka significantly deteriorated throughout the year as the country entered its worst economic crisis in decades. The GDP rose by 3.7 percent in 2021, showing that the economy recovered in the first quarter despite a downturn in activity in the latter months of the year. An unprecedented amount of strain was placed on the nation's external situation as a consequence of the sharp decrease in tourism-related earnings and remittances as well as significant commitments under the foreign debt. As a consequence, foreign exchange reserves quickly decreased, which resulted in a lack of necessities including food, energy, and medicines. The

rupee was floated by the Central Bank of Sri Lanka in the beginning of March 2022. The outcome was that the rupee depreciated sharply in the closing weeks of the fiscal year, hitting a 30 percent YoY devaluation by March 2022 before continuing to depreciate in the weeks that followed. The NCPI increased by 21.5 percent in March 2022, while food inflation reached 29.5 percent as a result of the currency depreciation and the surge in global commodity costs.

The recovery has, however, varied across regions and nations, with advanced economies surpassing others. While Sri Lanka and the Maldives had better recovery rates of 43% and 77%, respectively, compared to March 2019 tourist arrivals, which was the highest month for both countries prior to the pandemic, South Asia's recovery is only around 28%, according to the UNWTO. Despite the shaky and hazy picture, it is important to keep in mind that in 2019, tourism exceeded global growth, achieving a 3.8% gain worldwide as international travelers rose by 54 million to 1.5 billion.

Asia Capital PLC has been in the vanguard of the country's tourism recovery, looking for chances via its travel partners in both conventional and non-traditional sectors to create special deals that appeal to the various markets. To ensure that it detects, quantifies, and keeps track of risks across the hotels in its portfolio and throughout the nation, Asia Capital PLC uses a systematic approach to risk management. The framework, which is based on the Lines of Approach, encourages the division of duties, unbiased board oversight, and high levels of risk awareness among corporate executives.

Future Outlook

As a result of positive sentiments held by tourists, the global tourism sector is gradually recovering its strength. This is shown in improving occupancy rates. It is anticipated that the industry will gain further momentum in the coming year as a result of the lifting of travel restrictions in traditional source markets. These restrictions, which have been used to indicate the pandemic's waning in recent months, have been used to indicate the pandemic's waning in recent months. The rising rise in airline seating capacity that is scheduled to take place in 2022 will also provide assistance to growth. The economies of the Asia-Pacific and African regions are recovering far more slowly than those of the United States and the European Union, which is an indication of the heterogeneous nature of the recovery.



TAPROBANA, WADDUWA



THE HABITAT, KOSGODA



THE RIVER HOUSE, BALAPITIYA



TAMARIND HILL, GALLE



LE GRAND, GALLE



MIRIANDHOO, MALDIVES

TRAVELS

The recovery of the tourist industry gathered steam throughout the fiscal year as a result of governments relaxing travel restrictions imposed in an effort to halt the spread of the COVID-19 epidemic. More than seventy-five percent of the world's countries now let visitors who've had vaccinations across their borders. Positive views regarding travel have contributed to an increase in the seat capacity of airlines, as passengers anticipate returning to travel for both business and leisure purposes. The protracted presence of the pandemic put the participants' resilience to the test and had a severe effect on both their human and financial capital. This was due to the fact that the tourist industry and the ecosystem that supports it were among those that were among the most affected.

This will allow the sector to rebuild and recover from the losses that occurred during the preceding three years. As can be observed, the recovery has progressed at different rates in different areas and countries, with advanced economies progressing at a faster rate than others. According to the UNWTO, the recovery rate for South Asia is only about 28 percent, which is significantly lower than the recovery rates experienced by Sri Lanka and the Maldives, which saw recovery rates of 43 and 77 percent, respectively, when compared to tourism arrivals in March 2019, which was the strongest month for both countries prior to the pandemic.

The tourism industry has talent pools that are highly movable across international borders, which attracts talent to the industry. Because of the high degree of connection that the business has with its customers, this calls for a considerable investment in the development of talent. As a result, skilled talent pools have become an important source of competitive advantage. This is a double-edged sword because Asia Capital PLC is known for being a place where top talent is trained, making the Group vulnerable to this threat while also giving it a significant competitive edge. The global mobility of professional personnel has risen as a result of an increase in demand, which has been caused by differences in recovery rates across countries. Depreciation of the Sri Lankan rupee and a fall in the number of visitors from other countries have both had a negative impact on the country's economy, making it more likely that skilled workers may leave the country as a consequence of economic issues.

Future Outlook

The third-largest source of export revenue in Sri Lanka is the tourism sector, which has seen an unheard-of expansion over the previous five years. However, Sri Lanka's tourist sector still has a lot of unrealized potential, and it is well-positioned to provide excellent development and investment opportunities. And Sri Lanka may take advantage of the economic potential of the travel and tourism industry by making the proper policy and investment choices. This report explores key trends that are influencing the growth and development of the travel and tourist sector in Sri Lanka and analyzes the significance of the travel and tourism business in terms of real estate development. This will be crucial for politicians as they prepare the best policies and choose the best investments.

Since the contentment, safety, and enjoyment of visitors are the primary concerns of the travel and tourism business, tourism is a highly dynamic and competitive sector that necessitates the capacity to continuously adapt to tourists' quickly changing requirements and wishes. The correct policies and investment choices are crucial for Sri Lanka to become competitive in the international travel and tourism sector and to fully realize the industry's economic potential.

STOCK BROKERING

Investors might find a passionate atmosphere at Asia Capital PLC. We provide the information investors need to become even wiser investors, from knowledgeable colleagues to sector-leading education and technology. Our platforms are packed with cutting-edge tools and features to provide customers with everything they need to make wiser, more informed choices, whether they are actively trading or investing over the long term. Regardless of the platform they use, you may do stock research, make trades, and manage your portfolio with information supported by real-time quotations, live streaming data, and industry experts with years of expertise.

The stock brokers at Asia Capital PLC handle their customers' wealth portfolios and engage directly with them. They build new enterprises while working with their current customers.

The role involves:

- Keeping up to date with the latest financial and tax legislation
- Monitoring stock market performances
- Conducting specific market research and analysis.

The most crucial aspect of the function is making sure that the client's requirements are understood and providing the best recommendations for their investments.

The information provided by Asia Capital PLC is accurate and honest, including the risk. Giving false information and exaggerating the situation are unacceptable. Additionally, we must actively seek out customers, pitch their company's services, and maintain those connections. Cold calling, in addition to networking, may be used to accomplish this.

Our most precious asset is knowledge. We created a unique AI-powered experience to help our customers to become an investor by providing them with material that is suited to their unique investment requirements and objectives. Our qualified, experienced partners are aware of the market and understand how valuable money is to them. We are devoted to assisting them in bettering their understanding of the market so sound financial judgments are made for the future because of this foundation.

We place a high value on our customers connections with us. We thus urge you to go through our clear, basic, and easy-to-understand client relationship summaries and disclosures, which include everything from the categories of services and goods we provide to the charges, fees, and any conflicts of interest. All of this is a part of how we put your needs first in all we do.

One of the markets with the lowest trading commissions is Asia Capital PLC. It offers a number of excellent research tools and covers a large range of markets and goods. The volume-based stock trading charge at Asia Capital PLC is determined as a percentage of the transaction value or as a flat rate per share, with a minimum and maximum.

Future Outlook

Stock Brokering is one of the financial markets that has been significantly altered by digitization. Over the years, there has been a significant evolution in the interactions between stockbrokers and prospective investors. Though bargain brokers are a new breed of stockbrokers that have emerged as a result of a generational shift towards technology, classic or full-service brokers have always had a disproportionate presence and investor preference. A cheap broker's services are limited and focused exclusively on offering a trading platform, in contrast to a regular broker. While rules and policies have gotten more dynamic, the environment has become more inventive and tech-savvy. Stockbroking firms must adopt cutting-edge technology and digital innovation if they don't want to fall behind as we transition to the new normal. Being customer-centric is essential to keeping these investors since our clientele is exclusively comprised of retail investors. Our offerings include a reliable trading platform, access to education, and research ideas that are specifically catered to the requirements of individual investors.

Whether there is a boom or a crash, the stock market helps the investing public by raising cash and reallocating assets. Opportunities to seize, restructure one's portfolio, choose gems, or benefit from will always exist. The local stockbroking market is also constantly changing, and other specialized services may start to appear. This is indicative of a healthy market that is ready for innovation.

CORPORATE ADVISORY

The advising services of investment banking are starting to gain acceptability on a global scale due to the industry's increasing prominence. These advisory roles are being seen by people with more confidence. The purpose of corporate advice is one of them. These services, nevertheless, cover a wide range of business activities.

We provide consultancy services for joint ventures, spin-offs, leveraged buyouts, and divestitures in addition to mergers, sales, and acquisitions. We achieve excellent outcomes for our customers by putting our decades of knowledge, as well as our local and international connections, to use. Experts with appropriate industry experience, as well as those with honed project management and analytical skills, make up every transaction team.

Asia Capital PLC is the preferred partner in investment banking for cross-border transactions in Sri Lanka. A workforce with over four decades of experience operating abroad serves a variety of international markets, including the US, Singapore, Hong Kong, and Sri Lanka. Investment banking services include providing corporate consulting, mergers and acquisitions, restructuring, raising private and public debt and equity capital, and securitization, to name a few.

Asia Capital PLC offers corporate advisory services with regard to factors involved in company restructuring, joint ventures and partnerships, and international investments. This comprises providing strategic and financial corporate advice services relating to a company's current and future business operations. Investment banks render the following services:

Strategy Plans before entry: This guidance is necessary for a firm when it intends to enter a new market, whether local or global, in a new line of business or in an existing line of business. The strategy may take the form of a target market sector, strategic partnership, corporate structure for a product and price plan, etc.

Feasibility Plans for projects: Before the company engages in any fund-raising effort, the feasibility of a planned business must be assessed from a business, technological, and financial standpoint. Due to their extensive knowledge of each industrial sector, investment banks are able to undertake these feasibility studies from a commercial and financial viewpoint.

Corporate Plans: In order to implement its growth and business strategy, companies must create medium- to long-term corporate plans. Companies that lack a corporate planning department internally rely on corporate advisory services.

Business alliances: These include joint ventures, partnerships, and other types of strategic connections between two corporate organizations that are prompted by business needs or developed to take advantage of synergies and complementary capabilities.

Cross-Border Investments: Strategic business investments are made in other foreign businesses as well as in foreign entities that are owned or controlled by the investing corporation's parent company. In order to determine the ideal investment size, valuation strategy, investment structure, and obtaining the appropriate regulatory clearances, Asia Capital PLC thoroughly examines the financial and regulatory difficulties.

Future Outlook

Businesses would not want to miss out on any significant chances given the pace at which the globe is expanding. To strengthen its position, it can look for chances for growth, form strategic partnerships, explore opportunities beneficial mergers and acquisitions, etc. In such a situation, the transactions and procedures involved must be handled properly, and a skilled mediator to the intended transaction is often required. These experts provide a hassle-free service, allowing the business to complete the task quickly and efficiently.

A business often finds itself in need of restructuring its financial statements or operations with the goal of revising its existing situation or bringing about a much-needed change in the situation. On the other hand, it can just be a matter of need. However, restructuring must occur and must be examined from a corporate, financial, and legal viewpoint regardless of the cause. Such instances are highly helpful for Asia Capital PLC in addressing these concerns.

FINANCIAL REVIEW

Group Revenue

The Consolidated group revenue for the financial year ending 31st march 2022 was Rs 350 mil. This was 525% YoY increase from the 56 mn reported in the previous year

The Consolidated revenue for the current financial year consists of Rs 266 mil from Asia Leisure which is the Leisure arm of the group.

Costs

Companies Admin & S&D cost dropped considerably due to the strict cost reduction methods adopted by the Company, whereas other operating expenses increased significantly due to the loss incurred from the rupee depreciation occurred at the latter part of the year

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

EBIT /Loss

Both Group and ACAP's Loss have increased substantially due to drop in other operating income & increase in other operating expenses due to exchange loss.

Net Finance costs

The Group Net finance Cost increased from Rs 197 mn in the previous financial year to Rs 204 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 29% from 142 mn to 184 mn due to decrease in interest income of FDs and Repos.

Profit After Tax/Loss

The Group recorded a consolidated loss of Rs 961 mn for the year ended 31st march 2022, compared to figure of the Rs 299 mn reported for the previous financial year. The main contributing factor is the drop other operating income of the entire Group & increase in other operating expenses due to exchange loss.

Also, ACAP registered a loss of Rs 712 mn for the year compared to the profit of RS 201 mn reported for the previous financial year.

The main contributing factor is the drop other operating income & increase in other operating expenses.

Assets

The Group total Asset base decreased to Rs 4.8 billion as at 31st march 2022 compared to Rs 4.9 billion reported last year. Also ACAP's total Assets increased to Rs 3.6 billion as at 31 March 2022 compared to Rs 3.5 billion reported last year.

Debt

The Group debt has increased from Rs. 1.708 bn to Rs. 2.618 bn.

Equity

The Group's total equity has decreased to Rs. 0.6 bn as against Rs. 1.6 bn reported last year.

Also ACAP's total equity fell to Rs. 0.2 bn as against the Rs. 0.9 bn recorded last year.

SUSTAINABILITY REPORT

The main tool at the disposal of Asia Capital PLC is to freely publish its performance and impact on environmental, social, and governance (ESG) issues is through the sustainability report. Our Stakeholders will find the material in the report useful. Asia Capital PLC's sustainability report's primary objective is to be transparent about the company's involvement in sustainable development. It also serves as a way of accountability to stakeholders (investors, employees, market regulators, suppliers, civil society, customers, etc.). By gathering data and keeping it current on a regular basis, writing the report demands creating and conveying the connections between sustainability and the company. Asia Capital PLC's sustainability report aims to take something abstract and make it concrete; it is more than simply a collection of statistics. The configuration of an organization's strategy is aided by the creation of a sustainability report, which makes it easier to establish targets, evaluate performance, and eventually manage the transition to a sustainable business model.

Employees Recruitment

At Asia Capital PLC, employees are confident that their efforts will be acknowledged and rewarded in a fair and reasonable way, which motivates them to perform effectively and productively. Our innovative performance assessment methodology aids in identifying and assessing individual contributions to the overall success of the company. The performance assessment process, which is used to decide on employee awards and recognition, divides employees into many categories. A unique system of rewards and incentives supports Asia Capital PLC's highly performance-driven work culture. This system was developed specifically to increase overall productivity by boosting staff morale, attracting and retaining key talent, and maintaining healthy attrition rates.

Employee Rights and Equal Opportunities

Asia Capital PLC places a strong emphasis on the need to constantly respect employee rights as a responsible, moral business. The idea of equal employment opportunity holds that everyone should be given the opportunity to work and grow based only on talent and merit, regardless of their race, sex, gender, color, religion, handicap, national origin, or age. The Company is still dedicated to upholding an atmosphere at work that is safe, fair, and free from victimization, harassment, and discrimination. It makes sure that all applicants get equal access to job opportunities at all levels throughout the hiring process. Regardless of a candidate's gender, age, nationality, color, religion, marital status, or background, they are only selected for a position based on their credentials and fit for it. Employees at Asia Capital PLC have certain rights at work, including the freedom of speech, privacy, and a secure environment. Employees are protected from harassment and discrimination at work by these rights.

Employee Remuneration and Benefits

Due to the unforeseen turn of events brought on by the economic crisis that developed following the COVID-19 debacle last year, the Company was forced to search for cost-cutting measures right away. Due to the challenging conditions, the primary goal during this year was to maintain the business while keeping the best employees in order to provide the company a foundation to thrive after the pandemic scenario had eased. Numerous yearly employee events, including the Christmas party, the annual staff trip, and numerous others, were shortened, while yearly corporate events were postponed. Asia Capital PLC's efficient method of compensation raises employee loyalty and performance standards, which boosts the competitiveness of the organization. To calculate an employee's compensation, a number of employee-related factors interact. Performance, seniority, experience, and potential are some of these. Pay increases are always given as a result of performance. Rewarding performance encourages improvement in the worker.

Employee Training and Development

The Company conducted a complete schedule of virtual training events for staff members across all cadres throughout the reviewed year, and all training and development activities were moved online. Through a thorough yearly training requirements assessment that is prepared while taking into consideration employee performance and annual business objectives for each group entity, the Asia Capital PLC has built a training system that effectively detects skill and knowledge gaps. The development of technical/job-related capability, professional/soft skill development, and leadership development are the three pillars around which training needs are organized in order to ensure that employees are "job ready" and that their skills and knowledge are continuously upgraded for superior performance outcomes. By include employees from foreign companies in the Group's overall talent mapping and leadership development plans, the Group HR strategy seeks to increase the pool of global talent.

Employee well-being and safety

The group's ongoing primary priority is the security and welfare of its employees. This was shown by the business's generosity and concern for its employees throughout the pandemic. Plans were made to deal with the challenges the pandemic would bring to the company's staff. Funding provided to support COVID-19 impacted families, leaves granted for staff to undergo quarantine, and pay and benefits maintained as before, without any significant alterations, gave staff the comfort and peace of mind they needed during this difficult period. Employees also received financial aid so they could get private healthcare if required.

Since staff had to become acclimated to working from home and were supported by the necessary technology, the majority of departments successfully completed the transition and were able to go on with business as usual. The work-from-home mode lasted after the review financial year came to an end.

Environmental Responsibility

Because we care about and are conscious of the need to safeguard our living environment, we promote corporate stewardship. It is aligned with the environmental responsibility policy of Asia Capital PLC and has a vital connection to our workplace culture. Asia Capital PLC is committed to working with customers, suppliers, and other organizations who share our environmental concerns, particularly those that support our initiatives to enforce strict environmental protection and product quality standards.

All Group sites now have LED lighting systems in place that use less energy, and the air conditioners in the leisure facilities are set to low temperatures at night to reduce the cost of the power bill. To make the most of electrical devices, put timers on hood fans, exhaust systems, and hood lights. At least twice a year, hotel air conditioning and refrigeration systems must undergo scheduled maintenance that includes cleaning the permanent filters, the condenser coils of dust and lint, and the economizers on the AC systems.

Employee Health & Wellbeing

The whole mental, physical, emotional, and economic wellness of your staff is referred to as employee wellbeing. It is impacted by a number of things, including their interactions with coworkers, the choices they make, and the resources and tools they have at their disposal. Workplace wellbeing encompasses all facets of working life, from the physical environment's quality and safety to employees' attitudes about their jobs, their working environments, the culture at work, and work structure. More productivity: Performance and productivity are increased when employees are happy. Employees who are feeling well exhibit healthier habits and wiser judgment. Higher employee morale: When employees' needs are addressed on all levels, including physical, emotional, and financial demands, they feel more competent and respected. Employers may also provide illness management programs via their health insurance or another healthcare provider.

Future Outlook

The future holds exciting prospects for corporate social responsibility. Today's CSR trends and innovations suggest that CSR will play an increasingly important role in how companies approach business and engage communities. Customers and employees have similarly raised the bar with respect to sustainability. Leading sustainability practices have already shifted focus from minimizing local harm to reversing global climate change. As with past eras, technology will continue to help corporate social responsibility evolve. Social distancing requirements have already required companies to innovate and adopt virtual volunteering initiatives. Many of these initiatives will likely remain in place well past the current crisis. Technology will also likely disrupt major industries and create worker dislocation. Leading companies will have an opportunity to address this dislocation through education and upskilling, creating value not only for their shareholders but also for society.

Companies that want to be or already are leaders in CSR face challenges from growing public expectations, more innovation, ongoing quality improvement, and intensified social and environmental issues. In a highly complicated and dynamic environment, they are compelled to choose their CSR direction. Companies will be expected to contribute more and more to the global and local efforts to solve the rising social and environmental issues. Through cross-sectoral efforts, they will use their resources and influence to address such issues. CSR businesses will support the protection of human rights while producing advantages for the economy, society, and environment. A more developed trend will be gaining popularity while this one is still in its infancy. A growing number of businesses, mostly small ones, with the goal of improving social and ecological situations will have an influence and help propel CSR forward. Stakeholders will be monitoring business behavior at this time to determine whether it is in line with social responsibility norms, expectations, and rhetoric. The public's and civil society groups' evolving expectations, as well as the business sector's leadership and vision, will determine the direction of CSR in the future.

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RISK MANAGEMENT

The process of discovering, evaluating, and managing risks to an organization's resources and profits is known as risk management. These risks may be caused by a number of factors, such as monetary unpredictability, legal responsibilities, technological problems, strategic management blunders, accidents, and natural calamities. By early risk identification, Asia Capital PLC may reduce the possibility and severity of prospective project hazards. There will be a plan of action in place in case anything does go wrong. Employees may do this to prepare for the unexpected and improve project results. The primary responsibility of the Committee is to assist the board of directors in understanding and exercising regular oversight on risk identification and management, as by the management in operating Asia Capital PLC's business sectors. This will be accomplished by assisting the board in understanding and exercising regular oversight over risk identification and management.

Asia Capital PLC employs a structured approach to risk management to ensure that it recognizes, quantifies, and keeps track of hazards across the business segments in its portfolio and around the globe. In accordance with its role and duties, the Board of Directors has put in place a thorough framework and mechanisms for managing risk. The Board receives a report from the Audit Committee on its oversight of risk management. The management of the strategic business units is consulted as the Group Strategic Risk Unit analyzes and compiles the risks reported. Internal Audit provides the Audit Committee with assurance regarding the efficient functioning of the Risk Management Framework and internal controls, which are applied to all organizations on an annual cycle. The latter performs risk-based audits of Asia Capital PLC's processes and entities. To guarantee independence, Internal Audit submits reports directly to the Audit Committee.

Risk Policy Manual

Asia Capital PLC Risk Policy Manual aims to thoroughly describe all of the essential implications of all risk factors that affect how well the Group performs. The annual report also offers guidelines to address all significant risk factors. Every year, the Risk Policy Manual is updated to include any new risk assessment criteria and to remove any outdated information, guaranteeing the correctness and relevancy of risk policies to meet the demands of the changing business environment.

Internal Control System

The Group's internal control system is a crucial component of the risk management methodology used by Asia Capital PLC. The system's main goal is to reduce internal management risks by serving as a deterrent to fraud and other wrongdoing.

Risk Management Committee

Asia Capital PLC has created a strong team to manage risks and assure compliance with mitigation plans for a project or across projects after realizing the value of risk management inside an organization. The guarantee for the efficient operation of an organization's assets is realized to depend critically on risk management. The tasks and responsibilities of assigned positions as risk managers and particular obligations within a project environment will be examined in this annual report. Our primary obligations are to make sure that we comply with the legal and regulatory framework. Because of this, the phases of Asia Capital PLC project-based risk responsibilities are risk identification, assessment, monitoring, and control. Finding the hazards that can prevent a project from reaching its objectives is its main task. After hazards are identified, an evaluation is conducted to rank the risks according to their significance and likelihood of occurring. After the evaluation is finished, it will be our obligation to establish a risk registry and carry out monitoring and management. Additionally, it will be our responsibility to let everyone who is affected know about these risks so they may take proactive measures to mitigate them.

Risk Management Process

Phase 1 – Risk Identification

At Asia Capital PLC, identifying risks to the Group's internal operations is a meticulous process that involves meetings with teams, questionnaires, surveys, and other trusted tools. A thorough market analysis, competitive research, technology assessment, and customer studies are just a few of the methods used to pinpoint important external risk factors. The Asia Capital PLC Risk Management Committee is in charge of overseeing the entire risk identification process. To ensure relevance and timeliness and to give the committee a place to start when addressing any new risks that the Group may face, the procedure is meticulously repeated every quarter.

Phase 2- Risk Analysis

The Risk Assessment Matrix is used to examine and rank the hazards that the Risk Management Committee has identified. The matrix helps to measure risk factors together with their effect on the Group's activities. This makes it possible for the committee to develop the appropriate plans to handle the risks the company faces. Performing a risk analysis includes considering the possibility of adverse events caused by either natural processes, like severe storms or floods, or adverse events caused by malicious or inadvertent human activities. An important part of risk analysis is identifying the potential for harm from these events, as well as the likelihood that they will occur.

Phase 3 – Risk Planning

Asia Capital PLC understands that which completes the risk register is a risk response plan. After the risk committee identifies the triggers that allow Asia Capital PLC to quickly identify when a risk has occurred, the response plan gives us a head start in the response. Some responses occur at the beginning of the project, and others occur when the risk event occurs.

For major risks, a good action plan is necessary in advance and could warrant its own write-up. For medium risks a small action plan could be placed within the risk register, and for small risks there could be no action plan at all. It isn't a necessity for all risks, but it is important to have one for the most important ones.

Every project presents some kind of difficulty, forcing the project manager to come up with effective responses to numerous threats and uncertainties that might compromise the project's successful completion. By putting the risk planning approach into practice, a manager may overcome a problem by preparing for anticipated risks and creating solutions that lessen their chance of happening and lessen their negative effects.

We prepare for possible risks before we begin executing our project venture; otherwise, we run the chance of falling short of the project's objectives and aims. We meet the challenge by creating and executing a risk management strategic plan.

One of the most crucial parts of the project implementation guide is risk planning, which teaches us how to prepare for potential risks that could affect how our endeavor is carried out and reduces the likelihood or impact of unpleasant and unfavorable outcomes that could jeopardize the achievement of project goals and objectives.

ACAP Risk Management Process

Risk Identification

We manage and keep an eye on prospective exposures to loss since every action inside our project has the potential to result in losses. But without knowing the hazards, it's impossible to make wise choices. We initially identify any possible hazards to our project as the first stage. We first create a list of the project's goals and objectives before assigning each a possible unknown risk that might result in a loss.

Risk Analysis

The next stage is to assess those risks once we have listed all of our objectives and the related dangers. The assessment method consists of two parts:

- Determine Frequency (the probability of each risk to become real).
- Determine Intensity (the possible effect and cost of risk occurrence to the performing organization).

Finding both elements is necessary for risk evaluation. For instance, after our software product is produced, people may test it out. In this situation, we determine the likelihood that users may have problems utilizing the program and the severity of the failure risk.

Risk Planning

Our next step is to consider all of the suitable risk management choices once the hazards have been identified, their frequency evaluated, and their anticipated severity determined. We decide on a management strategy in this phase. Avoidance, prevention, mitigation, retention, and transfer are five frequent approaches. The creation of the risk management plan is the last stage that must be accomplished before the process of project risk planning is considered to be virtually complete.

RISK MANAGEMENT

Risk Description	Risk Assessment	Factors affecting risk	Mitigation Strategies
Risks associated with legal restraints and litigation	Impact High – Moderate	Regulatory risks are risks that originate from the dynamic behavior of laws and regulations and have a substantial impact on the company or market.	Educate all staff to follow all the rules and company regulations.
Risks related to information management	Impact High – Moderate	A security breach encompasses threats such as malware, spyware, denial-of-service, password theft, viruses, hardware and software failure, phishing, and hacking; it is the primary risk associated with information systems.	Have anti-virus software's and Firewalls installed and update the licenses annually.
Risks Associated with COVID-19	Impact High – Moderate	Staff who are older or who have underlying medical conditions such as cardiovascular disease, diabetes, chronic lung disease, or cancer are more prone to get a severe illness.	All staff are educated to wear masks and use sanitizers at all times.
Dispute risk	Impact Moderate – Low	Dispute risk arises when stakeholders, consumers, or business partners create a business disruption.	We focus on settling disagreements before they get litigated, since this will entail substantial costs.
Reputational risk	Impact Moderate – Low	The damage to an organization's good name or reputation caused by misconduct or a criminal act.	Assessing our company's reputation among stakeholders, analyzing our company's true nature, bridging the gap between reputation and reality, and keeping an eye on changing beliefs and expectations.
Financial Risks	Impact High – Moderate	Our capacity to effectively manage your debt and meet your financial responsibilities. This form of risk often results from market instability, losses, or fluctuations in stock prices, currencies, and interest rates.	Carry the proper amount of insurance. Maintain adequate emergency funds. Diversify our investments. Have an exit strategy for every investment we make.

CORPORATE GOVERNANCE

	Reference to SEC & CASL Code, CSE Listing Rules	Compliance	Details of Compliance
1. COMPANY			
A. DIRECTORS			
A.1 Directors (The Board)	A.1/7.10.1(a), 7.10.2(a) and 7.10.3(c-d)	Complied	<p>The Board of Directors currently consists of Nine (09) members including the Chairman.</p> <p>The day-to-day monitoring of operations of the organisation has been delegated to the CEO and the Executive Committee governed by policies, procedures and authority by the Board of Directors.</p> <p>The Board is accountable to the stakeholders of the Group to ensure that the business is conducted in an appropriate manner based on an approved business plan and the financial and non-financial targets of the Group are achieved. The Board's Terms of Reference stipulate the specific duties of the Board and the following are some key matters which come under the Board's review and approval:</p> <ul style="list-style-type: none"> I Group strategy and business plan II Financial reporting and internal controls III Financial performance IV Dividend policy V Changes to capital structure VI Constitution and performance of the Board Committees VII Regulatory compliance
Company Board Meetings	A.1.1	Complied	Although ideally, more regular Board Meetings should have been held, a limited number of Board meetings were held due to Directors being abroad from time to time. However, regular discussions took place among the Directors on important matters and resolutions were given effect to in writing.
Responsibilities of the Board	A.1.2	Complied	The Board is collectively responsible for formulation, implementation and monitoring of business strategies. In order to do so, the Board appoints sub committees of the main Board to assist the main Board in fulfilling its stewardship function by reviewing systems of internal control, internal and external audit, risk management, IT system and financial reporting to shareholders.
Compliance with laws and access to independent professional advice	A.1.3	Complied	The Board Members are permitted to obtain independent professional advice from third parties as deemed necessary which includes the Company's external lawyers and auditors at the expense of the Company.
Company Secretary	A.1.4	Complied	The Company Secretary possesses the required qualifications and expertise, and advises the Board on matters concerning the Companies Act and other relevant rules, regulations and regulatory guidelines.

CORPORATE GOVERNANCE

	Reference to SEC & CASL Code, CSE Listing Rules	Compliance	Details of Compliance
Independent judgement of the Directors	A.1.5	Complied	All the Board Members actively participate in the Board meetings by bringing up their own independent judgement.
Dedicating adequate time and effort	A.1.6	Complied	The Board Members dedicate adequate time for the affairs of the Company by attending Board meetings, Board sub-committee meetings and by making decisions via circular resolutions.
Training for new and existing Directors	A.1.7	Complied	The Directors are provided with training as and when required.
A.2. Chairman and Chief Executive Officer			
There is a clear demarcation of the responsibilities between our Chairman and our Chief Executive Officer (CEO). The functions performed by the Chairman and our CEO are distinct and separate, ensuring the balance of power and authority within the organisation, so that no person has unfettered powers of decision-making and implementation.			
A.3 Chairman's Role			
The Chairman is responsible for the leadership of the Board, managing Board Meetings and the business undertaken thereat. The Chairman is responsible to ensure all relevant issues are on the Board Agenda and Directors receive all appropriate information and documentation in a timely manner, thus facilitating the Directors to contribute at the deliberations.			
Role of Chairman	A.3.1	Complied	The Chairman should ensure Board proceedings are conducted in a proper manner.
A.4 Financial Acumen			
Financial acumen	A.4	Complied	Our Directors with their academic and/or entrepreneurial financial skills, business acumen and wide practical wisdom contribute substantial value, knowledge and independent judgment to decision making on matter concerning finance and investment.
A.5 Board Balance			
Presence of Non-Executive Directors	A.5.1 7.10.1(a), 7.10.2(a) and 7.10.3(a)	Complied	Eight (08) of the Nine (09) Directors on the Board hold office in a non-executive capacity.
Independence of Non-Executive Directors	A.5.2 & A.5.3 5.5, 7.10.2(a-b) and 7.10.3(a-b)	Complied	The Board comprises of seven (07) independent Non-Executive Directors.
Annual Declaration of Non-Executive Directors	A.5.4 7.10.2(b)	Complied	Each Non-Executive Director has submitted his declaration to the CSE. Each Non-Executive Director submits a signed and dated declaration annually of his independence or non-independence against a specified criteria as set out in Appendix 7A of Colombo Stock Exchange listing rule Section 7.10.2(b).

	Reference to SEC & CASL Code, CSE Listing Rules	Compliance	Details of Compliance
Requirement to appoint a 'Senior Non-Executive Director'	A.5.6 and A.5.7	Not applicable	This is not relevant to the Group as the Chairman and CEO roles are segregated.
Chairman conducting meetings with the Non-Executive Directors	A.5.9	Complied	The Chairman meets with the Independent Non-Executive Directors as and when necessary.
Recording of concerns in the Board minutes	A.5.10	Complied	Where Directors have concerns about the matters of the Group which cannot be unanimously resolved, their concerns are recorded in the Board minutes.
A.6 Supply Information			
Obligation of the Management to provide appropriate and timely information	A.6.1	Complied	The Group has a state-of-the-art management information system to process and monitor the performance of the Group and appropriate and timely information is made available to the Board members who make further inquiries when necessary.
Adequate time for circulation at respective Board documents	A.6.2	Complied	Board papers, agenda and previous Board minutes are tabled one week prior to the Board Meeting.
A.7 Appointment to the Board			
Nomination Committee and the assessment of composition of the Board	A.7.1 and A.7.2	Complied	The names of the members of the Committee are on page 51 and on the inner back cover of this Annual Report.
Disclosure to Shareholders	A.7.3	Complied	New Directors' details are disclosed to the relevant authorities at the time of appointment. The existing as well as new Directors to the Board are disclosed in the Directors' Report on pages 49 to 53 of this Annual Report.
A.8 Re-election			
Re-election of Directors	A.8.1 and A.8.2	Complied	To comply with the Articles of Association, the Directors who have been appointed to the Board during the year hold office until the next AGM, and are required to retire and a new Director to be re-elected by the shareholders.
A.9 Appraisal of Board Performance			
Appraisals of the Board and the subcommittees	A.9.1, A.9.2 and A.9.3	Complied	The Board annually appraises itself on its performance in the discharge of its key responsibilities. The Board also undertakes an annual self evaluation of its own performance and that of its committees and the Board states how such performance evaluations have been conducted.

CORPORATE GOVERNANCE

	Reference to SEC & CASL Code, CSE Listing Rules	Compliance	Details of Compliance
A.10 Disclosure of information in respect of Directors			
Directors' disclosures	A.10.1 7.10.3(c-d)	Complied	The names of the Directors of the Board, their leadership expertise, skills and their profiles are disclosed on pages 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 51 to 52 and in the inner back cover of this Annual Report.
A.11 Appraisal of Chief Executive Officer (CEO)			
Setting of the annual targets and the appraisal of the CEO	A.11.1 and A.11.2	Complied	The CEO performance is reviewed annually.
B. DIRECTORS' REMUNERATION			
B.1/ 7.10.5 Remuneration Procedure			
Establishment of a remuneration and its composition	B.1.1, B.1.2 and B.1.3 7.10.5(a) and 7.10(b)	Complied	The Remuneration Committee comprises of Three (3) Non-Executive Directors. Mr. Dhammika Swarnasinghe is the Chairman of the Committee. The details of the Remuneration Committee's composition, policies and responsibilities are set out on page 57 of this Annual Report.
Determination of the remuneration of the Non-Executive Directors	B.1.4	Complied	The Board as a whole decides the remuneration of the Non-Executive Directors. The Non-Executive Directors receive a fee for being a Director of the Board and a fee for participating as a sub committee member.
Consultation with the Chairman and the CEO	B.1.5	Complied	Input of the Chairman is obtained as the Chairman of the said sub committee. External professional advice is sought on a need basis.
B.2 Level and Makeup of Remuneration			
Level and makeup of the remuneration of Directors and comparison of remuneration with other companies	B.2.1, B.2.2 and B.2.3	Complied	The remuneration scheme for Executive Director is structured to align rewards to their individual and corporate performance targets.
Performance-based remuneration	B.2.4	Complied	The performance related payments for Executive Director is structured to align with individual and corporate performance targets.
Executive share options	B.2.5	Not applicable	
Designing the remuneration	B.2.6	Complied	Provisions set-out in Schedule E of the Code of Best Practice is considered.
Early termination of Directors	B.2.7 and B.2.8	Complied	
Remuneration of Non-Executive Directors	B.2.9	Complied	Non-Executive Directors fees are compared with the market rates.

	Reference to SEC & CASL Code, CSE Listing Rules	Compliance	Details of Compliance
B.3 / 7.10.5 Disclosure of Remuneration			
Disclosure of remuneration policy and aggregate remuneration	B.3.1	Complied	Please refer Remuneration Committee Report on page 57 of this Annual Report
C. RELATIONS WITH SHAREHOLDERS			
C.1 Constructive use of Annual General Meeting and conduct of general meetings			
Use of Proxy	C.1.1	Complied	We ensure that all proxy votes are counted and the quantum of proxies lodged on each resolution is conveyed to our Chairman.
Separate resolution for substantially separate issues	C.1.2	Complied	Separate resolutions are proposed at an Annual General Meeting on each substantially issue.
Chairman of Board Committees to be present	C.1.3	Complied	At an AGM, the respective Chairmen of the Remuneration, Audit and Nomination Committees are present to provide any clarification to shareholders as necessary.
Adequate notice of Annual General Meeting and summary of procedure	C.1.4 and C.1.5	Complied	The notice and the agenda of the AGM together with the Annual Report of the Company containing the relevant documents are circulated to the shareholders giving 15 working days notice prior to the date of the AGM.
C.2 Communication with Shareholders			
Effective communication with the shareholders	C.2.1, C.2.2, C.2.3 and C.2.4	Complied	The Board maintains a two-way communication with all investors providing an opportunity to seek non-price sensitive information throughout the year by conducting meetings and discussions and answering queries through our Company Secretarial Division and/or Communications Teams.
Contact person in relation to shareholder matters	C.2.4 and C.2.6	Complied	Shareholders may, at any time, direct questions, request for publicly available information and provide suggestions to Directors or management of the Group. Such questions, requests and suggestions should be addressed to the Company Secretary.
Process to make all Directors aware of major issues and concerns of shareholders	C.2.5	Complied	The Company Secretary maintains records of all correspondence received and will deliver as soon as practical such correspondence to the Board or individual Director/s as applicable and the Board or individual Director/s will respond to the shareholders and will direct the Company Secretary to send the response to the shareholder.
The process of responding to shareholder matters	C.2.7	Complied	Refer above.

CORPORATE GOVERNANCE

	Reference to SEC & CASL Code, CSE Listing Rules	Compliance	Details of Compliance
C.3 Major and material transactions			
As per the requirement of the Companies Act, Directors should disclose to shareholders, all proposed material transactions which would materially alter/vary the Company's net asset base.			
Major and material transactions	C.3.1	Complied	In terms of Listing Rules pertaining to immediate disclosures, the Company always notifies the Colombo Stock Exchange about the relevant transactions as soon as they are approved by the Board of Directors in order to ensure dissemination of information to the public. All major transactions are disclosed where necessary.
D. ACCOUNTABILITY AND AUDIT			
D.1 Financial Reporting			
Board responsibility to present the financial statements	D.1.1	Complied	The Board presents a balanced and understandable assessment which extends to interim and other price-sensitive public reports to regulators, as well as to information required to be presented by statutory requirements complying with regulatory deadlines.
Annual Report of the Directors	D.1.2	Complied	Declaration by the Directors that the Company has not engaged in any activities, which contravene laws and regulations, declaration of all material interests in contracts, equitable treatment of shareholders and going concern with supporting assumptions or qualifications as necessary. Please refer to the Annual Report of the Directors on pages 49 to 53.
Statement by the Directors and the Auditors	D.1.3	Complied	Please refer the Statement of Directors' Responsibility on page 54.
Management Discussion and Analysis	D.1.4	Complied	Please refer Review of Group Operations on pages 26 to 32.
Declaration by the Board as to whether the business is a going concern	D.1.5	Complied	Please refer to the Annual Report of the Directors on page 50.
Requirement for an Extraordinary General meeting in a situation of serious loss of capital	D.1.6	Not Applicable	

	Reference to SEC & CASL Code, CSE Listing Rules	Compliance	Details of Compliance
Related party transactions	D.1.7	Complied	<p>Process for identifying, recording and disclosure of related party transactions is in place. All related party transactions as defined in Sri Lanka Accounting Standard 24 - 'Related Party Transactions' is disclosed in Note 34 to the financial statements.</p> <p>A related party transaction review subcommittee is in place. Refer report of the related party transactions review committee on page 58.</p>
D.2 Internal Control			
Directors to review Internal Controls	D.2.1	Complied	The Board is responsible for establishing a sound framework of risk management and internal controls and monitoring its effectiveness on a continuous basis.
Requirement to review the need for an Internal Audit function	D.2.2	Not Applicable	
Board responsibility for the disclosure on internal control	D.2.3	Complied	
Directors' responsibility in maintaining a sound system of internal control	D.2.4	Complied	Audit Committee Report on page 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.
D.3/7.10.6 Audit Committee			
Composition of the Audit Committee and its duties	D.3.1 and D.3.2/7.10.6(a) and 7.10.6(b)	Complied	Please refer to the Audit Committee Report on page 55.
Terms of Reference of the Audit Committee	D.3.3	Complied	Please refer to the Audit Committee Report on page 55.
Disclosure of names of the members of the Audit Committee	D.3.4 7.10.6(c)	Complied	Please refer to the Audit Committee Report on page 55.

CORPORATE GOVERNANCE

	Reference to SEC & CASL Code, CSE Listing Rules	Compliance	Details of Compliance
D.4 Code of Business Conduct and Ethics			
We are committed to carrying out all business activities to the highest standards of integrity, ethical values and professionalism, whilst following the laws of the country, international laws and compliance as per our stakeholders' expectations.			
Disclosure on a presence of code of business conduct and ethics	D.4.1	Complied	As per our Chairman's Statement on page 08 of this Annual Report, we affirm our adherence to good business conduct and ethics.
Affirmation of the code of conduct and ethics	D.4.2	Complied	
D.5 Corporate Governance Disclosures			
Disclosures of Corporate Governance	D.5.1	Complied	We aim to achieve greater year-on-year growth and value creation, improve stakeholder satisfaction and relationships in all our business activities, whilst adhering to the highest standards of corporate governance as is evident in this Annual Report on pages 43 to 48.
2. SHAREHOLDERS			
E. INSTITUTIONAL INVESTORS			
Shareholder voting	E.1.1	Complied	We conduct regular and structured dialogue with shareholders based on a mutual understanding of objectives.
E.2 Evaluation of governance initiatives			
When evaluating the Company's governance arrangements, institutional investors should be encouraged to give due weight to all relevant factors drawn to their attention			
Evaluation of governance initiatives	E.2	Complied	Institution investors are encouraged to provide any feedback on the governance related issues.
F. OTHER INVESTORS			
F.1 Investing and divesting decision			
Investing and divesting decision	F.1	Complied	Individual shareholders, investing directly in shares of companies are encouraged to carry out adequate analysis or seek independent advice in investing or divesting decisions.
F.2 Shareholders Voting			
Individual shareholders' voting	F.2	Complied	Notice of meeting is sent to all shareholders on time to encourage their participation at the Annual General Meeting and exercise their voting rights. In case of appointing proxy form and instructions are given in the Annual Report.

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

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 2022.

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.

Review of Operations

The Chairman's Statement on pages 8 to 11 of this report provides an overall assessment of the financial performance and financial position of the Company and describes in detail its affairs and important events for the year. A detailed analysis of the operations and financial results is contained in the Review of Group Operations on pages 26 to 33 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 64 to 110 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 60 to 63.

Accounting Policies

The accounting policies adopted in the preparation of Financial Statements are given on pages 68 to 80.

Financial Results and Appropriations

For the year ended 31st March	Group		Company	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Profit/(Loss) for the Year Before Tax	(962,964)	(299,869)	(712,579)	(201,635)
Income Tax	1,411	22	-	-
Profit/(Loss) for the Year After Tax	(961,553)	(299,847)	(712,579)	(201,635)
Non-Controlling Interest	(86,746)	(138,260)	-	-
Profit Attributable to Equity Holders of the Company	(874,807)	(161,587)	(712,579)	(201,635)

Dividends

No dividends were declared as at 31st March 2022.

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 84 to 87.

Stated Capital

The stated capital of the Company as at 31st March 2022 was Rs.1,498,498,000/- representing No. of shares 131,329,995.

Donations

There were no donations made during the year.

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

Capital Commitments

There are no capital expenditure commitments as at 31st March 2022.

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 54.

Contingent Liabilities

There were no material contingent liabilities outstanding as at 31st March 2022, 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.

Dr. J.T. Sumathipala	Chairman - Non-Executive Director
Mr. R. A. T. P. Perera	Executive Director
Mr. A.D. Ross	Independent Non-Executive Director
Mr. V. Siva Jr	Independent Non-Executive Director
Mr. S.A. Abeyesinhe	Non-independent Non-Executive Director
Mr. S.S. Balasubramaniam	Non-Executive Director
Mr. R. Radha	Independent Non-Executive Director
Mr. D. Swarnasinghe	Non-Executive Director
Mr. K. Sri Chandrasekera	Non-Executive Director

Appointments during the year

Dr. J.T. Sumathipala appointed as Independent Non-Executive Director w.e.f 29th Sep 2021

Mr. D. Swarnasinghe appointed as Non-Executive Director w.e.f 30th Dec 2021

Mr. K. Sri Chandrasekera appointed as Non-Executive Director w.e.f 30th Dec 2021

Mr. R.A.T.P Perera appointed as Executive Director w.e.f 31st March 2022

Resignations during the year

Mr. J.H.P Rathnayake (Chairman)
w.e.f 30th Sep 2021

Mr. T. Tanaka (Non-Executive Director)
w.e.f 18th Aug 2021

Mr. S.A. Abeyesinghe - Alternate Director to J.H.P Ratnayake
w.e.f 30th Sep 2021

Appointments after the conclusion of the year

No appointments after the conclusion period.

Resignations after the CONCLUSION of the year

No resignations during the year.

Directors who held office as at the end of the accounting period 31st March 2022

Dr. J.T. Sumathipala	Chairman
Mr. R. A. T. P. Perera	Director/CEO
Mr. A.D. Ross	Independent Non Executive Director
Mr. V. Siva Jr	Independent Non Executive Director
Mr. S.A. Abeyesinhe	Non-Independent Non-Executive Director
Mr. S.S. Balasubramaniam	Non-Executive Director
Mr. R. Radha	Independent Non-Executive Director
Mr. D. Swarnasinghe	Non-Executive Director
Mr. K. Sri Chandrasekera	Non-Executive Director

Alternate Directors

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

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. S.S. Balasubramaniam	Non-Executive Director
Mr. K. Sri Chandrasekera	Non-Executive Director
Mr. R. Radha	Independent Non-Executive Director

Remuneration Committee

Mr. D. Swarnasinghe	Non-Executive Director
Mr. V. Siva Jr	Independent Non Executive Director
Mr. A.D. Ross	Independent Non Executive Director

Nominations Committee

Dr. J.T. Sumathipala	Chairman
Mr. S.A. Abeyesinhe	Non-Independent Non-Executive Director
Mr. D. Swarnasinghe	Non-Executive Director

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

Related Party Transactions Review Committee

Mr. D. Swarnasinghe	Non-Executive Director
Mr. V. Siva Jr	Independent Non-Executive Director
Mr. K. Sri Chandrasekera	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 82 of the Financial Statements.

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 2022			As at 31st March 2021		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1 to 1,000 Shares	5269	764,803	0.58	5275	765,151	0.59
1,001 to 10,000 Shares	713	2,228,644	1.70	723	2,257,471	1.72
10,001 to 100,000 Shares	176	5,031,582	3.83	181	5,628,985	4.29
100,001 to 1,000,000	22	5,285,818	4.02	16	3,827,320	2.91
Over 1,000,000 Shares	3	118,019,148	89.86	3	118,851,068	90.50
Total	6,183	131,329,995	100.00	6198	131,329,995	100.00

	As at 31st March 2022			As at 31st March 2021		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
Resident	6150	27,447,222	20.90	6150	13,510,759	10.28
Non-Resident	33	103,882,773	79.10	48	117,819,236	89.72
Total	6,183	131,329,995	100.00	6198	131,329,995	100.00

	As at 31st March 2022			As at 31st March 2021		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
Individual	6044	118,458,851	90.20	6054	105,098,040	80.02
Institutional	139	12,871,144	9.80	144	26,231,955	19.98
Total	6,183	131,329,995	100.00	6198	131,329,995	100.00

Directors' Interest In Shares

Name	No. of Shares as at 31st March 2022	No. of Shares as at 31st March 2021
Dr. J.T. Sumathipala	-	-
Mr. R. A. T. P. Perera	198,550	198,550
Mr. A.D. Ross	-	-
Mr. V. Siva Jr	-	-
Mr. S.A. Abeyesinhe	36,077	536,077
Mr. S.S. Balasubramaniam	-	-
Mr. R. Radha	-	-
Mr. D. Swarnasinghe	-	-
Mr. K. Sri Chandrasekera	-	-

20 Largest Holders of Equity

Name	As at 31st March 2022		As at 31st March 2021	
	No. of Shares	%	No. of Shares	%
MR. VIJAYESWARAN S VIJAYARATNAM	94,039,467.00	71.6	94,039,467	71.6
MR. VILVARAJAN VIJAYARATNAM	14,200,000.00	10.8	-	-
FAST GAIN INTERNATIONL LIMITED	9,779,681.00	7.4	23,587,426	18.0
ASSOCIATED ELECTRICAL CORPORATION LTD	797,282.00	0.6	-	-
MR. MOHAMMAD NAVEED JAMAAL	605,400.00	0.5	-	-
MR. MOHAMED GANI MOHAMED HUSSAIN	380,000.00	0.3	-	-
MRS. SUKUMALI MAHESIKA WANNAKUWATTE	350,000.00	0.3	-	-
CITIZENS DEVELOPMENT BUSINESS FINANCE PLC/BUDDHIKA VISHWAJITH AMARASINGHE	300,300.00	0.2	-	-
CITIZENS DEVELOPMENT BUSINESS FINANCE PLC/DILUM CHINTHAKA MADDUMAGE	299,999.00	0.2	-	-
MR. RESHAN HENRY RATNAYEKE	263,000.00	0.2	-	-
MERCHANT BANK OF SRI LANKA & FINANCE PLC/H.M.C.B. MAWILMADA	224,032.00	0.2	-	-
DIALOG FINANCE PLC/W.M.P.M WEERASEKERA	200,000.00	0.2	-	-
MR. JAGATH PRIYADARSHANA WALAWEGE	200,000.00	0.2	-	-
MR. RANASINGHE ARACHCHIGE THUSITHA PRIYANTHA PERERA	198,550.00	0.2	198,550	0.2
MR. CALISTUS NIMALANATHAN PAKIANATHAN	194,298.00	0.1	194,298	0.2
DFCC BANK PLC/MR.C.R.PERERA	189,802.00	0.1	189,802	0.1
MISS. MADUGALLAGE GAMLATH AMALI NILEKA UDAYANGANI	158,222.00	0.1	-	-
MR. WIJERATNE MUDIYANSELAGE SAVIO PHILIP PUSHPAKUMARA BANDARA	140,000.00	0.1	-	-
MR. DAMITHA RATHNAYAKE	134,083.00	0.1	134,083	0.1
MR. ADIKARAM MUDIYANSELAGE DUSHAN KASUN ADIKARAM	121,519.00	0.1	-	-
MR. MOHAMED HANIF ASLAM KAMIL	112,067.00	0.1	-	-

Public Shareholding

The percentage of public shareholding as at the 31st of March 2022 was 28.22%.

Annual General Meeting

The notice of the 30th Annual General Meeting is on page 115.

Auditors

The Financial Statements for the year ended 31st March 2022 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.945,000/- 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



Thusitha Perera
Director/CEO



Raju Radha
Director



P.R. Secretarial Services (Private) Limited,
Secretaries
30th August 2022

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 transactions 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 2022. These differ from the Auditors responsibilities, which are set out in their report given on page 62.

The Board of Directors have a responsibility to ensure that the Company and its subsidiaries 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 date have been either duly paid or appropriately provided for in the financial statements.



Thusitha Perera
Director/CEO



Raju Radha
Director
30th August 2022

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 2021/22;

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

.....
Mr. K. Sri Chandrasekera

.....
Mr. Raju Radha

Committee Meetings

During the year, the committee reviewed and discussed with management the unaudited quarterly financial statements and final audited financial statements, prior to them being recommended to the Board. Senior Management and Finance Heads of the respective companies provided information and conformations required by the Audit Committee that the said financial statements for the year were prepared in accordance with the Sri Lanka Accounting Standards and requirements of the Companies Act No. 07 of 2007 and reflect the company's performance for The period ended and state of the affairs as at that date

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 2021/22 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.

AUDIT COMMITTEE REPORT

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 the risks.

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. S.S. Balasubramaniam
Chairman - Audit Committee
30th August 2022

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 2022 are as follows;

.....
Mr. Dhammika Swarnasinghe (Chairman)

.....
Mr. V. Siva Jr

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

Please refer pages 14 to 15 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 are 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 2021/22. 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 bonuses, and incentives to staff during the ensuing year.



Mr. Dhammika Swarnasinghe

Chairman - Remuneration Committee
30th August 2022

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 2021/22;

Mr. Dhammika Swarnasinghe

Mr. V. Siva Jr

Mr. K. Sri Chandrasekera

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 on the 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. Dhammika Swarnasinghe

Chairman - Related Party Transactions Review Committee
30th August 2022

FINANCIAL INFORMATION

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INDEPENDENT AUDITOR'S REPORT



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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 2022, 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 68 to 110.

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 2022, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

1 Valuation of Land and Building of the Group

The company has Land and Building carried at fair value amounting to Rs.2.96Bn as at 31st March 2022 which represents a significant part of total assets recorded in the statement of financial position. The fair value of such properties was determined by a qualified external valuer engaged by the Group. The valuation of Land and Building was significant to our audit due to the use of significant estimates and assumptions. Accordingly, valuation of the Land and Building has been considered as a Key Audit matter.

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

- ★ Assessed the key assumptions and methodology used in the valuation in particular, the discount rate and average market price and verified the mathematical accuracy of the valuation;
- ★ Assessed the competency, capability and objectivity of the external valuer engaged by the Group;
- ★ On a selective basis, reviewed recent market prices of lands to ensure that the land values have not declined since the last revaluation;
- ★ Ensured that revaluation of Land and Building is in compliance with the Group's accounting policies and requirements of the Sri Lanka Accounting Standards. We have also assessed the adequacy of the disclosures made in the financial statements on same;
- ★ Assessed the estimates and assumptions are applied in determining the carrying amount and net realizable value which is impacted by volatile market and current economic conditions prevailing in the country.

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. Madhura V. De Silva FCA, MSc.



2 Measurement of Investment in Subsidiaries and Associates

As at 31st March 2022, the Company holds an investment in subsidiaries and associates amounting to Rs. 1.21Bn and Rs.399Mn, respectively. The carrying amount of each investment in subsidiary and associate investment has been tested for impairment as individual Cash Generating Units.

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

We have identified the impairment of investments in subsidiaries and associates as a key audit matter since that is based on forecasting and discounting cash flows, which is inherently 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 budgets approved by the Board and assessed the reasonableness of the forecasts with the business proposals provided by the management and those charged with governance;
- ★ Assessed the estimates and assumptions are applied in determining the carrying amount and net realizable value of those related companies which is impacted by volatile market and current economic conditions prevailing in the country.

The Company's accounting policies and other related disclosures regarding investment in subsidiaries and associates are included in notes 3.1 and 16 of the financial statements.

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

The Company and the Group incurred a net loss of Rs.713 Mn and Rs.962 Mn respectively for the year ended 31st March 2022. Further, the Company and the Group's current liabilities exceeded its current assets by Rs.731 Mn and Rs.1,823 Mn respectively as at the reporting date with the impacts due to COVID-19 pandemic and Macroeconomic conditions.

However, these financial statements have been prepared on a going concern basis. In adopting the going concern basis in preparation of the financial statements, the Directors have reviewed the Group's cash flow projections prepared by the management. The cash flow projections were based on management's assumptions and estimation of future cash inflows and outflows, also taking into consideration the impact of COVID-19 related events and current economic conditions.

Notes to the financial statements described the impact of COVID-19 outbreak and prevailing uncertain macro-economic environment and implications to the current year financial statements and possible effects to the Company's and Group's future prospects, performance and cash flows.

Management has specified the action on how to deal with these events since the COVID-19 impact and economic impact are still prevailing at the date of the report.

Such assessment carried out on the basis of available information, involved the use of significant management judgments and estimates considering future events which are inherently uncertain, circumstances and impacts on cash flows, profits and assets, which could be subject to potential management bias,. 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 and economic condition on the operation of the subsidiaries, particularly the hotels which have an impact on the going concern of the Group and Company;
- ★ Obtaining the cash flow projections carried out by the management which covered a period not less than twelve months from the reporting date and discussing with management the possible impact on the key assumptions used in preparing the projections due to prevailing uncertain and volatile macro-economic environment and implications and COVID-19 pandemic and current economic conditions;
- ★ Evaluated the reasonableness of the significant management judgements and estimates such as occupancy levels used in such cashflow projections;
- ★ Assessed the indicators of going concern issues and evaluated the mitigation plans for all the unfavorable indicators including the restructure plans.
- ★ Assessed the impact of prevailing macroeconomic conditions on property plant and equipment, investment properties and investment in subsidiaries and associates, and evaluated whether it was required to adjust the carrying value prior to reflecting them at the financial statements, and checked the adjustments made where applicable;

INDEPENDENT AUDITOR'S REPORT



- ★ Assessing adequacy of disclosures included in note 37, 2.11 and 38 in the financial statements, in relation to the impact of prevailing uncertain and volatile macro-economic environment and pandemic situation to sustain its operations in the foreseeable future with reference to the requirements of the prevailing standards and the going concern of the business.

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.
- ★ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures, are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ★ Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ★ Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or



business activities within the Group to express an opinion on the consolidated financial statements.

We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

BDO Partners

CHARTERED ACCOUNTANTS

Colombo

30th August, 2022

HSR/cc

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31st March	Note	GROUP		COMPANY	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Revenue	5	350,816	56,473	-	-
Cost of Sales		(199,321)	(27,651)	-	-
Gross Profit		151,495	28,822	-	-
Other Operating Income	6	127,848	364,208	116,152	151,873
Selling and Distribution Expenses		(18,633)	(29,173)	(1,054)	(16,010)
Administrative Expenses		(443,379)	(362,035)	(66,134)	(92,612)
Other Operating Expenses		(574,312)	(103,769)	(573,720)	(102,623)
Provision for Impairment of Receivables (Net)	7	(903)	-	(3,474)	-
Net Finance Cost	8	(204,585)	(197,497)	(184,349)	(142,263)
Share of Profit/(Loss) of Equity - Accounted Investees (Net of Tax)		(495)	(424)	-	-
Loss Before Taxation	9	(962,964)	(299,869)	(712,579)	(201,635)
Income Taxation	10	1,411	22	-	-
Loss for the Year		(961,553)	(299,847)	(712,579)	(201,635)
Other Comprehensive Income/(Expense) Items that may not be Reclassified subsequently to Profit or Loss					
Actuarial Gain on Defined Benefit Obligations (Net of Tax)	26	23,827	9,002	10,106	6,690
Revaluation Surplus on Property, Plant and Equipment		-	-	-	-
Net Loss on Equity Instruments Designated at Fair Value Through Other Comprehensive income		-	(3,118)	-	(3,118)
Other Comprehensive Income for the Year, Net of Tax		23,827	5,884	10,106	3,572
Total Comprehensive Income/(Expenses) for the Year		(937,726)	(293,963)	(702,473)	(198,063)
Loss					
Attributable to					
Equity Holders of the Parent Company		(874,807)	(161,587)	(712,579)	(201,635)
Non-controlling Interests		(86,746)	(138,260)	-	-
		(961,553)	(299,847)	(712,579)	(201,635)
Total Comprehensive Income/(Expenses) Attributable to					
Equity Holders of the Parent Company		(853,060)	(156,840)	(702,473)	(198,063)
Non-controlling Interests		(84,666)	(137,123)	-	-
Total Comprehensive Income for the Year		(937,726)	(293,963)	(702,473)	(198,063)
Basic Loss Per Share (Rs.)	11.1	(6.66)	(1.23)	(5.43)	(1.54)

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 68 to 110.

Colombo
30th August 2022

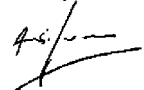
STATEMENT OF FINANCIAL POSITION

As at 31st March	Note	GROUP		COMPANY	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	12	3,017,623	3,155,036	18,903	28,737
Right of Use Assets	13	20,451	12,934	-	-
Intangible Assets	14	338,461	340,622	362	550
Investment Properties	15	130,634	127,780	67,000	127,780
Investments in Subsidiaries	16.1	-	-	1,213,595	1,213,595
Investments in Associates	16.2	170,577	171,072	398,839	398,839
Equity Instruments Measured at Fair Value Through OCI	17	117,430	117,430	117,430	117,430
Long Term Deposits and Advances	18	568	5,147	568	5,147
Deferred Taxation	25	-	-	-	-
Total Non-Current Assets		3,795,744	3,930,021	1,816,697	1,892,080
Current Assets					
Inventories	19	12,253	143,991	-	-
Other Financial Assets	20	-	84,655	539	61,161
Income Tax Receivable		1,502	1,501	-	-
Trade and Other Receivables	21	332,567	168,254	146,097	35,298
Amounts Due from Related Companies	22	575,643	566,717	1,691,075	1,534,729
Cash and Cash Equivalents	23	108,075	34,417	26,089	25,004
Total Current Assets		1,030,040	999,535	1,863,800	1,656,192
Total Assets		4,825,784	4,929,556	3,680,497	3,548,272
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	24	1,498,498	1,498,498	1,498,498	1,498,498
Revaluation Reserve		1,331,872	1,242,858	5,905	5,905
Retained Earnings/(Accumulated Losses)		(3,025,625)	(2,091,998)	(1,220,831)	(518,356)
Shareholders' Fund		(195,255)	649,358	283,572	986,047
Non-controlling Interests		809,246	952,009	-	-
Total Equity		613,991	1,601,367	283,572	986,047
Non-Current Liabilities					
Retirement Benefit Obligations	26	15,111	31,748	4,336	15,877
Non - Interest Bearing Borrowings- Due after One year	27	790,795	790,795	790,795	790,795
Interest Bearing Borrowings - Due after one year	28	519,082	465,855	6,605	31,870
Lease liability -Due after One year	29	33,310	20,008	-	-
Total Non-Current Liabilities		1,358,298	1,308,406	801,736	838,542
Current Liabilities					
Non-Interest Bearing Borrowings- Due within one year	27	40,067	49,866	40,067	49,866
Interest Bearing Borrowings - Due within one year	28	2,099,331	1,243,110	2,119,300	1,220,655
Lease Liability-Due Within one year	29	7,811	7,131	-	-
Deferred Income	30	-	4,035	-	4,035
Trade and Other Payables	31	249,738	219,825	61,926	65,108
Amounts Due to Related Companies	32	-	-	37,893	50,133
Income Tax Payable		42,850	42,851	42,845	42,845
Bank Overdrafts	23	413,698	452,965	293,158	291,042
Total Current Liabilities		2,853,495	2,019,783	2,595,189	1,723,683
Total Liabilities		4,211,793	3,328,189	3,396,925	2,562,225
Total Equity and Liabilities		4,825,784	4,929,556	3,680,497	3,548,272
Net Assets Per Share (Rs.)		(1.49)	4.94	2.16	7.51

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 68 to 110.

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



Chamaka Silva
Head of Finance

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.



Thusitha Perera
Director/CEO



Raja Radha
Director

STATEMENT OF CASH FLOWS

For the Year Ended 31st March	Note	GROUP		COMPANY	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
CASH FLOW FROM OPERATING ACTIVITIES					
Loss before income Tax Expense		(962,964)	(299,869)	(712,579)	(201,635)
Adjustments for;					
Provision for Retiring Benefit Obligation	26	13,610	6,827	1,420	2,629
Depreciation on Property, Plant and Equipment	12	142,658	128,734	4,744	5,173
Deferred Income		(4,035)	-	(4,035)	-
Amortisation on Intangible Assets		2,161	2,154	188	188
Fair Value Gain on Investment Property		(2,854)	-	(2,854)	-
Amortisation on Right of use Assets		6,920	12,192	-	-
Loss on Translation of Foreign Currency		544,049	50,345	543,817	50,307
Non Cash Revenue		-	(127,780)	-	(127,780)
Gain on Disposal Property, Plant and Equipment		-	(993)	-	-
Gain on Disposal of Shares in Subsidiary		-	(176,058)	-	-
Share of Loss of Equity-Accounted Investees Net of Tax		495	424	-	-
Provision for Impairment of Receivables		903	-	3,474	-
Finance Income Received	8	(1,656)	(20,865)	(1,679)	(20,897)
Finance Cost Paid	8	206,241	218,362	186,028	163,160
Operating Profit /(Loss) before Working Capital Changes		(54,472)	(206,527)	18,524	(128,855)
Changes in					
Inventories		131,738	46,238	-	-
Other Financial Assets		84,655	32,111	60,622	33,428
Trade and Other Receivables		(164,313)	286,202	(110,799)	178,326
Amount Due from Related Companies		(8,926)	159,788	(96,187)	2,194
Trade and Other Payables		29,913	(73,541)	(3,182)	8,056
Amount Due to Related Parties		-	-	(12,240)	14,241
Cash Generated From/(used in) Operations		18,595	244,271	(143,262)	107,390
Gratuity Paid	26	(6,420)	(4,955)	(2,855)	(3,682)
Income Tax Paid		-	25	-	(1)
Net Cash From/(used in) Operating Activities		12,175	239,341	(146,117)	103,707
CASH FLOW FROM INVESTING ACTIVITIES					
Acquisition of Property, Plant and Equipment		(25,255)	(43,680)	(482)	(564)
Acquisition of Intangible Assets		-	(28,866)	-	-
Acquisition of Subsidiaries		(40,000)	(546,656)	-	(82,785)
Proceeds from Disposal of Property, Plant and Equipment		5,573	46,535	-	-
Finance Income Received		1,656	20,865	1,679	20,897
Long-Term Advances	18	4,579	-	4,579	-
Net Cash Flows from (used in) Investing Activities		(53,447)	(551,802)	5,776	(62,452)
CASH FLOW FROM FINANCING ACTIVITIES					
Net Repayment of Other Loans		380,628	469,242	357,793	215,782
Net Proceeds from /(Repayment) of leases		13,982	(3,335)	-	-
Net Repayment of Amounts Payable under Re-purchase Agreement		1	-	-	-
Net Proceeds from/(Repayment) of Commercial Papers		(34,173)	49,568	(32,455)	50,997
Finance Cost Paid		(206,241)	(218,362)	(186,028)	(163,160)
Net Cash Flows from/(used in) Financing Activities		154,197	297,113	139,310	103,619
Net Increase/(Decrease) in Cash and Cash Equivalents		112,925	(15,348)	(1,031)	144,874
Cash and Cash Equivalents at the Beginning of the Year	23	(418,548)	(403,200)	(266,038)	(410,912)
Cash and Cash Equivalents at the End of the Year	23	305,623	(418,548)	(267,069)	(266,038)

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 68 to 110.

Colombo
30th August 2022

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31st March

GROUP	Stated	Revaluation	Retained	Total	Non-	Total
	Capital	Reserve	Earnings/ Accumulated Losses	Attributable to Equity Holders	controlling Interest	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 01st April 2020	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
Balance as at 31st March 2021	1,498,498	1,242,858	(2,091,998)	649,358	952,009	1,601,367
Adjustment on Acquisition, Disposal and Change in Holding of Subsidiary	-	89,014	(80,567)	8,447	(58,097)	(49,650)
Profit/(Loss) for the year	-	-	(874,807)	(874,807)	(86,746)	(961,553)
Other Comprehensive income for the Year (Net of Tax)	-	-	21,747	21,747	2,080	23,827
Balance as at 31st March 2022	1,498,498	1,331,872	(3,025,624)	(195,254)	809,246	613,991

COMPANY	Stated	Revaluation	Retained	Total
	Capital	Reserve	Profits/ Accumulated Losses	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 01st April 2020	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
Balance as at 31st March 2021	1,498,498	5,905	(518,356)	986,047
Profit/(Loss) for the year	-	-	(712,579)	(712,579)
Other Comprehensive Income for the Year (Net of Tax)	-	-	10,106	10,106
Balance as at 31st March 2022	1,498,498	5,905	(1,220,831)	283,574

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 68 to 110.

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 is at No 59, R.G. Senanayake Mawatha, Colombo07 and the principal place of business is situated at 6th Floor, No 46/46, Green Lanka Towers, Nawam Mawatha, Colombo 02.

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

1.2. Parent and ultimate parent company

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

2. BASIS OF PREPARATION

2.1. Statement of compliance

The financial statements have been prepared in accordance with the Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka and the requirements of the Companies Act No. 7 of 2007. These financial statements also provide appropriate disclosures as required by the listing rules of the Colombo Stock Exchange.

The financial statements were authorised for issue by the Board of Directors on 30th August 2022.

2.2. Consolidated Financial Statements

The consolidated financial statements of the company as at and for the year ended 31st March, 2022 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 97.

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, economic condition 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.

NOTES TO THE FINANCIAL STATEMENTS

3.1. Basis of consolidation

3.1.1. Business combinations and Goodwill

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

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

3.1.2. Subsidiaries

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

Investment in subsidiaries 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 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 evaluation, 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 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.

NOTES TO THE FINANCIAL STATEMENTS

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.

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 assets or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash

flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

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

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

3.4. Intangible assets and goodwill

3.4.1. Recognition and measurement

Goodwill	Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.
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

Accounting Policy

Investment property is a property held either to earn rental income or for capital appreciation or both, rather than sale in the ordinary course of business and use in the production or supply of goods or services or for administrative purposes.

Basis of Recognition

Investment Properties are recognised only if it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the investment property can be reliably measured.

Basis of Measurement

Investment Properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, Investment Properties are stated at fair value, which reflects market conditions at the reporting date.

Gains or losses arising from changes in the fair values of Investment Properties are included in the Statement of Profit or Loss in the period in which they arise.

Investment Properties are derecognised when either they have been disposed of or when the Investment Property 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 the Statement of Profit or Loss in the period of de-recognition.

Reclassification to or from Investment Property

Transfers are made to or from Investment Property only when there is a change in use. For a transfer from Investment Property to owner occupied property, the value for subsequent accounting is the fair value at the date of change. If owner occupied property becomes an Investment Property, Group/Company accounts for such property in accordance with the policy stated under Property, Plant and Equipment up to the date of change. Group companies occupy a significant portion of the Investment Property of a subsidiary, such Investment Properties are treated as Property, Plant and Equipment in the consolidated financial statements, and accounted using Group Accounting Policy for Property, Plant and Equipment.

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.

NOTES TO THE FINANCIAL STATEMENTS

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

Subsequent measurement

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

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

Debt Instruments

a) Financial assets at amortised cost

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

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

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

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

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

b) Financial assets at fair value through OCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI.

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

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

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

NOTES TO THE FINANCIAL STATEMENTS

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.

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

NOTES TO THE FINANCIAL STATEMENTS

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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.

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	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
5 REVENUE				
5.1 Summary				
Gross Revenue	352,531	57,898	-	-
Less: Intra Group Transactions	(1,715)	(1,425)	-	-
	350,816	56,473	-	-
5.2 Segments				
Investments	84,500	-	-	-
Service	-	10	-	-
Leisure	266,311	56,463	-	-
Stock Brokering	5	-	-	-
	350,816	56,473	-	-
6 OTHER OPERATING INCOME				
Gains on Disposal of Property, Plant and Equipment	-	993	-	-
Gain on Disposal of Subsidiary	-	176,058	-	-
Sundry Income	124,994	187,157	113,298	151,873
Fair Value Gain on Investment Property	2,854	-	2,854	-
	127,848	364,208	116,152	151,873
7 PROVISION FOR IMPAIRMENT OF RECEIVABLES				
Balance at the Beginning of the Year	62,355	62,355	530,819	530,819
Provision made During the Year	-	-	3,474	-
Bad Debt Write Off	903	-	-	-
Balance at the End of the Year (Note 7.1)	63,258	62,355	534,293	530,819
7.1 Provision for Impairment of Receivables Reflected in,				
Trade Receivables (Note 21)	2,102	1,199	-	-
Other Receivables (Note 21)	61,156	61,156	43,076	43,076
Amounts Due from Related Companies (Note 22)	-	-	491,217	487,743
Balance at the End of the Year	63,258	62,355	534,293	530,819
8 NET FINANCE COST				
Financing Income				
Interest Income - Related Parties	-	-	-	14,991
- Others	1,656	20,865	1,679	5,906
	1,656	20,865	1,679	20,897
Financing Cost				
Interest on Overdraft	(77,784)	(100,588)	(60,565)	(78,720)
Interest on Other Borrowings	(128,457)	(117,774)	(125,463)	(84,440)
	(206,241)	(218,362)	(186,028)	(163,160)
Net Finance Costs	(204,585)	(197,497)	(184,349)	(142,263)

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st March	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
9 PROFIT/(LOSS) BEFORE TAXATION				
Profit/(loss) before tax is stated after charging all expenses including the following :				
Included in Administrative Expenses				
Auditors Remuneration - Audit fees and Expenses	1,734	1,688	945	900
Director's Emoluments	-	20,894	-	20,894
Director's Fees	575	575	575	575
Secretarial Fees	2,045	1,766	621	621
Depreciation on Property Plant and Equipment	142,658	140,926	4,744	5,173
Amortisation of Intangible Assets	2,161	2,154	188	188
Legal Fees	705	665	617	617
Personnel Costs Includes				
Defined Benefit Plan - Gratuity	13,610	6,827	1,420	2,629
Defined Contribution Plan Costs - EPF and ETF	16,252	14,740	5,619	5,619
Other Staff Costs	2,793	2,793	-	63,648
Other Operating Expenses Include				
Exchange Loss - Unrealized	544,049	50,345	543,817	50,307
Number of Employees	220	233	17	33
10 INCOME TAX EXPENSES				
Current Tax Expenses - Company	-	-	-	-
Current Tax Expenses - Subsidiaries (Note 10.2)	-	-	-	-
Current Tax Expenses - Total	-	-	-	-
Deferred Tax Originated During the Year (Note 25)	-	-	-	-
Under/(Over) Provision in Respect of Prior Years	-	-	-	-
Deferred Taxation Charge/(Reversal) (Note 25)	(1,411)	(22)	-	-
	(1,411)	(22)	-	-
10.1 Reconciliation of Accounting Profit/(Loss) and Taxable Income				
Accounting Profit/(Loss) Before Tax	(962,964)	(299,869)	(712,579)	(201,635)
Aggregate Disallowed Items	767,375	216,762	638,365	69,004
Aggregate Allowable Items	(124,348)	(149,498)	(15,100)	(9,196)
Income not subject to Tax	-	-	-	-
Tax Profit/(Loss) on Trade or Business	(319,937)	(232,605)	(89,314)	(141,827)
Other Taxable Income	1,490	1,365	-	-
Tax Losses Set off under Section 19	(3,105)	(2,630)	-	-
Taxable Income/(Loss)	(321,552)	(233,870)	(89,314)	(141,827)
Income Tax @ 24%	-	-	-	-
Current Tax Expense	-	-	-	-

For the Year Ended 31st March	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
10.1.1 Reconciliation of Unrelieved Tax Losses				
Opening Balance	3,632,649	3,402,674	993,389	851,562
Under/(Over) Provision in Respect of Prior Years	-	-	-	-
Loss for the Year	319,937	232,605	89,314	141,827
Loss Utilised during the year	(3,105)	(2,630)	-	-
	3,949,481	3,632,649	1,082,703	993,389
10.2 Subsidiary Companies				
Asia Leisure Holdings (Private) Limited	-	-	-	-
Asia Leisure (Private) Limited	-	-	-	-
Wadduwa Resorts (Private) Limited	-	-	-	-
Strider Capital Asia (Pvt) Limited	-	-	-	-
Asia Fort Sri Lanka Direct Investment Fund Limited	-	-	-	-
	-	-	-	-

10.3 Summary

Asia 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 2022/2023 was Rs.290,218,096/- (2021/2022 - Rs.210,479,740/-).

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 2022/2023 is Rs. 452,827,650/- (2021/2022 - Rs.417,909,190/-)

Wadduwa Resorts (Private) Limited

The Company is liable to taxation on Hotel Profit and Income at the rate of 28%. However, no provision has been made during the year due to tax losses. The accumulated tax loss carried forward to year of assessment 2022/2023 is Rs.695,282,521/- (2021/2022 - Rs.805,015,519/-).

Strider Capital Asia (Private) Limited

The Company is liable to taxation at the rate of 28% on its taxable profit. However, no provision has been made during the year due to tax losses. The accumulated tax loss carried forward to the year of assessment 2022/2023 is Rs.286,722/- (2021/2022 - Rs.318,899/-).

NOTES TO THE FINANCIAL STATEMENTS

11 BASIC EARNING PER SHARE

11.1 Basic Earnings /(Loss) Per Share is calculated by dividing the loss 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	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Profit After Tax Attributable to Equity holders of the Company	(874,807)	(161,587)	(712,579)	(201,635)
Weighted Average number of Ordinary Shares outstanding during the Year	131,330	131,330	131,330	131,330
Basic Earnings Per Share (Rs.)	(6.66)	(1.23)	(5.43)	(1.54)

12 PROPERTY, PLANT AND EQUIPMENT

12.1 Group

Cost / Valuation	Balance As At 01.04.2021	Additions Rs.'000	Disposals / Transfers Rs.'000	Balance As At 31.03.2022
	Rs.'000			Rs.'000
Freehold Assets				
Land	1,871,186	-	-	1,871,186
Buildings and Improvements	1,285,757	-	-	1,285,757
Motor Vehicles	1,856	-	-	1,856
Office Equipment	63,634	1,899	(6,812)	58,721
Fixtures and Fittings	21,731	482	-	22,213
Furniture and Fittings	119,762	2,865	-	122,627
Computer Equipment	31,684	4,492	-	36,176
Plant and Machinery	85,409	1,011	-	86,420
Hotel Equipment	96,879	69	-	96,948
Total	3,577,898	10,818	(6,812)	3,581,904

12.1.1. In the Course of Construction

	Balance As At 01.04.2021	Incurred During the Year	Reclassified/ Transferred	Balance As At 31.03.2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Building Work in Progress	25,051	-	-	25,051

12.1.2 Depreciation

	Balance As At 01.04.2021 Rs.'000	Charge for the year Rs.'000	Disposals / Transfers Rs.'000	Balance As At 31.03.2022 Rs.'000
Buildings and Improvements	122,836	76,814	-	199,650
Motor Vehicles	780	159	-	939
Office Equipment	42,190	12,147	(1,239)	53,098
Fixtures and Fittings	8,671	1,914	-	10,585
Furniture and Fittings	93,490	17,036	-	110,526
Computer Equipment	26,532	3,101	-	29,633
Plant and Machinery	68,147	15,416	-	83,563
Hotel Equipment	85,267	16,071	-	101,338
Total Depreciation	447,913	142,658	(1,239)	589,332
Net Carrying Value as at 31.03.2021				3,155,036
Net Carrying Value as at 31.03.2022				3,017,623

12.2 Company

	Balance As At 01.04.2021 Rs.'000	Additions Rs.'000	Disposals / Transfers Rs.'000	Balance As At 31.03.2022 Rs.'000
Cost				
Freehold Assets				
Motor Vehicles	321	-	-	321
Office Equipment	12,292	-	(6,812)	5,480
Fixtures and Fittings	21,510	482	-	21,992
Furniture and Fittings	11,760	-	-	11,760
Computer Equipment	15,218	-	-	15,218
Total	61,101	482	(6,812)	54,771

12.2.1 Accumulated Depreciation on Cost

	Balance As At 01.04.2021 Rs.'000	Charge for the year Rs.'000	Disposals / Transfers Rs.'000	Balance As At 31.03.2022 Rs.'000
Freehold Assets				
Motor Vehicles	321	-	-	321
Office Equipment	3,402	893	(1,239)	3,056
Fixtures and Fittings	8,502	1,872	-	10,374
Furniture and Fittings	8,080	811	-	8,891
Computer Equipment	12,059	1,168	-	13,226
Total Depreciation	32,364	4,744	(1,239)	35,868
Net Carrying Value as at 31.03.2021				28,737
Net Carrying Value as at 31.03.2022				18,903

NOTES TO THE FINANCIAL STATEMENTS

12.3 Group Freehold Land and Buildings

Value of Lands and Ownership

Company	Location	Land Extent		Method of Valuation	Market Comparable method	Carrying	Carrying
		in Acres/ Perches and Roods	Number of buildings			Value of Lands As at 31.03.2022	Value of Building As at 31.03.2022
Wadduwa Resorts (Pvt) Ltd	No 352/16c, Ratnayaka Road, Talpitiya, Wadduwa	3 A, 1 R, 36.22 P	3			834,330,000	448,258,000
Asia Leisure Holdings (Pvt) Ltd	No 70, Uttamana Mawatha, Welagedara, Balapitiya	1 R	1			7,200,000	25,050,650
Asia Leisure (Pvt) Ltd	No 288, Galle Road, Dadalla, Galle	1R , 28 Perch	1			79,197,900	34,827,125
River House Estate (Pvt) Ltd	Robert De Soysa Mawatha, Welagedara, Balapitiya	5A, 1R, 26P	0			173,200,000	-
Nuwara Eliya Hotel & Resorts (Pvt) Ltd	Misty Hills, Badulla Road, Katumanna, Nuwaraeliya	63.8P	1			47,850,000	47,919,000
Rive House (Pvt) Ltd	No 70, Uttamana Mawatha, Welagedara, Balapitiya	06A 01R 36P	3			414,400,000	92,300,000
Kosgoda Beach Resorts (Pvt) Ltd	No 47/23,Paratharakaya Round Road,Kosgoda.	01A 01R 39P	1			274,800,000	462,803,225
						1,830,977,900	1,111,158,000

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 latest valuation 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:

	Cost Rs.'000	Cumulative Depreciation If assets were carried at cost Rs.'000	Net Carrying	Net Carrying
			Amount 2022 Rs.'000	Amount 2021 Rs.'000
Group				
Freehold Assets				
Buildings and Improvements	630,301	471,906	158,395	221,425
Motor Vehicles	1,060	1,060	-	-
Office Equipment	71,340	56,441	14,899	22,033
Fixtures and Fittings	18,499	18,499	-	1,557
Furniture and Fittings	168,544	154,832	13,712	30,567
Computer Equipment	35,429	35,429	-	-
Plant and Machinery	124,983	124,983	-	-
Hotel Equipment	135,670	135,670	-	9,114
Leasehold Assets				
Motor Vehicles	88,043	67,716	20,327	42,337
Computer Equipment	2,897	2,546	351	930
Total	1,276,766	1,069,082	207,684	327,963

12.5 Cost of Fully Depreciated Assets

For the Year Ended 31st March	GROUP		COMPANY	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Office Equipment	2,447	2,447	997	997
Fixtures and Fittings	3,585	3,585	2,925	2,925
Furniture and Fittings	12,411	12,411	2,037	2,037
Motor Vehicles	321	321	321	321
Computer Equipment	7,630	7,630	-	-
Leasehold Motor Vehicles	18,660	18,660	14,800	14,800
	45,054	45,054	21,080	21,080

13 Right of Use Assets

As At 31st March	GROUP		COMPANY	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Cost				
Balance at the Beginning of the Year	40,897	79,810	-	-
Acquisition of Subsidiaries	-	9,475	-	-
Additions During the Year	14,437	-	-	-
Disposal During the Year	-	(48,388)	-	-
Balance at the End of the Year	55,334	40,897	-	-
Amortisation				
Balance at the Beginning of the Year	27,963	33,028	-	-
Acquisition of Subsidiaries	-	5,393	-	-
Amortisation for the Year	6,920	12,192	-	-
On Disposal of Subsidiary	-	(22,650)	-	-
Balance at the End of the Year	34,883	27,963	-	-
Net Carrying Value	20,451	12,934	-	-

14 INTANGIBLE ASSETS

As At 31st March	GROUP		COMPANY	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
14.1 Computer Software				
Cost				
Balance at the Beginning of the Year	96,182	67,316	31,413	31,413
Additions During the Year	-	28,866	-	-
Balance at the End of the Year	96,182	96,182	31,413	31,413
14.11 Amortisation				
Balance at the Beginning of the Year	60,977	58,823	30,863	30,675
Amortisation for the Year	2,161	2,154	188	188
Balance at the End of the Year	63,138	60,977	31,051	30,863
Net Carrying Value	33,044	35,205	362	550

NOTES TO THE FINANCIAL STATEMENTS

As At 31st March	GROUP		COMPANY	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
14.2 Goodwill				
Balance at the Beginning of the Year	305,417	5,021	-	-
On Acquisition of Subsidiary	-	300,396	-	-
Balance at the End of the Year	305,417	305,417	-	-
Total Net Carrying Value of Intangible Assets	338,461	340,622	362	550

As At 31st March	2022 Rs.'000	2021 Rs.'000
14.3 Summary of Goodwill - Group		
Asia leisure Holding (Pvt) Ltd	5,021	5,021
Beach Resorts Kosgododa (Pvt) Ltd	246,179	246,179
Asia Capital Partners Ltd	4,976	4,976
Asia Capital Stock Brokers (Pvt) Ltd	49,241	49,241
Total	305,417	5,021

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

15 INVESTMENT PROPERTIES

As At 31st March	GROUP		COMPANY	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Balance at the beginning of the year	127,780	-	127,780	-
On Acquisition during the year	-	127,780	-	127,780
On Disposals during the year	-	-	(63,634)	-
Revaluation for the year	2,854	-	2,854	-
Balance as at end of the year	130,634	127,780	67,000	127,780

(a) For the purpose of part payment in lieu of the 10% profit share that was agreed between Asia Capital PLC and belluna in terms of the Memorandum of Understanding dated 22nd February 2018 apartment unit 30B1 valued at Rs 63,634,440 and apartment unit 31 B valued at Rs 64,145,560/- together two apartment unit valued at Rs 127,780,000/- has been received by Asia Capital PLC on 10th February 2021.

(b) Asia Capital PLC has transferred residential apartment Unit 30 BI at Union Place, Colombo 02 for the worth of Rs. 63.63 Mn to Asia Capital Stock Brokers (Pvt) Ltd on 16th July 2021 by entering into a deed of assignment no 1957 sale price of the apartment has fully paid by Asia Capital PLC at the time of transferring subsequent to the reporting date above investment property was sold to a buyer at a price of Rs. 54,000,000/-.

(c) Details of Investment Properties

Property / Professional Valuer / Location	Extent	Method of Valuation Significant Unobservable Inputs	Range of Estimates for Unobservable Inputs	Valuation	Date of Valuation
Condominium Property Vlr.D.Jayawardana Incorporated Valuer No. 447, Union Place, Colombo 02	1001 sq.ft	Rental Income Sensitivity	Rs.300,000 +10% - Rs.73.9Mn -10% - Rs.60.4Mn	67,000,000	18th March 2022

16 LONG TERM INVESTMENTS

As At 31st March	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Investments in Subsidiaries (Note 16.1)	-	-	1,213,595	1,213,595
Investments in Associate (Note 16.2)	170,577	171,496	398,839	398,839
Total Investments	170,577	171,496	1,612,434	1,612,434

	COMPANY			
	2022		2021	
	Effective Holding %	Rs.'000	Effective Holding %	Rs.'000

16.1 Investments in Subsidiaries

Non-Quoted				
Asia Growth Fund 1 (Private) Limited	100%	10,050	100%	10,050
Asia Fort Sri Lanka Direct Investment Fund Limited	100%	5,001	100%	5,001
Asia Capital Projects (Private) Limited	100%	25,000	100%	25,000
Asia Capital Technologies (Private) Limited	100%	32,000	100%	32,000
Asia Digital Entertainment (Private) Limited	100%	4,088	100%	4,088
Asia Tea Packaging (Private) Limited	100%	86,787	100%	86,787
Asia Leisure Holding (Private) Limited	73%	730,249	73%	730,249
Wadduwa Resorts (Private) Limited	58%	252,546	58%	252,546
Asia Leisure (Private) Limited	98%	109,494	98%	109,494
Strider Capital Asia (Private) Ltd	100%	33,520	100%	33,520
Asia Capital Partners (Private) Limited	70%	82,785		82,785
		1,371,520		1,371,520
Less: Provision for fall in value of investments (Note 16.1.1)		(157,925)		(157,925)
Total Investments in Subsidiaries		1,213,595		1,213,595

	COMPANY	
	Rs.'000	Rs.'000
16.1.1 Provision for Fall in value of Investments		
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)

	GROUP			COMPANY		
	Effective Holding %	2022	2021	Effective Holding %	2022	2021
		Rs.'000	Rs.'000		Rs.'000	Rs.'000

16.2 Investment In Associates

493 Tale Lands (Private) Limited	49%	(332)	(298)	49%	-	-
Galle Beach CC Trust (Private) Limited	40%	170,910	171,370	40%	398,839	398,839
		170,577	171,072		398,839	398,839

NOTES TO THE FINANCIAL STATEMENTS

16.2.1 Summarized 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 summarized 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

	493 TALPE LANDS (PVT) LTD		GALLE BEACH CC TRUST (PVT) LTD	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Non Current Assets	40,989	40,989	1,450,372	1,247,722
Current Assets	1	1	161,130	111,575
Total Assets	40,990	40,990	1,611,502	1,359,297
Non Current Liabilities	-	-	408,825	408,825
Current Liabilities	41,668	41,597	775,403	522,048
Total Liabilities	41,668	41,597	1,184,228	930,873
Net Assets	(678)	(607)	427,274	428,424
Effective Holding	49%	49%	40%	40%
Carrying Amount of the Investment	(332)	(298)	170,910	171,370
Share of the Associate's Revenue and Profit				
Revenue	-	-	-	-
Loss	35	105	459	928

17 EQUITY ASSETS MEASURED AT FAIR VALUE THROUGH OCI

As At 31st March	GROUP		COMPANY	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Non-current				
Investment in Equity Securities - Non-Quoted (Note 17.1)	117,430	117,430	117,430	117,430
	117,430	117,430	117,430	117,430

17.1 Investments in Equity Securities - Non-Quoted

Group	No. of Shares	Carrying Value 2022	No. of Shares	Carrying Value 2021
		Rs. '000		Rs. '000
Galle Heritage Lanka (Private) Limited	20	77,083	20	77,083
Marine Drive Hotels (Private) Limited	20	40,347	20	40,347
Total	40	117,430	40	117,430

Company	No. of Shares	Carrying Value 2022	No. of Shares	Carrying Value 2021
		Rs. '000		Rs. '000
Galle Heritage Lanka (Private) Limited	20	77,083	20	77,083
Marine Drive Hotels (Private) Limited	20	40,347	20	40,347
Total	40	117,430	40	117,430

- 17.2** The Management has made a fair value assessment of investment in those equity securities as at March 2022 and noted that the fair value has not changed significantly. Therefore, no adjustments were made to the financial statements.

18 LONG TERM DEPOSITS AND ADVANCES

As At 31st March	GROUP		COMPANY	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Rent Deposit	568	5,147	568	5,147
	568	5,147	568	5,147
Maturity Analysis of Long Term Deposits				
Within 2-3 Years	-	-	-	-
Within 3-5 Years	568	5,147	568	5,147
After 5 Years	-	-	-	-
	568	5,147	568	5,147

19 INVENTORIES

	GROUP		COMPANY	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Food and Beverages	12,253	5,491	-	-
Apartments	-	138,500	-	-
Films Stock	267,224	267,224	-	-
	279,477	411,215	-	-
Less: Provision for Inventories	(267,224)	(267,224)	-	-
	12,253	143,991	-	-

20 OTHER FINANCIAL ASSETS

Investments in Fixed Deposits	-	74,655	-	50,664
Investments in Overnight Repo	-	10,000	-	10,000
Investments in Reverse Repurchase Agreements	-	-	539	497
	-	84,655	539	61,161
Less: Provision for fall in value of investment	-	-	-	-
	-	84,655	539	61,161

21 TRADE AND OTHER RECEIVABLES

Trade Debtors	151,048	103,810	-	-
Less: Provision for Bad and Doubtful Debts	(2,102)	(1,199)	-	-
	148,946	102,611	-	-
Advances and Prepayments	69,119	56,183	22,762	18,266
Other Debtors	175,658	70,616	166,411	60,108
	393,723	229,410	189,173	78,374
Less: Provision for Bad and Doubtful Debts	(61,156)	(61,156)	(43,076)	(43,076)
	332,567	168,254	146,097	35,298
	332,567	168,254	146,097	35,298

NOTES TO THE FINANCIAL STATEMENTS

22 AMOUNTS DUE FROM RELATED COMPANIES

As At 31st March	Relationship	GROUP		COMPANY	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Asia Growth Fund 1 (Private) Limited	Subsidiary	-	-	902	819
Asia Fort Sri Lanka Direct Investment Fund Limited	Subsidiary	-	-	2,467	2,354
Asia Capital Technologies (Private) Limited	Subsidiary	-	-	47,884	44,711
Asia Capital Projects (Private) Limited	Subsidiary	-	-	23,205	23,352
Asia Leisure Holdings (Private) Limited	Subsidiary	-	-	415	606,714
Galle Beach (Private) Limited	Subsidiary	-	-	-	385
Asia Digital Entertainment (Private) Limited	Subsidiary	-	-	375,962	374,937
Asia Leisure (Private) Limited	Subsidiary	-	-	82,112	39,746
Asia Tea Packaging (Private) Limited	Subsidiary	-	-	10,957	10,921
Asia Capital Private Equity (Private) Limited	Subsidiary	-	-	31,953	31,902
Asia Capital Partners (Private) Limited	Subsidiary	-	-	1,176	1,045
Asia Leisure Apartments (Private) Limited	Subsidiary	-	-	95,767	178,817
Asia Capital Stockbrokers (Private) Limited	Sub-Subsidiary	-	-	90,188	-
Wadduwa Resorts (Private) Limited	Sub-subsubsidiary	-	-	72,376	50,901
River House (Private) Limited	Sub-subsubsidiary	-	-	5,706	5,663
River House Estate (Private) Limited	Sub-subsubsidiary	-	-	86,921	84,586
Galle Beach Hotel (Private) Limited	Sub-subsubsidiary	-	-	172	143
Asia Leisure Travels (Private) Ltd	Sub-subsubsidiary	-	-	43,887	34,522
Galle Beach CC Trust (Private) Limited	Associate	463,686	454,827	427,923	419,064
493 Talpe Lands (Private) Limited	Associate	41,522	41,472	41,522	41,472
Forest Resorts Nuwara Eliya (Private) Ltd	Affiliate	70,435	70,418	70,435	70,418
		575,643	566,717	2,182,292	2,022,472
Less: Provision for Bad and Doubtful Debts					
Asia Growth Fund 1 (Private) Limited		-	-	(902)	(739)
Galle Beach (Private) Limited		-	-	(415)	(365)
Asia Capital Projects (Private) Limited		-	-	(23,205)	(23,284)
Asia Tea Packaging (Private) limited		-	-	(10,957)	(10,839)
Asia Capital Technologies (Private) Limited		-	-	(47,823)	(41,937)
Asia Digital Entertainment (Private) Limited		-	-	(375,962)	(378,754)
Asia Capital Private Equity (Private)Limited		-	-	(31,953)	(31,839)
		-	-	(491,217)	(487,743)
		575,643	566,717	1,691,075	1,534,729

23 CASH AND CASH EQUIVALENTS

As At 31st March	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Favourable Balances				
Cash in Hand and at Bank	108,075	34,417	26,089	25,004
	108,075	34,417	26,089	25,004
Unfavourable Balances				
Bank Overdrafts	(413,698)	(452,965)	(293,158)	(291,042)
Cash and Cash Equivalents for the Cash Flow Purpose	(305,623)	(418,548)	(267,069)	(266,038)

24 STATED CAPITAL

	GROUP /COMPANY			
	2022		2021	
	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

25 DEFERRED TAXATION

	GROUP			
	2022		2021	
	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	(680,798)	(97,266)	(743,094)	(105,991)
On Retirement Benefit Obligations	15,111	2,765	31,748	12,047
On Tax Losses Carried Forward	(3,949,481)	854,709	3,632,649	847,937
	(3,283,794)	760,208	2,921,303	753,993

	COMPANY			
	2022		2021	
	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	(8,674)	(2,082)	(8,701)	(2,088)
On Retirement Gratuity	4,336	1,041	15,877	3,810
On Tax Losses Carried Forward	1,082,703	259,849	993,389	238,413
	1,078,365	258,808	1,000,565	240,135

Note:**Group**

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

NOTES TO THE FINANCIAL STATEMENTS

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.258Mn (2021- Rs.240Mn).

26 RETIREMENT BENEFIT OBLIGATIONS

	GROUP		COMPANY	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Balance at the Beginning of the Year	31,748	42,558	15,877	23,620
On Acquisition of Subsidiary	-	237	-	-
On Disposal of Subsidiary	-	(3,917)	-	-
Interest for the Year	1,030	1,140	999	1,030
Provision made During the Year	12,580	5,687	421	1,599
Loss arising from changes in assumptions or Over provision in the previous year	(23,827)	(9,002)	(10,106)	(6,690)
Payments made during the Year	(6,420)	(4,955)	(2,855)	(3,682)
Balance at the end of the Year	15,111	31,748	4,336	15,877

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:

	2022	2021
Rate of Interest	16.00%	8.00%
Rate of Salary Increase	7.50%	7.50%
Labour Turnover	7.0%	7.0%
Retirement Age	60	60

26.1 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:

	Total Comprehensive Income Increase / (Reduction)	Employment Benefit Obligation Increase/ (Reduction) in the Liability
Group		
Increase in Discounts Rate (1%)	48	(2,444)
Decrease in Discount Rate (1%)	(31)	2,715
Increase in Salary Increment Rate (1%)	227	2,741
Decrease in salary Increment Rate (1%)	(207)	(2,477)
Company		
Increase in Discounts Rate (1%)	(10)	(1,342)
Decrease in Discount Rate (1%)	26	1,490
Increase in Salary Increment Rate (1%)	150	1,480
Decrease in salary Increment Rate (1%)	(135)	(1,325)

27 NON-INTEREST BEARING BORROWINGS

	GROUP		COMPANY	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Balance at the Beginning of the Year	840,661	852,865	840,661	852,865
Loan Obtained During the Year	-	-	-	-
Installments Paid During the Year	(9,799)	(12,204)	(9,799)	(12,204)
Balance at the End of the Year	830,862	840,661	830,862	840,661
27.1 Summary				
Questnet Limited (Note 27.1.1)	40,067	49,866	40,067	49,866
CC Trust Pte Ltd	790,795	790,795	790,795	790,795
	830,862	840,661	830,862	840,661
Amount repayable within one year	40,067	49,866	40,067	49,866
Amount repayable after one year	790,795	790,795	790,795	790,795

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

28 INTEREST BEARING BORROWINGS

	GROUP		COMPANY	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Direct Borrowing	45,547	505	45,547	506
Preference Facility Loan	1,970,271	1,084,462	1,970,271	1,084,462
Borrowing Under Commercial Papers	30,346	64,519	50,315	82,770
Borrowing Under Repurchase Agreement	796	795	796	796
Other Long-Term Loans	571,453	558,684	58,976	83,992
	2,618,413	1,708,965	2,125,905	1,252,526
Amount repayable within one year (Note 28.2)	2,099,331	1,243,110	2,119,300	1,220,653
Amount repayable after one year (Note 28.2)	519,082	465,855	6,605	31,870
	2,618,413	1,708,965	2,125,905	1,252,523

28.1 Assets Pledged

Name of the Lender	Nature of Facility	Name of the Lender	Facility Limit	Details of the Assets Pledged	Balance as at 31st March 2022 Rs.'000	Balance as at 31st March 2021 Rs.'000
Asia Capital PLC	Long Term Loan	Seylan Bank PLC	100,000,000	Arachchige Watta, Waduwanakaduwatta, and Ratranhadiligeliyadda, Kosgoda	12,774,725	31,227,107
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	152,831,426
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	219,869,123

NOTES TO THE FINANCIAL STATEMENTS

28.2 Analysis of Non-current Portion of Interest Bearing Borrowings

	2022		2021	
	Payable within One year Rs	Payable after One year Rs	Payable within One year Rs	Payable after One year Rs
Group				
Direct Borrowing	45,547	-	505	-
Preference Facility Loan	1,970,271	-	1,084,462	-
Borrowing under Commercial Papers	30,307	-	64,519	-
Borrowing Under Repurchase Agreement	795	-	795	-
Other Long Term Loans	52,371	519,082	92,829	465,855
	2,099,331	519,082	1,243,110	465,855
Company				
Direct Borrowing	45,547	-	506	-
Preference Facility Loan	1,970,271	-	1,084,462	-
Borrowing under Commercial Papers	50,315	-	82,770	-
Borrowing Under Repurchase Agreement	796	-	796	-
Other Long Term Loans	52,371	6,605	52,121	31,870
	2,119,300	6,605	1,220,655	31,870

28.3 Interest bearing borrowings includes preference facility loan amounting to Rs.1,970,271/- with interest (2021 - Rs.1,084,462/-) obtained from Fast Gain International Limited, a shareholder related entity. The preference facility loan denominated in USD 5,628,747/- has been translated to the reporting currency of Rupee as at the reporting date and hence reported an unrealized loss of Rs. 543,817,000/- for the year ended 31st March 2022.

29 LEASE CREDITOR

	GROUP		COMPANY	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Finance Lease Liability				
Balance at the Beginning of the Year	37,285	40,754	-	-
On Acquisition of Subsidiary	-	6,766	-	-
Lease Obtained During the Year	17,033	14,000	-	-
Repayment During the Year	(4,803)	(24,235)	-	-
Balance as at 31st March	49,515	37,285	-	-
Interest in Suspense	(8,394)	(10,146)	-	-
Balance at the End of the Year	41,121	27,139	-	-
Amount within One Year	7,811	7,131	-	-
Amount After One Year	33,310	20,008	-	-
	41,121	27,139	-	-

30 DEFERRED INCOME

Deferred Income from Investment in equity securities	-	4,035	-	4,035
	-	4,035	-	4,035

31 TRADE AND OTHER PAYABLES

Trade Creditors	43,819	27,957	-	-
Sundry Creditors including Accrued Expenses	196,620	182,569	52,627	55,809
Refundable Deposits	9,299	9,299	9,299	9,299
	249,738	219,825	61,926	65,108

	Relationship	Group		Company	
		2022	2021	2022	2021
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
32 AMOUNTS DUE TO RELATED COMPANIES					
Asia Capital Partners (Private) Limited	Subsidiary	-	-	-	12,186
Strider Capital Asia (Private) Limited	Subsidiary	-	-	37,893	37,947
Galle Beach Hotel (Private) Limited	Subsidiary	-	-	-	-
		-	-	37,893	50,133

33 SUMMARISED FINANCIAL INFORMATION OF SUBSIDIARIES

	ASSETS		LIABILITIES		EQUITY		REVENUE		PROFIT AFTER TAX		TOTAL COMPREHENSIVE INCOME	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	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	-	-	1,110	1,003	(1,110)	(1,003)	-	-	(107)	(120)	(107)	(120)
Asia Fort Sri Lanka Direct Investment Fund Ltd	20,771	19,056	2,911	2,810	17,861	16,246	1,715	1,425	1,615	1,265	1,615	1,265
Asia Capital Private Equity (Pvt) Ltd	26,269	26,269	32,105	32,076	(5,836)	(5,807)	-	-	(29)	(91)	(29)	(91)
Asia Capital Technologies (Pvt) Ltd	6,334	8,321	50,520	48,798	(362,155)	(361,576)	-	10	(4,134)	(5,251)	(3,711)	(5,282)
Asia Digital Entertainment (Pvt) Ltd	17,504	17,538	379,659	379,114	(44,189)	(40,477)	-	-	(578)	(223)	(578)	(223)
Asia Capital Projects (Pvt) Ltd	2,680	2,860	23,364	23,523	(20,684)	(20,663)	-	-	(22)	605	(22)	605
Galle Beach Hotel (Pvt) Ltd	35,891	35,891	236	202	35,655	35,689	-	-	(33)	(65)	(33)	(65)
Asia Leisure Holding (Pvt) Ltd	1,509,949	1,497,965	707,486	691,513	802,463	806,452	18,719	7,595	(5,923)	(65,865)	(3,986)	(65,216)
Asia Leisure (Pvt) Ltd	239,852	216,873	339,267	291,817	(103,596)	(83,654)	31,568	10,383	(26,245)	(34,552)	(19,942)	(34,876)
Beach Resorts Kosgoda (Pvt) Ltd	770,506	827,891	300,264	279,589	209,094	288,037	77,450	20,881	(80,171)	(78,378)	(78,943)	(77,769)
Wadduwa Resorts (Pvt) Ltd	1,353,604	1,393,810	306,532	305,292	838,354	920,349	95,181	8,302	(84,086)	(102,469)	(81,994)	(101,217)
Asia Tea Packaging (Pvt) Ltd	3,852	3,852	11,592	11,534	(7,740)	(7,688)	-	-	(53)	(127)	(53)	(127)
River House (Pvt) Ltd	508,751	508,751	7,922	7,894	500,829	500,857	-	-	(28)	(69)	(28)	(69)
River House Estate (Pvt) Ltd	173,515	173,514	89,117	86,273	77,807	78,900	-	-	(1,093)	(6,795)	(1,093)	(6,795)
Asia Leisure Travels (Pvt) Ltd	58,372	50,195	122,133	102,116	(73,663)	(628,744)	43,393	1,266	(11,241)	(16,050)	(10,788)	(15,893)
Nuwara Eliya Hotel & Resorts (Pvt) Ltd	95,769	95,769	80,132	80,120	15,637	15,649	-	-	(12)	(29)	(12)	(29)
Strider Capital Asia (Pvt) Ltd	37,944	38,002	137	145	37,807	37,858	-	-	(50)	(101)	(50)	(101)
Asia Leisure Apartments (Pvt) Ltd	80,275	179,758	95,856	179,936	(15,581)	(178)	84,500	-	(5,654)	(93)	(5,654)	(93)
Asia capital Partners (Pvt) Ltd	112,237	112,201	1,333	1,109	110,904	111,109	-	-	(187)	(64)	(187)	(64)
ACAP Stock Brokers (Pvt) Ltd	202,791	43,781	129,196	118	11,077	43,663	5	-	(33,871)	(599)	(32,180)	(599)

NOTES TO THE FINANCIAL STATEMENTS

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	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Wadduwa Resorts (Pvt) Ltd	42	42	42	42	(35,316)	(43,037)	(34,437)	(42,511)	352,109	386,547
Asia Leisure Holding (Pvt) Ltd	26	26	26	26	(1,540)	(17,125)	(1,036)	(16,956)	208,640	209,678
Asia Leisure Travels (Pvt) Ltd	41	41	41	41	(4,609)	(6,581)	(4,423)	(6,517)	(30,202)	(25,778)
River House Estate (Pvt) Ltd	26	26	26	26	(284)	(1,767)	(284)	(1,767)	20,230	20,514
River House (Pvt) Ltd	26	26	26	26	(7)	(18)	(7)	(18)	130,216	130,223
Nuwara Eliya Hotel & Resorts (Pvt) Ltd	26	26	26	26	(3)	(8)	(3)	(8)	4,066	4,069
Beach Resorts Kosgoda (Pvt) Ltd	42	62	42	62	(33,415)	(48,594)	(32,903)	(48,216)	87,150	178,583
Navara capital Partners (Pvt) Ltd	30	30	30	30	(56)	(14)	-	-	33,271	33,328
Navara Securities (Pvt) Ltd	34	34	34	34	(11,516)	(204)	-	-	3,766	14,845

33.2 Details of Subsidiaries

Name of the subsidiary	Registered office	Principal place of Business
Asia Growth Fund (Pvt) Ltd	No. 59, R.G. Senanayake Mawatha Colombo 07	- Do -
Asia fort Srilanka Direct investment fund Ltd	No. 59, R.G. Senanayake Mawatha Colombo 07	- Do -
Asia Capital private equity (Pvt) Ltd	No. 59, R.G. Senanayake Mawatha Colombo 07	- Do -
Asia capital Technologies (Pvt) Ltd	No. 59, R.G. Senanayake Mawatha Colombo 07	- Do -
Asia Digital Entertainment (Pvt) Ltd	No. 59, R.G. Senanayake Mawatha Colombo 07	- Do -
Asia Capital Projects (Pvt) Ltd	No. 59, R.G. Senanayake Mawatha Colombo 07	- Do -
Galle Beach Hotel (Pvt) Ltd	No. 59, R.G. Senanayake Mawatha Colombo 07	No 471, Colombo Road ,Daddalla, Galle.
Asia leisure Holding (Pvt) Ltd	No. 59, R.G. Senanayake Mawatha Colombo 07	No 170, Utthamanana Mawtha, Welagedara, Balapitiya
Asia Leisure (Pvt) Ltd	No. 59, R.G. Senanayake Mawatha Colombo 07	No 288, Galle Road, Dadella, Galle
Wadduwa Resorts (Pvt) Ltd	No. 59, R.G. Senanayake Mawatha Colombo 07	325/16, Ratnayaka Road, Thalpitaya, Wadduwa.
Asia Tea packaging (Pvt) Ltd	No. 59, R.G. Senanayake Mawatha Colombo 07	No 102, Baudhaloka Mawatha, Colombo 04
River house (Pvt) Ltd	No. 59, R.G. Senanayake Mawatha Colombo 07	No 170, Utthamanana Mawtha, Welagedara, Balapitiya
River House Estate (Pvt) Ltd	No. 59, R.G. Senanayake Mawatha Colombo 07	No 102, Baudhaloka Mawatha, Colombo 04
Asia Leisure travels (Pvt) Ltd	NO. 46/46, Level 06, Green Lanka Towers, Nawam Mawatha, Colombo 02	No 102, Baudhaloka Mawatha, Colombo 04
Nuwara Eliya Hotel & Resorts (Pvt) Ltd	No. 59, R.G. Senanayake Mawatha Colombo 07	Misty hill, kaumankelle, Nuwaraeliya
Strider Capital Asia (Pvt) Ltd	No. 59, R.G. Senanayake Mawatha Colombo 07	No 102, Baudhaloka Mawatha, Colombo 15
Asia Leisure Apartments (Pvt) Ltd	No. 59, R.G. Senanayake Mawatha Colombo 07	No 102, Baudhaloka Mawatha, Colombo 15
Beach Resorts Kosgoda (Pvt) Ltd	No. 59, R.G. Senanayake Mawatha Colombo 07	No 47/23 Paratharakaya Round Road, Kosgoda.
Asia Capital Partners (Pvt) Ltd	No. 59, R.G. Senanayake Mawatha Colombo 07	- Do -
Asia Capital Stock Brokers (Pvt) Ltd	No. 59, R.G. Senanayake Mawatha Colombo 07	- Do -
Name of the Associates		
Galle Beach CC trust (Pvt) Ltd	No. 59, R.G. Senanayake Mawatha Colombo 07	No 471, Colombo Road ,Daddalla, Galle.
493 Talpe Lands (Pvt) Ltd	No. 59, R.G. Senanayake Mawatha Colombo 07	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.

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

	GROUP		COMPANY	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Short-Term Employment Benefits	3,956	24,380	3,956	24,380
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 Related Party Disclosure

Name of the Related Party	Nature of the Relationship	Name of the Common Director	Details of the Transactions/ Balances	VALUE OF THE TRANSACTIONS	
				2022 Rs.000	2021 Rs.000
(a) Transactions with Subsidiaries/Sub-Subsidiaries					
Asia Growth Fund 1 (Private) Limited	Subsidiary	Mr. J.H.P.Rathnayake	Reimbursement of Expenses (net)	83	80
		Mr. S.A.Abeysinghe	Provision for Bad and Doubtful Debts Expense during the year	-	-
Asia Fort Sri Lanka Direct Investment Fund Limited	Subsidiary	Mr. J.H.P.Rathnayake	Interest Expense on Commercial Papers	-	-
		Mr. S.A.Abeysinghe	Reimbursement of Expenses (net)	152	84

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	
				2022	2021
				Rs.000	Rs.000
Transactions with Related Companies					
Asia Capital Technologies (Private) Limited	Subsidiary	Mr. S.A.Abeysinghe	Reimbursement of Expenses (net)	3,110	2,345
			Inter company Fund Transfers	-	443
			Provision for Bad and Doubtful Debts Expense during the year	-	-
Asia Capital Projects (Private) Limited	Subsidiary	Mr. S.A.Abeysinghe	Inter company Fund Transfers	200	1
			Reimbursement of Expenses (net)	53	66
			Reimbursement of expenses (net)	-	4,345
			Provision for Bad and Doubtful Debts Expense during the year	-	-
Asia Leisure Holdings (Private) Limited	Subsidiary	Mr. S.A.Abeysinghe	Intercompany Fund Transfers	6,788	6,644
			Inter Company balance Settlement	-	-
			Reimbursement of Expenses (net)	70,436	288,872
Asia Leisure (Private) Limited	Subsidiary	Mr. S.A.Abeysinghe	Inter Company Fund Transfers	811	(1,200)
			Reimbursement of Expenses (Net)	70,436	34,122
			Inter Company balance Settlement	-	-
Asia Capital Private Equity Private Ltd (Formerly Known as Asia Investment 3 (Private) Limited)	Subsidiary	Mr. S.A.Abeysinghe	Inter Company Fund Transfers	-	-
			Reimbursement of Expenses (Net)	51	62
			Provision for Bad & Doubtful Debts Expense during the year	-	-
Asia Digital Entertainment (Private) Limited	Subsidiary	Mr. V. Siva Jr	Intercompany Fund Transfers (Net)	-	(4,000)
			Reimbursement of Expenses	1025	182
Asia Tea Packaging (Private) Limited	Subsidiary		Reimbursement of Expenses	36	81
			Provision for Bad & Doubtful Debts Expense during the year	-	-
River House (Pvt) Ltd	Subsidiary	Mr. S.A.Abeysinghe	Reimbursement of Expenses	43	40
Wadduwa Resorts (Pvt) Ltd	Subsidiary	Mr. S.A.Abeysinghe	Intercompany Fund Transfers (Net)	1,200	4,309
			Reimbursement of Expenses	23,090	9,657
			Inter Company Balance Settlement	-	-
			Share issue against RPT account balance	-	-
River House Estate (Private) Ltd	Subsidiary	Mr. S.A.Abeysinghe	Intercompany Fund Transfers (Net)	-	(11,566)
(Formerly Known as Asia Investment 2 (Pvt) Ltd)		Mr. V. Siva Jr	Reimbursement of Expenses	2,335	731
Galle Beach Hote (Private) Ltd	Subsidiary	Mr. S.A.Abeysinghe	Reimbursement of Expenses	29	40
		Mr. V. Siva Jr	Intercompany Fund Transfers	-	-
Asia Leisure Travels (Private) Ltd	Subsidiary	Mr. S.A.Abeysinghe	Reimbursement of Expenses	9,382	4,364
			Intercompany Fund Transfers (Net)	16	375
			Inter Company Balance Settlement	-	-
Stider Capital Asia (Private) Ltd	Subsidiary	Mr. S.A.Abeysinghe	Intercompany Fund Transfers (Net)	-	-
			Reimbursement of Expenses	(54)	(19)
Asia Leisure Apartment (Private) Ltd	Subsidiary	Mr. S.A.Abeysinghe	Reimbursement of Expenses	550	57
			Inter Company Fund Transfers	83,600	50
			Transfer of an Apartment	-	(40,000)
			Value of Land Transferred	-	40,209
Asia Capital Stock Brokers (Pvt) Ltd	Subsidiary	Mr. S.A.Abeysinghe	Reimbursement of Expenses	-	51
			Inter Company Fund Transfers (net)	8,859	3,850

Name of the Related Party	Nature of the Relationship	Name of the Common Director	Details of the Transactions/ Balances	VALUE OF THE TRANSACTIONS	
				2022	2021
				Rs.000	Rs.000
b) Transaction with Associates					
Galle Beach CC Trust (Private) Ltd	Subsidiary	Mr. S.A.Abeysinghe	Reimbursement of Expenses	-	51
			Intercompany Fund Transfers (Net)	8859	3,850
493 Talape Lands (Private) Ltd	Associate	-	Payment for Acquisition of Thalpe Land	-	-
			Reimbursement of Expenses	50	51
c) Transaction with shareholder Related Entities					
Fast Gain International Limited	Shareholder related entity		Preference facility loan outstanding	1,682,971	909,293
			Interest on preference facility Loan	109,159	73,393
Questnet Limited	Shareholder related entity		Net settlement	(9,798)	(12,204)

Amount receivable and payable to related parties are disclosed in the Note 22 and 32 to the financials statements. Closing Balance of the provision for bad & doubtful debts are disclosed under respective related party balances. outstanding balances at the year end are unsecured and on interest bearing. Interest is charged based on the purpose for which funds are used.

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

(b) Transactions with Other Related Parties					
P.R. Secretarial Services (Private) Limited	Common Directors	Mr. J.H.P.Rathnayake	Secretarial Fees	427	203
			Lawyers fee	1,949	948
P.R Corporate Services (Private) Limited			Secretarial Fees	-	-

34.4 Non-Recurrent Related Party Transactions

There were no non recurrent related party transactions which aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the company as per 31st March 2021 audited financial statements, which required additional disclosures in the 2021/2022 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 other 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 2021/2022 Annual Report under Colombo Stock Exchange listing Rule 9.3 2 and Code of Best Practices on Related Party Transactions under the Security Exchange Commission issued under Section 13 (c) of the Security Exchange Commission Act.

NOTES TO THE FINANCIAL STATEMENTS

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	2022	2021
Asia Leisure Holdings (Private) Ltd	Seylan Bank PLC	Working Capital	-	7,000,000
Wadduwa Resorts (Private) Ltd	Seylan Bank PLC	Constructions	152,831,426	152,831,426
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

Contingencies

Company

High courts has instructed the Company to settle two plaintiff namely Mr. P. K. Prajitha and Ms. S. D. S. A. Raymond under this case and Company has already settled liability to Ms. S. D. S. A. Raymond. Company was asked to pay Mr. P. K. Prajitha a sum of Rs. 1.7 Mn together with the EPF and ETF due to her at the High Courts. Company was not satisfied with the decision and appealed to Supreme Courts as of the year end. Supreme court decision is pending as of the year end.

36 COMPARATIVE INFORMATION

Comparative figures and phrases have been re arranged and reclassified wherever necessary to conform with the current year presentation as mentioned below.

Reclassifications

	As Disclosed in 31st March 2021 Rs.	As reclassified in 31st March 2022 Rs.	Note
Statement of financial position			
Right of use asset	-	12,934	(a)
Property Plant & Equipment	12,934	-	(a)

(a) Rs. 12,934 worth of right of use asset which were previously categorized under Property ,Plant and Equipment in the statement of financial position, have now been reclassified under the right of use asset for better presentation.

37 ECONOMIC CONDITIONS AND ITS IMPACT ON THE FINANCIAL STATEMENTS

The country's current economic crisis presents the most significant threat in our immediate risk landscape. We are aware of the inevitable short-term pressures that will arise from these conditions and have taken corrective measures to minimize these impacts. As at end March 2022 inflation rate was 18.7%. However, it has been escalated up to 55% at the end June 2022. Exchange rates also observed a notable fluctuation after the balance sheet date and has not adjusted in the current year financial statements since the conditions that gave rise to the gain/(loss) did not exist as of 31st March 2022.

The Monetary Board of the Central Bank of Sri Lanka (CBSL) has decided to increase the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR). The depletion of foreign reserves has put restrictions on imports and affected supplies.

The Group has taken the following measures to ensure its continuity of operations as a going concern.

Increase of Interest Rate

Increase of Interest rates have impacted the organization's working capital. Finance cost for short term loans has increased and has impacted the net profits of the company.

The Group is in the process of taking steps to minimize the above impact by obtaining advances from customers, reduce debtors outstanding and negotiating credit terms with its suppliers.

Fluctuations in Foreign Currency

Rupee depreciation has impacted negatively for the imports of the Group while positively impact to the company exports. As the organization is having a favorable USD position, current exchange fluctuations have a minimum impact on its profitability.

Over the medium-to-long term, we are confident that Sri Lanka's economy will stabilize as a result of fiscal consolidation measures, structural reforms and an IMF engagement. We are firm in our belief that Sri Lankan businesses will demonstrate their characteristic resilience in responding to the challenges presented by the economic fallout and will emerge as stronger, resilient and more agile organizations.

38 GOING CONCERN

The Board of Directors of the Group has determined that the use of going concern assumption in the preparation of financial statements as at 31st March 2022 is appropriate based on the following factors.

The Group has incurred a net loss of 962 Mn (2021 – 300 Mn) during the year ended 31st March 2022. Its accumulated losses as of 31st March, 2022 were 3,026 Mn (2021 - 2,092 Mn). Further, the Company's net assets stand at 284 Mn which is below the 50% of its stated capital. This situation has triggered a serious loss of capital as at 31st March 2022 in terms of section 220 of the Companies Act No 07 of 2007.

Mitigating Steps taken by management

The Directors of the Group/Company are confident that the financial position of the Group is expected to improve as a result of the following several steps taken by the Group/Company considering the below restructuring steps;

- 1 The Board of Directors has paid much attention to this matter subsequent to the balance sheet date and subsequent to a preliminary discussion with the auditor and the Independent consultants of the Company have identified assets wherein the company holds a minority stake that could be liquidated in order to restructure the balance sheet. Consequently the Directors have had discussion with owners of the majority stake of the identified assets who in principle are willing to exercise their first right of refusal subject to an independent valuation and board approvals. Information gathering to facilitate the independent valuation is in progress.
- 2 The Group has initiated plans to restructure the operations and cost minimization measures with the objective of improving efficiency, and thereby increasing the profitability and cash flows.
- 3 Management is in the process of identifying the current status of the investments in the light of their operations and asset base and are in the process of restructuring the financial position of the Company and the Group.
- 4 The Board of Directors initiated steps to set off their liabilities with assets to restructure the balance sheet to mitigate the risk of impairment and also set off their long due liabilities as part of the restructuring plans, which is in progress as at the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

BUSINESS SEGMENT

	INVESTMENTS		LEISURE		MANUFACTURING		STOCK BROKERING		SERVICES		GROUP	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Revenue												
Total Gross Sales	86,215	1,425	266,311	56,463	-	-	5	-	10	-	352,551	57,898
Less: Inter segment sales/ dividend	(1,715)	(1,425)	-	-	-	-	5	-	-	-	(1,715)	(1,425)
Net Segment Revenue	84,500	-	266,311	56,463	-	-	-	-	10	-	350,816	56,473
Segmental Operating Profit / (Loss)	(646,995)	(141,332)	(199,806)	(318,655)	(53)	(128)	(34,704)	(685)	(4,177)	(5,353)	(885,735)	(466,154)
Other Operating Income	116,153	152,868	11,160	210,632	-	1	514	-	21	707	127,848	364,208
Share of Profit/(Loss) of Associate Companies	(495)	(424)	-	-	-	-	-	-	-	-	(495)	(424)
Operating Profit / (Loss) before Provision for Fall in Value of Investments	(531,337)	11,111	(188,646)	(108,023)	(53)	(127)	(34,190)	(685)	(4,156)	(4,646)	(758,382)	(102,370)
Provision for fall in value of investments	(3,474)	-	-	-	-	-	-	-	-	-	-	-
Operating Profit / (Loss)	(534,811)	11,111	(188,646)	(108,023)	(53)	(127)	(34,190)	(685)	(4,156)	(4,646)	(758,382)	(102,370)
Finance Cost	(185,844)	(63,158)	(19,096)	(52,357)	-	-	(1,298)	-	-	-	(206,238)	(218,364)
Finance Income	1,637	20,865	-	-	-	-	19	-	-	-	1,656	20,865
Profit Before Taxation	(719,018)	(131,182)	(207,742)	(163,229)	(53)	(127)	(35,469)	(685)	(4,156)	(4,646)	(962,964)	(299,869)
Income Taxation	-	-	-	-	-	-	1,411	22	-	-	1,411	22
Profit After Taxation	(719,018)	(131,182)	(207,742)	(163,229)	(53)	(127)	(34,058)	(663)	(4,156)	(4,646)	(961,553)	(299,847)
Assets												
Segment Assets	(32,838)	120,006	4,395,054	4,479,453	3,852	3,852	280,141	144,008	8,998	11,165	4,655,207	4,758,484
Investment in Associates	170,577	171,072	-	-	-	-	-	-	-	-	170,577	171,072
Total Assets	137,740	291,078	4,395,054	4,479,453	3,852	3,852	280,141	144,008	8,998	11,165	4,825,784	4,929,556
Liabilities												
Segment Liabilities	910,324	949,340	243,779	212,743	636	614	23,011	165	1,933	3,397	1,179,683	1,166,259
Interest Bearing Borrowings	2,382,181	1,506,366	604,930	655,564	-	-	45,000	-	-	-	3,032,111	2,161,930
Total Liabilities	3,292,505	2,455,706	848,709	868,307	636	614	68,011	165	1,933	3,397	4,211,793	3,328,189
Net Assets	(3,154,766)	(2,164,628)	3,546,347	3,611,146	3,216	3,238	212,130	165	7,065	7,768	613,991	1,601,367
Capital Expenditure	482	40,773	687	27,333	-	-	-	-	-	-	1,169	43,680
Depreciation	4,945	14,659	137,886	94,122	-	-	501	-	1,988	2,026	144,819	143,080

40. FINANCIAL RISK MANAGEMENT

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

Credit Risk
Liquidity Risk
Market Risk
Operational 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 analyze 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.

40.1 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 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 2022	31st March 2021	31st March 2022	31st March 2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Equity Instruments Measured at Fair Value Through OCI	117,430	117,430	117,430	117,430
Other Financial Assets	-	84,655	539	61,161
Trade and Other Receivables	263,448	112,071	146,097	213,765
Amounts Due from Related Parties	575,643	566,717	1,691,075	1,534,729
Long-term Deposits	568	5,147	568	5,147
Cash at Bank	108,075	34,417	26,089	25,004
	1,065,164	920,437	1,981,798	1,957,236

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 analyzed 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.

NOTES TO THE FINANCIAL STATEMENTS

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

	GROUP		COMPANY	
	31st March 2022	31st March 2021	31st March 2022	31st March 2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Past due but not impaired				
31-60 days	84,549	12,660	-	-
61-90 days	41,366	20,451	-	-
>90 days	23,032	69,500	-	-
Total	148,947	102,611	-	-

40.2 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 2022	31st March 2021	31st March 2022	31st March 2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Other Financial Assets	-	84,655	539	61,161
Amount due from Related Parties	575,643	566,717	1,691,075	1,534,729
Trade and Other Receivables	263,448	112,071	123,335	17,032
Cash in Hand and at Bank	108,075	34,417	26,089	25,004
Total liquidity Assets	947,166	797,860	1,841,038	1,637,926
Non-Interest Bearing Borrowing	830,862	840,661	830,862	840,661
Interest Bearing Borrowings	2,099,331	1,243,110	2,119,300	1,220,653
Lease Liability	41,121	27,139	-	-
Trade and Other Payables	249,738	219,825	61,926	65,108
Bank Overdrafts	413,698	452,965	293,158	291,042
Amount due to related Parties	-	-	37,893	50,133
Total Liabilities	3,634,750	2,783,700	3,343,139	2,467,597
Net(debt)/cash	(2,687,584)	(1,985,840)	(1,502,101)	(829,671)

Capital Management

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

As at 31st March	GROUP		COMPANY	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Debt/Equity	(17.88)	3.95	10.43	2.12

40.3 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 2022 Rs. '000	31st March 2021 Rs. '000	31st March 2022 Rs. '000	31st March 2021 Rs. '000
Preference Facility Loan	1,970,271	1,084,462	1,970,271	1,084,462
Net Borrowing (Rs.)	1,970,271	1,084,462	1,970,271	1,084,462
Closing Exchange Rate (Rs.)	298.99	202.04	298.89	202.04
Net Borrowing (Functional Currency)	6,590	5,368	9,590	5,368
Increase Exchange rate in 25% (Rs.)	373.74	208.10	373.74	208.10
Impact to the PBT	(492,568)	(32,534)	(492,568)	(32,534)
Decrease Exchange rate in 25% (Rs.)	224.24	195.98	224.24	195.98
Impact to the PBT	492,568	32,534	492,568	32,534

(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.

NOTES TO THE FINANCIAL STATEMENTS

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

	GROUP		COMPANY	
	31st March 2022	31st March 2021	31st March 2022	31st March 2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Fixed Rate Instruments				
Financial Assets				
Fixed Deposit	-	74,655	-	50,664
Financial Liabilities				
Other Long term Loans	(571,453)	(558,684)	(58,976)	(83,992)
Variable Rate Instruments				
Financial Assets				
Reverse Repurchase Agreement	-	-	539	497
Financial Liabilities				
Direct Borrowings	(45,547)	(505)	(45,547)	(505)
Reverse Repurchase Agreement	(796)	(795)	(796)	(795)
Preference Facility Loan	(1,970,271)	(1,084,462)	(1,970,271)	(1,084,462)
Lease Liability	(41,121)	(27,139)	-	-
Commercial papers	(30,346)	(64,519)	(50,315)	(82,770)
Bank Overdraft	(413,698)	(452,965)	(293,158)	(291,042)
	(3,073,232)	(2,114,414)	(2,418,524)	(1,492,405)

Cash flow sensitivity analysis for variable rate instruments

The Group is exposed to changes in market interest rates through bank overdraft & Commercial papers which were borrowed at a variable interest rate

Group	PROFIT OR LOSS		EQUITY	
	5% Increase	5% Decrease	5% Increase	5% Decrease
	Rs.	Rs.	Rs.	Rs.
Variable rate instruments				
Commercial Papers	(1,517)	1,517	(1,517)	1,517
Bank Overdrafts	(20,685)	20,685	(20,685)	20,685

Company	PROFIT OR LOSS		EQUITY	
	5% Increase	5% Decrease	5% Increase	5% Decrease
	Rs.	Rs.	Rs.	Rs.
Commercial Papers	(2,516)	2,516	(2,516)	2,516
Bank Overdrafts	(14,658)	14,658	(14,658)	14,658

(c) Equity Price Risk

The Group's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's Board of Directors reviews and approves all equity investment decisions. At the reporting date, the exposure to quoted and unquoted equity securities at fair value disclosure

40.4 Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the company processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risks.

- ★ Introduced monthly reviews to improve the responsiveness of business continuity plans and crisis management plans.
- ★ Expanded the scope of due diligence activities to assess potential fraud risk associated with remote work arrangements.
- ★ Established Work from Home Security arrangements for staff

41 FINANCIAL INSTRUMENTS

41.1 Fair Values Verses Carrying Amounts

The fair values of financial assets and liabilities together with the carrying amounts shown in the statement of Financial Position as at 31st March 2022 are as follows:

	GROUP		COMPANY	
	Carrying Amount Rs. '000	Fair Value Rs. '000	Carrying Amount Rs. '000	Fair Value Rs. '000
Assets Carried at Fair Value				
Assets Carried at Amortized Cost				
Trade and Other Receivables	263,448	263,448	123,335	17,032
Other Financial Assets	-	-	539	539
Long-term Deposits and Advances	568	568	568	568
Amount Due from Related Company	575,643	575,643	1,691,075	1,534,729
Cash and Cash Equivalents	108,075	108,075	26,089	25,004
Liabilities Carried at Amortized cost				
Interest Bearing Borrowings	2,618,413	2,618,413	2,125,905	1,220,655
Lease liability	41,121	41,121	-	-
Non Interest Bearing Borrowings	830,862	830,862	830,862	830,862
Trade and Other Payables	249,738	249,738	61,926	65,108
Amount Due to Related Company	-	-	37,893	50,133
Bank Overdraft	413,698	413,698	293,158	291,042

41.2 Fair Value Hierachy

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	2022			
	Level 1 Rs '000	Level 2 Rs '000	Level 3 Rs '000	Total Rs '000
Group				
Fair Value Through Profit and Loss	-	-	-	-
Equity Instruments Measured at Fair Value Through OCI	-	-	117,430	117,430
	-	-	117,430	117,430
Company				
Fair Value Through Profit and Loss	-	-	-	-
Equity Instruments Measured at Fair value Through OCI	-	-	117,430	117,430
	-	-	117,430	117,430

NOTES TO THE FINANCIAL STATEMENTS

As at 31st March	2021			
	Level 1 Rs '000	Level 2 Rs '000	Level 3 Rs '000	Total Rs '000
Group				
Fair Value Through Profit and Loss	-	-	-	-
Equity Instruments Measured at Fair value Through OCI	-	-	117,430	117,430
	-	-	117,430	117,430
Company				
Fair Value Through Profit and Loss	-	-	-	-
Equity Instruments Measured at Fair value Through OCI	-	-	117,430	117,430
	-	-	117,430	117,430

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

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

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

42 DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

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 2022 (Rs. Per Share)	31st March 2021 (Rs. Per Share)
Last traded	5.90	5.00
Last Traded Date	31.03.2022	31.03.2021
Highest	9.50	7.70
Lowest	4.60	4.00

	31st March 2022	31st March 2021
Float Adjusted Market Capitalization	218,662,073.15	124,303,840.00
Public Holding%	28.22%	27.76%
Number of Public Shareholders	6,180	6165

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TEN YEAR SUMMERY

Year ended 31st March	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
OPERATING RESULTS										
Revenue	350,816	56,473	405,845	1,108,108	900,013	539,984	498,791	1,651,075	970,321	854,889
Profit/loss before taxation	(962,964)	(299,869)	(805,995)	(33,289)	175,001	(761,990)	(433,448)	(380,927)	(615,763)	(747,918)
Taxation	1,411	22	-	(1,683)	(52,368)	(1,343)	29,323	(7,680)	(6,992)	20,262
Profit/Loss after Taxation	(961,553)	(299,847)	(805,995)	(34,972)	122,633	(763,333)	(404,125)	(388,607)	(622,755)	(727,656)
Minority Interest	86,746	138,260	115,534	95,027	(85,460)	50,045	27,768	41,439	(2,007)	(4,684)
Profit(Loss) attributable to Shareholders	(874,807)	(161,587)	(690,461)	60,055	208,093	(713,288)	(376,357)	(347,168)	(624,762)	(722,972)
ASSETS										
Property, Plant & Equipment	3,017,623	3,155,036	2,864,738	2,924,524	2,142,240	3,117,197	3,281,437	1,492,604	1,290,956	839,044
Right of Use Assets	20,451	12,934	-	-	-	-	-	-	-	-
Intangible Assets	338,461	340,622	13,514	116,021	115,306	115,681	121,460	127,402	147,271	149,539
Investment Property	130,634	127,780	-	-	-	-	-	-	98,353	32,935
Long Term Investment	170,577	171,072	171,496	173,166	174,656	-	-	-	-	-
Investment in Joint venture	-	-	-	-	-	36,532	-	-	-	-
Financial Assets - Equity instruments measured at fair value through OCI	117,430	117,430	120,548	114,853	114,853	114,853	114,853	10,000	10,000	-
Deferred Taxation	-	-	-	-	-	-	-	-	88,627	84,860
ESOP Loan	-	-	-	-	-	-	-	-	-	-
Other Non Current Assets	568	5,147	5,147	5,127	14,019	11,913	11,947	29,325	1,482,971	1,086,956
Current Assets	1,030,040	999,535	1,720,041	1,523,849	1,063,231	313,936	582,532	982,001	3,039,296	3,381,593
Assets Classified as Held for Sale	-	-	-	-	126,666	-	-	-	-	-
Total Assets	4,825,784	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
EQUITY AND LIABILITIES										
Stated Capital	1,498,498	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
Capital Redemption Reserve Fund	-	-	-	-	-	-	-	-	-	-
Revaluation Reserve	1,331,872	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	-	-	-	-	-	-	-	-	-	-
Capital Reserve	-	-	-	-	-	-	-	-	5,922	11,148
General Reserve	-	-	-	-	-	-	-	-	19,054	16,347
Accumulated Profits/(Loss)	(3,025,624)	(2,091,998)	(1,927,527)	(1,185,425)	(1,411,333)	(1,325,293)	(732,683)	(1,192,237)	(880,200)	(410,842)
Shareholders' Fund	(195,254)	649,358	932,341	1,674,443	939,859	1,370,569	1,992,627	349,895	305,113	777,078
Minority Interest	809,246	952,009	935,493	913,661	663,645	677,705	471,114	19,852	263,492	138,609
Non-Current Liabilities	613,991	1,601,367	1,867,834	2,588,104	1,603,504	2,048,274	2,463,741	369,747	568,605	915,687
Current Liabilities	1,358,298	1,308,406	1,081,879	1,146,993	419,151	351,210	989,698	1,888,863	2,218,270	1,645,804
Total Liabilities	2,853,495	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
Total Equity & Liabilities	4,211,793	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
Total Equity & Liabilities	4,825,784	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

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 the of current assets over current liabilities.

NOTICE OF THE VIRTUAL 30TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Virtual 30th Annual General Meeting of Asia Capital PLC will be held on the 30th September 2022 at 10.00 a.m. at No 59, Gregory's Road (Srimath R. G. Senenayaka Mawatha), Colombo 07 via online platform.

AGENDA

- 1) To receive and consider the Report of the Directors on the State of Affairs of the Company and the Statement of Audited Accounts for the year ended 31st March 2022 and the report of the auditors thereon.
- 2) To re-elect Mr. V. Siva Jr. who retires by rotation in accordance with Article 98 of the Articles of Association of the Company and being eligible, offers himself for re-election in terms of Article 99 of the Articles of Association.
- 3) To re-elect Dr. J. T. Sumathipala who was appointed to the Board on 29th September 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.
- 4) To re-elect Mr. D. Swarnasinghe who was appointed to the Board on 30th December 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-elect Mr. M. K. G. S. Chandrasekara who was appointed to the Board on 30th December 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.
- 6) To re-elect Mr. R.A.T.P. Perera who was appointed to the Board on 31st March 2022 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
- 7) To re-appoint Messrs. BDO Partners Chartered Accountants as the Auditors to the Company for the ensuing year and to authorize the Directors to determine their remuneration.
- 8) To consider and if thought fit to pass the following as a special resolution;

To delete existing Article 66 of the Articles of Association by substituting therefor with the following new Article 66 to read as follows:-

"66 (i) The Company shall in each year hold a general meeting as its annual general meeting in addition to any other meetings in the year, and shall specify the meeting as such in the notices calling it; and not more than fifteen months shall elapse between the date of one annual general meeting of the Company and that of the next. The annual general meeting shall be held at such time and place as may be prescribed

by the Company in general meeting and if no time or place is prescribed, at such time and place as may be determined by the directors. All general meetings other than Annual General Meetings shall be called Extraordinary Meeting.

- (ii) The Board must call an annual general meeting of the Company to be held not later than six months after the balance sheet date of the Company.
- (iii) A meeting of the shareholders may be held either-
 - (a) by a number of shareholders who constitute a quorum, being assembled together at the place, date and time appointed for the meeting; or
 - (b) by means of audio and visual communication by which all shareholders participating and constituting a quorum can simultaneously hear each other throughout the meeting."

BY ORDER OF THE BOARD



Company Secretaries

P. R. Secretarial Services (Pvt) Ltd

Colombo, 30th August 2022

Note:

- ★ In compliance with the government regulations on social distancing no shareholder will be permitted to be physically present at the venue.
- ★ Shareholders who wish to participate at the Virtual Annual General Meeting are kindly requested to register the participation for the meeting by completing the enclosed Online Registration Form and have it emailed to prsecs@gmail.com 24 hours prior to the commencement of the meeting (Between 8.30 a.m. to 4.30 p.m.).
- ★ A Shareholder entitled to attend and vote at the meeting, is entitled to appoint a Proxy to attend and vote instead of him/her.
- ★ A Proxy need not be a Shareholder of the Company.
- ★ 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.
- ★ A Shareholder wishing to vote by Proxy at the meeting may use the Form of Proxy form enclosed herewith.
- ★ To be valid the completed Form of Proxy must be lodged at the Registered Office P R. Secretarial Services (Pvt) Ltd, No 59, Gregory's Road (Srimath R. G. Senenayaka Mawatha), Colombo 07 Sri Lanka not less than 48 hours before the time appointed for the holding of the meeting (Between 8.30 a.m. to 4.30 p.m).

FORM OF PROXY

I/We
 of being a Shareholder/Shareholders* of the above-named company,
 hereby appoint of.....
 failing him/her.

(1) Dr. J. T. Sumathipala	failing him	(6) Mr. A. D. Ross	failing him
(2) Mr. D. A. S. Abeysinhe	failing him	(7) Mr. R. Radha	failing him
(3) Mr. V. Siva Jr.	failing him	(8) Mr. D. Swarnasinghe	failing him
(4) Mr. S.S. Balasubramaniam	failing him	(9) Mr. R.A.T.P. Perera	
(5) Mr. M. K. G. S. Chandrasekara	failing him		

as my/our* proxy to represent me/ us* and speak and vote for me/us* on my/our* behalf at the Virtual 30th Annual General Meeting of Asia Capital PLC to be held on 30th September 2022 at 10.00 a. m. at No 59, Gregory's Road (Srimath R. G. Senenayaka Mawatha), Colombo 07 via online platform and at any poll which may be taken in consequence thereof at the aforesaid meeting, and at any adjournment thereof.

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

	For	Against
1. To receive and consider the Report of the Directors on the State of Affairs of the Company and the Statement of Audited Accounts for the year ended 31st March 2022 and the report of the auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect Mr. V. Siva Jr. who retires by rotation in accordance with Article 98 of the Articles of Association of the Company and being eligible, offers himself for re-election in terms of Article 99 of the Articles of Association.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Dr. J. T. Sumathipala who was appointed to the Board on 29th September 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"/>
4. To re-elect Mr. R.A.T.P. Perera who was appointed to the Board on 31st March 2022 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"/>
5. To re-appoint Messrs. BDO Partners Chartered Accountants as the Auditors to the Company for the ensuing year and to authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
6. To consider and if thought fit to pass the following as a special resolution; To delete existing Article 66 of the Articles of Association by substituting therefor with the following new Article 66 to read as follows:-	<input type="checkbox"/>	<input type="checkbox"/>
"66 (i) The Company shall in each year hold a general meeting as its annual general meeting in addition to any other meetings is the year, and shall specify the meeting as such in the notices calling it; and not more than fifteen months shall elapse between the date of one annual general meeting of the Company and that of the next. The annual general meeting shall be held at such time and place as may be prescribed by the Company in general meeting and if no time or place is prescribed, at such time and place as may be determined by the directors. All general meetings other than Annual General Meetings shall be called Extraordinary Meeting.		
(ii) The Board must call an annual general meeting of the Company to be held not later than six months after the balance sheet date of the Company.		
(iii) A meeting of the shareholders may be held either-		
(a) by a number of shareholders who constitute a quorum, being assembled together at the place, date and time appointed for the meeting; or		
(b) by means of audio and visual communication by which all shareholders participating and constituting a quorum can simultaneously hear each other throughout the meeting."		

Signed this day of 2022

Signature of shareholder: N.I.C.No:

Note:

1. A proxy need not be a Shareholder of the company.
2. Instruction as to completion appear overleaf

FORM OF PROXY

Instructions as to completion

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.

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 he/her thinks fit.

To be valid, the completed Form of Proxy must be deposited at P. R. Secretarial Services (Pvt) Ltd No 59, Gregory's Road (Srimath R. G. Senenayaka Mawatha), Colombo 07, Sri Lanka not less than 48 hours before the time appointed for the holding of the meeting (Between 8.30 a.m. to 4.30 p.m).

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.

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.

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.