



# CORNERSTONES OF RESILIENCE



# CORNERSTONES OF RESILIENCE



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## CHAIRMAN'S STATEMENT

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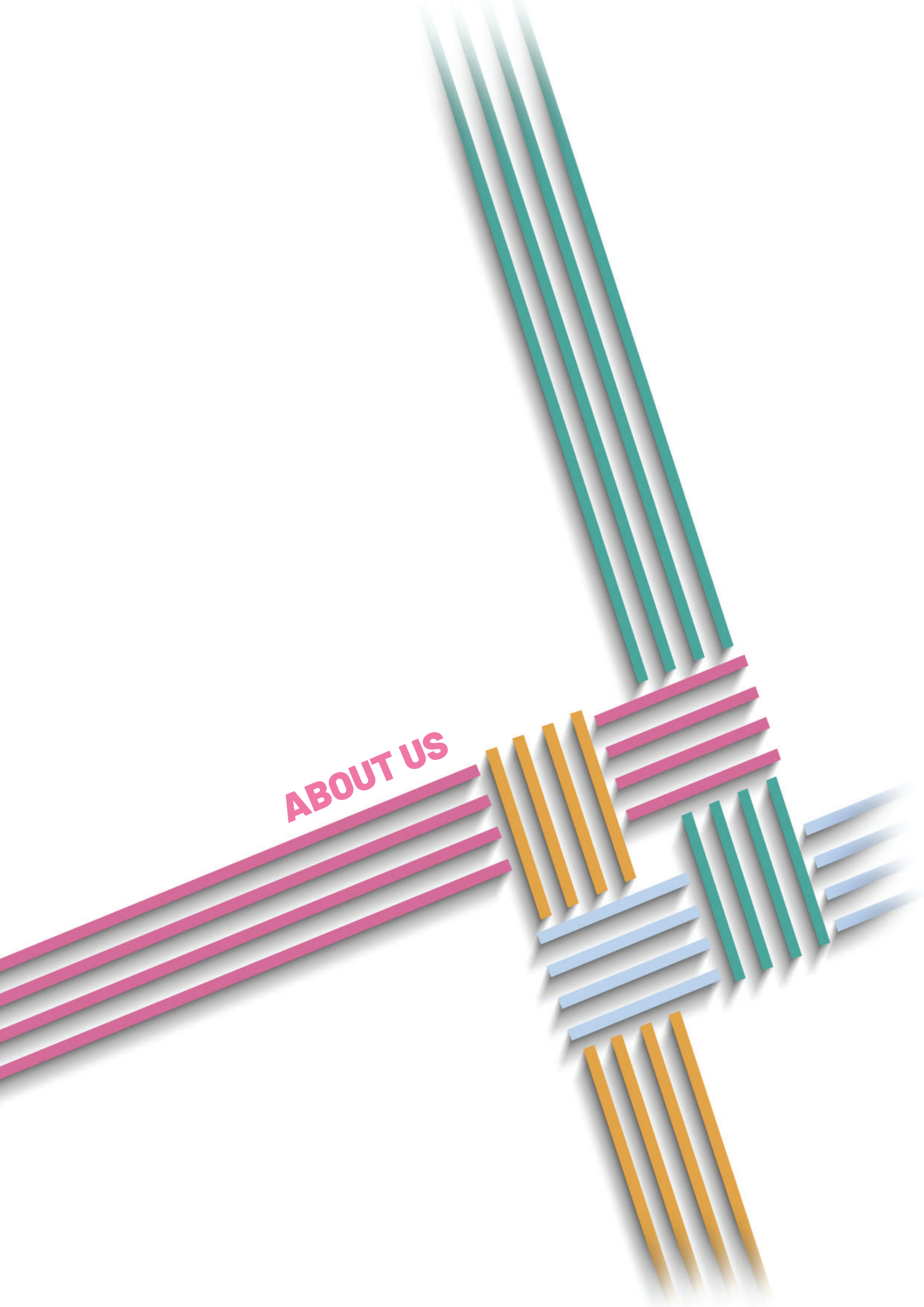
## CEO'S REVIEW

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# ABOUT US





# 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.

# 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

# GROUP STRUCTURE

Company	Board of Directors	Relationship to
<b>Asia Capital PLC</b>		
1. Asia Leisure Holdings (Private) Limited	J.T. Sumathipala J. H. P. Ratnayeke S. A. Abeyesinhe V. Siva Jr. Thusitha Perera K. Senathirajah (Alternate - S. A. Abeyesinhe) T. Watanabe (Alternate Damitha Rathnayaka)	Subsidiary
2. Asia Leisure (Private) Limited	S. A. Abeyesinhe Raju Radha	Subsidiary
3. Asia Tea Packaging (Private) Limited	R. T. C. Gunaratna D. C. Rathnayake W. A. G. S. V. Sameera Perera (DOR 25-01-2023)	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	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 Dinusha Rathnayake R.C.T. Gunarathne	Subsidiary
10. Strider Capital Asia (Private) Limited	S. A. Abeyesinhe	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	Subsidiary
13. Beach Resort Kosgoda (Private) Limited	S. A. Abeyesinhe Thusitha Perera (DOA 22-08-2022) Raja Radha (DOA 22-08-2022) Chamaka Silva (DOA 22-08-2022)	Subsidiary



Company	Board of Directors	Relationship to
14. Asia Capital Stock Brokers (Private) Limited	S. A. Abeyesinhe J. H. P. Ratnayeke J.T. Sumathipala Thusitha Perera	Sub-subsidiary
15. Asia Leisure Travels (Private) Limited	S. A. Abeyesinhe Raju Radha Thusitha Perera S. Gunawijeya	Sub-subsidiary
16. River House (Private) Limited	S. A. Abeyesinhe R. T. C. Gunarathna	Sub-subsidiary
17. River House Estate (Private) Limited	S. A. Abeyesinhe V. Siva Jr. Thusitha Perera	Sub-subsidiary
18. Wadduwa Resorts (Private) Limited	S. A. Abeyesinhe J.T. Sumathipala S. Hamaguchi O. Miyoshi J. H. P. Ratnayeke Y. Watanabe	Sub-subsidiary
19. Nuwara Eliya Hotels and Resorts (Private) Limited	Thusitha Perera R.T.C.. Gunarathne	Sub-subsidiary
20. Asia Leisure Apartments (Private) Limited	Thusitha Perera Chamaka Silva R.T.C. Guanrathne	Sub-subsidiary
21. Galle Beach Hotel (Private) Limited	S. A. Abeyesinhe Thusitha Perera	Sub-subsidiary
22. Galle Beach CC Trust (Private) Limited	S. A. Abeyesinhe Thusitha Perera R. T. C. Gunarathna R. Shiraishi T. Ishizeki Y. Saida	Associate
23. 493 Talpe Lands (Private) Limited	Thusitha Perera R.T.C. Gunarathne	Associate
24. Forest Resorts Nuwara Eliya (Private) Limited	Thusitha Perera Dinusha Rathnayake	Affiliate

# CHAIRMAN'S STATEMENT

“

There is no doubt that Sri Lankans need to unite as one nation by setting aside all differences and working together to rebuild the nation in the months and years to come. The road to economic recovery and political stability is undoubtedly a long one filled with many pitfalls that must be avoided at all costs. There must be greater focus on restoring law and order and it is the duty of each citizen to put the country first and act in a responsible manner at all times so that political and economic stability is achieved sooner rather than later.

”

It gives me great pleasure to present to you the Annual Report and Financial Statements of Asia Capital PLC for the year ended 31 March 2023.

This was the fourth consecutive year that Sri Lanka was faced with immense hardship as a nation having being hit with the Easter Sunday attacks of April 2019, followed by the onset of the COVID-19 pandemic in 2020 and 2021. The financial year 2022/23 started off on a negative note as the economic and political uncertainty that gradually built up in the country during the 2021/22 financial year spilled over into the financial year under review. As a result of the drastically low foreign exchange reserves, the country was faced with shortages of fuel, LP gas, food and medicine which led to long queues in various parts of the country and great hardship for the general public. Shortages in fuel had a knock on effect when it came to operations as frequent power interruptions resulted in a loss of productivity and transportation issues caused delays in distribution and employee attendance. Months of economic hardships and long queues energized the population as public outrage was visible in several parts of the country, giving rise to a significant peoples' movement that dragged on for several months and triggered a change in the political leadership with the removal of the former President and the installation of a current President by July 2022.

## Operational Performance

Tourist arrivals were promising in the early parts of 2022 but dropped drastically as the new financial year commenced due to the worsening economic crisis and the political and social unrest in the country during the middle months of 2022. This negatively affected our Leisure activities and occupancy levels only picked up during the latter months of the financial year. Although global tourism witnessed a surge in numbers during 2022, Sri Lanka's internal troubles meant that key source markets imposed negative travel advisories, leading to an underwhelming performance by our leisure industry. ACAP Stockbrokers commenced operations with the dawn of the 2022/23 financial year and the 12-month period was all about ensuring that the foundations of the operations were put in place and the company was able to gain a foothold in the market by building relationships with customers. The company has steady progress and has already commenced plans to expand into outstation areas to educate potential customers in those areas of the benefit of investing in the stock market.

## Greater Focus on Investment Banking

When ACAP was formed the emphasis was on stock brokering before we expanded our business portfolio to cover a larger share of Sri Lanka's Investment Banking sector and over the years ACAP became the preferred partner in investment banking for cross-border transactions in Sri Lanka. In 2011/2012 the Group adopted a strategic decision to diversify into Leisure sector at a time Sri Lanka became one of the most sought after destinations globally and drew tourists from all corners of the globe increasing the relative importance of the strategic investments sector. As such thereon all of the private equity investments of the Group were being structured by ACAP team as the transaction advisors for the joint development and execution of the strategic investments with foreign counterparts. However citing the impact of three consecutive years of seismic shocks to the leisure industry which was indeed a heavy blow, the Group embarked on Corporate Restructuring initiative to reduce our exposure to the local leisure industry and refocus on areas of core expertise in Investment Banking to offer independent transaction advisory services to regain our foothold in the market whilst continuing to partner-up with foreign investment banks to better serve our clients on their cross border transactions.

As Sri Lanka gradually emerges from the stranglehold of the economic crisis, we strongly believe that this is the ideal time for ACAP to have greater focus on Investment Banking operations. However, as an Investment Promoter we strongly believe a conducive environment for business requires policy stability and consistency to undoubtedly help to drive investor confidence and attract significant foreign direct investments.

## Future Outlook

We are hopeful that over the next two years or so the economy will stabilize further so that interested foreign investors, who are currently closely observing the developments in the country, will be encouraged to invest. Political stability, policy consistency, modern infrastructure and the ability to take back financial returns to their respective countries are of paramount importance in boosting investor confidence. ACAP has built strong relationships with world-class business partners based in Japan, India and Dubai and has the platform to bring in long-term investors who are keen to enter the South Asian region..

With tourism arrivals steadily rising and having reached 800,000 arrivals by early August, there is renewed hope that the upcoming winter season will be a rewarding one. The Government needs to ensure that clear and transparent communication with the global community, especially in Sri Lanka's top foreign markets, is carried out in order to give the country the best chance of attracting greater foreign arrivals in the coming months. A robust performance by the tourism industry this winter season will hopefully be the turning point in the industry's fortunes and will undoubtedly provide a boost to the ailing industry.

On the stock brokering front, we expect foreign investor participation to increase once Sri Lanka progresses further on its journey to achieve economic, social and political stability, which generally results in a spike in activity in the CSE. ACAP Stockbrokers expects to capitalise on its international partnerships to strengthen its presence among foreign institutional investors while also working towards broadening its local client portfolio in Colombo and outstation areas.

## Strength in Unity

There is no doubt that Sri Lankans need to unite as one nation by setting aside all differences and working together to rebuild the nation in the months and years to come. The road to economic recovery and political stability is undoubtedly a long one filled with many pitfalls that must be avoided at all costs. There must be greater focus on restoring law and order and it is the duty of each citizen to put the country first and act in a responsible manner at all times so that political and economic stability is achieved sooner rather than later.

## Acknowledgements

As I conclude my message, I would like to convey my gratitude to my colleagues on the Board for their well-timed insights and enthusiastic participation in all Board-related matters during what unfortunately turned out to be yet another challenging year for Sri Lanka. On behalf of the Board, I would also like to express my appreciation to the Corporate Management and all Group employees for their continued hard work and dedication towards ensuring that we maintain the high standards that we have been renowned for, which helped give us the best chance to minimize the impact from the economic downturn. I would like to take this opportunity to say a big "Thank you" to all our shareholders and other stakeholders for standing by the Company for all these years. Their support has been invaluable, especially during the recent years of difficulties. As the country gradually emerges from a period of great hardship and uncertainty, I am confident that brighter days lie ahead and if we work together we will be able to achieve great things as a company and a country.



Dr. J.T. Sumathipala  
Chairman

# CEO'S REVIEW

The financial year 2022/23 brought with it a host of challenges for both the country and Asia Capital PLC (ACAP). Having seen off the effects of the deadly COVID-19 pandemic, the country was harbouring hopes of a steady recovery for a while but as the year 2022 unfolded and the 2022/23 financial year commenced it was crystal clear that Sri Lanka had to brace for a period of unprecedented challenges on multiple fronts.

The alarming drop in foreign exchange reserves triggered massive shortages of fuel, LP gas, daily essentials and medicine with long queues being witnessed across the country. The frequent power cuts added further fuel to the fire and the country's economic engine came to a virtual standstill bringing the masses on to the streets in protest for several weeks, culminating in a change in the Presidency by the middle of the year. The installation of the new President brought about a sense of relative stability to the country as the nation awaited immediate course correction by the political leadership on the long road to economic recovery. The painstaking process involved engaging with the International Monetary Fund (IMF) over several months for emergency assistance under its Extended Funds Facility (EFF). The first tranche of the USD2.9B, 4-year term was released in March 2023, thereby helping to end the financial year on a positive note.

## Review of Operations

The Group has initiated plans to restructure the operations and move ahead with much-needed cost minimization measures with the objective of improving efficiency, and thereby increasing profitability and cash flows. The management is in the process of evaluating 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. The Board of Directors initiated steps to set off 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. The financial position of the Group is expected to improve as a result of these restructuring efforts.

Another notable achievement for the financial year is the resilience shown by the Group to withstand the impact of the unprecedented challenges of 2022. I am proud to note that despite the immense financial difficulties the Group managed to meet all its staff commitments on time throughout the year and steer clear of staff layoffs that was unfortunately taking place in some organizations and industries. The country is faced with a shortage of skilled labour, worsened by the large numbers seeking employment opportunities abroad and migrating to build better lives. We remain steadfastly committed to address this issue head on and have put in place numerous measures to ensure that we retain the best employees while also attracting the best in the market for any positions that are available.

## Financial Performance

In the fiscal year ending on March 31, 2023, our consolidated group revenue soared to an impressive Rs 460 Mn, representing a remarkable 31% surge compared to the previous year's reported revenue of Rs 350 Mn. This remarkable growth can be attributed to the exceptional contribution of Asia Leisure, which accounted for a substantial Rs 438 Mn of our consolidated revenue for the current financial year.

## Leisure

The Tourism industry momentum that was gained in the early parts of 2022 could not be sustained in the financial year under review due to the worsening economic crisis and the political and social unrest prevalent in the country at the time. The protests and shortages were unfortunately widely publicized in foreign countries including our top traveller markets such as the United Kingdom, Germany, France, Russia and India and triggered an alarming dip in tourist arrivals for most of 2022. However, according to the Sri Lanka Tourism Development Authority (SLTDA), a total of 335,679 tourist arrivals have been reported for the first three months of 2023, a reasonable increase over the 285,334 tourist arrivals registered during January to March 2022. While the pandemic had little or no impact towards tourist arrivals in 2022, Sri Lanka's economic woes and social unrest meant that Leisure sector was only able to achieve a gross income of Rs. 438 Mn, when compared to the Rs.266 million achieved in the 2021/22 financial year.

On a positive note, despite the dearth of funds and high interest rates, it is heartening to observe that the industry is gearing up for the upcoming winter season. Hotels are taking advantage of the low occupancy to undergo refurbishments in order to be better equipped to offer luxurious experiences for foreign travellers.

## Travels

Global tourism numbers continued to rise steadily in 2022 after the two pandemic-hit years. Statistics for 2022 reveal that over 960 million tourists travelled internationally last year, which means that approximately 66% of pre-pandemic numbers were recovered. Overall, international arrivals reached 80% of pre-pandemic levels in the first quarter of 2023 as an estimated 235 million tourists travelled internationally during the period.

## Investment Banking

Investment Banking has been a core business of ACAP and in the past we have leveraged our extensive experience and deep insights in the local real estate and leisure sectors to excel in this area. Investor sentiment has improved about capital markets during the financial year under review, providing tailwind to the market's recovery. Group aims to operate as a fully equipped firm offering investment banking services with primary focus on Mergers & Acquisitions Advisory, Private Equity & Debt, Public Issuances of Securities, Corporate Advisory and Corporate Restructuring initiatives.

We are confident that diligent execution of strategic priorities outlined in the five-year plan will enable us to rebuild a powerhouse that is geared to win in volatile and uncertain economic conditions. We believe in digitalization and use of technology to improve operational efficiencies and enhance client experience which will in turn drive the profitability enabling the Group to move towards a prominent position in the market.

We firmly believe that it is the 'People' factor that makes the difference as a critical driver of our business success in delivering a superior client experience. The Group's human capital includes employees who provide their expertise in various capacities and build an innovation driven culture. The knowledge, innovations and experience that our employees utilize within their role help the business to serve our clients better by attracting and retaining them.

The Group has established medium term strategies to be recognized as Great Place to Work with an inculcated value stream within the Group, to have rich second level leaders who will be the future of the Group and to build a strong employer brand and emerge as one of the top employers of choice.

## Stock Brokering

Asia Capital PLC acquired Navara Securities (Pvt) Ltd in December 2020 and reactivated the brokering license on 30th March 2022 as ACAP Stock Brokers (Pvt) Ltd by recapitalizing the Company in compliance with the capital adequacy requirements applicable for the industry. ACAP Stock Brokers commenced operations with the dawning of the new financial year. With the market being stifled due to the unfavourable economic landscape, ACAP Stockbrokers operated with a smaller team to minimize overheads with the option of expanding the team once the market takes a positive turn. The team was able to build strong relationships with the existing clients and gradually built up the customer base during the course of the year. The Company is also making venturing into several parts of the country where stock market knowledge and accessibility is limited in order to create awareness among communities in those areas of the potential for investing in the stock market. Agents will be appointed from these regions to spearhead the drive to generate more business from these untapped markets. In January 2023, the Company celebrated a significant milestone with the launch of its website, a tool intended to facilitate the process of digitalisation of the stock market by the SEC and CSE.

## Future Focus

With the completion of the restructuring process in the coming months, ACAP will be well prepared to commence new business ventures in new verticals that can generate sustained revenue and strengthen the Group to better handle economic headwinds that are bound to appear in the future.

With the winter season on the horizon, we are hopeful of Sri Lanka's prospects of continued growth in the Tourism sector. While the steady rise in tourist arrivals bodes well for a prosperous winter season, it is vital that the Tourism authorities continue to provide its fullest support to the industry so that they are well-positioned to welcome more tourists, thereby boosting local businesses, creating employment opportunities, and bolstering the country's economy. We are hopeful that the authorities are able to make a well thought out strategy to boost Tourism arrivals in the country and that this is put into action as soon as possible to provide a much-needed shot in the arm to the industry that has been clearly struggling after several years. All our properties are fully equipped to capitalize on any future surge in tourism arrivals. Backed by our strong brand name, in-depth understanding of the requirements of today's traveller, agile operating models and extensive relationships with distribution partners, we are confident of delivering an improved performance as the tourism numbers continue their upward trajectory.

While the economic landscape of the country has gradually picked up since the first tranche of the International Monetary Fund (IMF) loan in March, foreign parties are showing reluctance to invest in Sri Lanka until the political and economic situation stabilizes further. Therefore, it is imperative that the Government bolsters efforts to stabilize the economy and bring about a greater sense of normalcy that extends well beyond the availability of electricity, fuel and daily essentials so that potential foreign investors eyeing Sri Lanka are encouraged to enter the market. Nevertheless, a positive development is the strong investment appetite demonstrated by Indian investors which augurs well for the immediate future of the Group.

## Appreciations

As we draw the curtain on another eventful year, it is time for me to acknowledge the various stakeholders who demonstrated great strength and resilience to overcome the numerous hurdles encountered during the year. My deep appreciation goes out to each and every employee who continued to make immense sacrifices and all their contributions for yet another year to ensure that we maintained the highest standards in all our sectors. Am grateful for the advice and guidance of the Chairman, the Board of Directors and the Senior Management Team for providing the Group strong leadership throughout, thereby helping to instil confidence in all employees as they attempted to steer the Group through these uncertain times. I am thankful to our Bankers for their support and understanding as well as our business partners for trusting the Group and bolstering our recovery efforts. I also want thank our shareholders for the unwavering trust placed in us through the volatile period. I am heartened by the fact that the tough times of recent years have taught us lifelong lessons and have definitely made us stronger as the Group, and the country, create a pathway towards economic recovery and prosperity in the months and years to come.



R.A.T.P 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 Council and has also served as the President of the Sri Lanka Cricket Board. Dr. Sumathipala holds 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 (D.O.R 25.02.2023)***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.

# BOARD OF DIRECTORS

## 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.

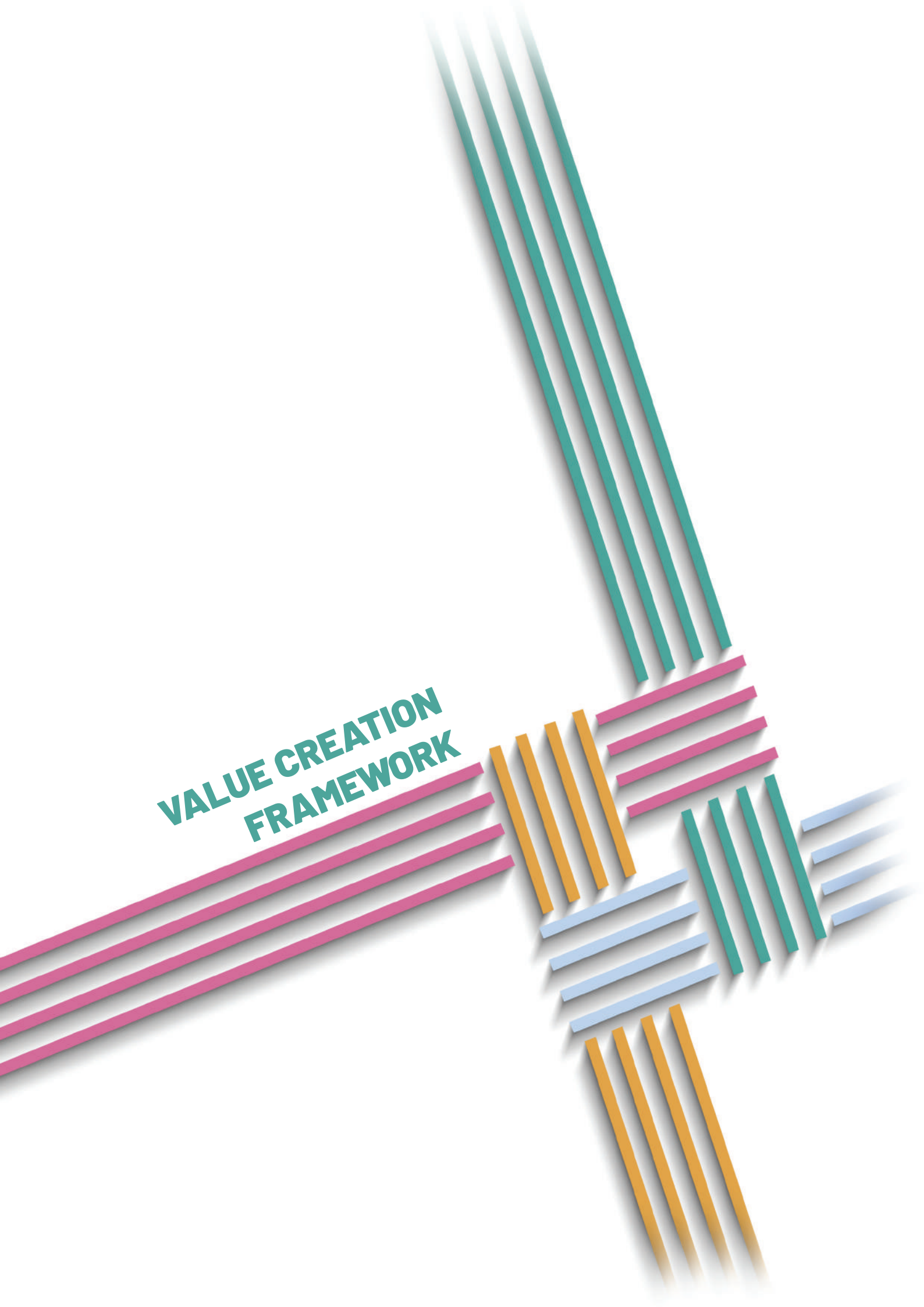
## A.D. Ross

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.

# VALUE CREATION FRAMEWORK



# 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
<p><b>Our Commitment</b></p> <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>	<p><b>Our Commitment</b></p> <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>	<p><b>Our Commitment</b></p> <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>
<p><b>Areas of Interest</b></p> <ul style="list-style-type: none"> <li>■ Career advancement</li> <li>■ Compensation and perks</li> <li>■ Employment equality</li> <li>■ Secure working conditions</li> <li>■ Business performance</li> <li>■ Job security and the group's long-term viability</li> </ul>	<p><b>Areas of Interest</b></p> <ul style="list-style-type: none"> <li>■ Dependability of finances</li> <li>■ Potential for growth</li> <li>■ Business model sustainability</li> <li>■ Cost management</li> <li>■ Corporate management</li> <li>■ Framework for risk management</li> <li>■ Company standing</li> <li>■ Timeliness, openness, and transparency of disclosures</li> </ul>	<p><b>Areas of Interest</b></p> <ul style="list-style-type: none"> <li>■ Liquidity and stability of the economy</li> <li>■ Prospects for business</li> <li>■ Business model sustainability</li> <li>■ Marketability of brands</li> <li>■ Market share</li> <li>■ Corporate ethics and management</li> <li>■ The provision of accurate, dependable, and timely progress data</li> </ul>
<p><b>Engagement Methods</b></p> <ul style="list-style-type: none"> <li>■ solitary consultations</li> <li>■ Four times annually</li> <li>■ Workshops on knowledge sharing</li> <li>■ yearly performance evaluations</li> </ul>	<p><b>Engagement Methods</b></p> <ul style="list-style-type: none"> <li>■ Direct Communication During the AGM</li> <li>■ Annual report</li> <li>■ Interim Financial reports</li> <li>■ Regular updates via discussion forums, social media, organization websites, and press releases</li> <li>■ Information released to Colombo Stock Exchange (CSE)</li> </ul>	<p><b>Engagement Methods</b></p> <ul style="list-style-type: none"> <li>■ In-person interactions</li> <li>■ Business website</li> <li>■ Annual report</li> <li>■ Interim Financial reports</li> <li>■ Regular presentations and reports</li> </ul>

Customers	Government	Local Communities	Media Institutions
<p><b>Our Commitment</b></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><b>Our Commitment</b></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><b>Our Commitment</b></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><b>Our Commitment</b></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><b>Areas of Interest</b></p> <ul style="list-style-type: none"> <li>■ Service excellence and dependability</li> <li>■ Costing</li> <li>■ Innovation and technology</li> <li>■ Corporate branding and reputation</li> <li>■ Having access to trustworthy and unbiased information</li> </ul>	<p><b>Areas of Interest</b></p> <ul style="list-style-type: none"> <li>■ Areas of Interest</li> <li>■ legal compliance</li> <li>■ The tax system</li> <li>■ Committees for governance</li> </ul>	<p><b>Areas of Interest</b></p> <ul style="list-style-type: none"> <li>■ Areas of Interest</li> <li>■ Social welfare and economic growth</li> <li>■ Construction of community infrastructure</li> <li>■ Maintenance of ecosystems</li> <li>■ Emergency aid</li> </ul>	<p><b>Areas of Interest</b></p> <ul style="list-style-type: none"> <li>■ Areas of Interest</li> <li>■ Business performance</li> <li>■ Creation of jobs</li> <li>■ Community building</li> <li>■ Brand recognition and standing</li> <li>■ Integrity in business</li> </ul>
<p><b>Engagement Methods</b></p> <p>Meetings News articles Business website Social networking sites Press releases with ads</p>	<p><b>Engagement Methods</b></p> <p>Engagement Methods Private consultations Discussions on knowledge-sharing Participating in forums for business and industry</p>	<p><b>Engagement Methods</b></p> <p>Engagement Methods Community welfare initiatives Attending community-sponsored activities</p>	<p><b>Engagement Methods</b></p> <p>Engagement Methods News articles Social media and the company website Literature CSR programs Publicity and advertising campaigns</p>

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.

## 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.



# STAKEHOLDER ENGAGEMENT

## 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

# MATERIALITY DETERMINATION

Aspect	Stakeholders with materiality Issues	Relevance	Significance	Risks	Opportunity	How we Manage
General Public	All	Low	Perception	Overall business	Opinion	All departments
Waste Management	All	Low	Cleanliness	Maintenance	Go Green	Regular audit of the premises
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

**MANAGEMENT  
COMMENTARY**



# LEISURE

Despite the challenges it has faced, the industry has shown resilience and adaptability. As Sri Lanka's tourism sector continues to evolve, it faces both challenges and opportunities. With its diverse offerings and increasing global recognition, the future of Sri Lanka's tourism sector looks promising. Efforts are underway to forecast growth patterns and identify potential markets, especially in emerging economies. By understanding changing travel trends and tailoring services to meet evolving needs, Sri Lanka can position itself as a top destination for a wide range of tourists.



*Miriandhoo, Maldives*

The global tourism industry is a dynamic and ever-evolving sector that encompasses a wide range of activities, including travel, accommodations, hospitality, and leisure services. It plays a significant role in local and national economies, contributing to job creation, infrastructure development, and cultural exchange. In recent years, the tourism industry has experienced unprecedented growth, driven by factors such as increasing disposable incomes, improved transportation networks, and the desire for unique travel experiences. However, the COVID-19 pandemic as well as the economic turmoil has brought about unparalleled challenges, disrupting travel patterns and forcing the industry to adapt and innovate.



*Taprobana, Wadduwa*



*The Habitat, Kosgoda*



The tourism sector in Sri Lanka has experienced significant growth and transformation over the years, establishing the country as a popular tourist destination in South Asia. With its pristine beaches, rich cultural heritage, diverse wildlife, and lush landscapes, Sri Lanka offers a unique and captivating experience for travelers. In recent years, Sri Lanka has faced security concerns, which have had a significant impact on its tourism industry. Incidents of violence and political instability have led to a decline in tourist confidence and a decrease in arrivals. However, the government has taken proactive measures to enhance security, build trust, and ensure a safe environment for visitors. Continuous efforts in this area are crucial to rebuild and maintain the trust of international travelers.

In the year 2022, Sri Lanka experienced a remarkable surge in tourist arrivals, painting a promising picture for the country's tourism industry. Astoundingly, a staggering total of 719,978 visitors graced the island nation throughout the entire year. This figure represents an astounding increase of 270.2% compared to the previous year, where a mere 194,495 tourists ventured to Sri Lanka in 2021. Undoubtedly, this surge in tourism is a testament to the allure and appeal of this captivating destination.

While September witnessed a temporary dip with only 29,802 tourists arriving, the overall trajectory of tourist arrivals remained on an upward trajectory throughout the year. Although there were fluctuations from month to month, the prevailing trend showcased a consistent rise in the number of individuals choosing Sri Lanka as their preferred travel destination.

This remarkable growth in tourism not only underscores the country's magnetic charm but also highlights the efforts made by Sri Lanka to position itself as a premier tourist hotspot. The allure of its pristine beaches, rich cultural heritage, and breathtaking landscapes have undoubtedly captivated the hearts of travelers from around the globe.

## Future Outlook

Despite the challenges it has faced, the industry has shown resilience and adaptability. As Sri Lanka's tourism sector continues to evolve, it faces both challenges and opportunities. With its diverse offerings and increasing global recognition, the future of Sri Lanka's tourism sector looks promising. Efforts are underway to forecast growth patterns and identify potential markets, especially in emerging economies. By understanding changing travel trends and tailoring services to meet evolving needs, Sri Lanka can position itself as a top destination for a wide range of tourists.



*Le Grand, Galle*



*The River House, Balapitiya*



*Tamarind Hill, Galle*

# 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

Having acquired Navara Securities (Pvt) Ltd in December 2020, ACAP reactivated the brokering license on 30th March 2022 as ACAP Stock Brokers (Pvt) Ltd by recapitalizing the Company in compliance with the capital adequacy requirements applicable for the industry. The 2022/23 financial year was therefore the first year of operations for the new company.

ACAP Stock Brokers delivers timely, in-depth information today's investors require to reap the maximum financial rewards by participating in the country's stock market. Our state-of-the-art platforms present a wide variety of cutting-edge tools and advanced features to provide customers with the right information at the right time to take calculated risks and informed choices, irrespective of whether they actively trade on a daily basis or are investing over the long term.

The stock brokers at Asia Capital PLC are known to build deep understanding of the customers' requirements and are therefore able to manage their wealth portfolios prudently. Having understood the clients' requirements, they are well-positioned to provide the best recommendations for their investments. These well-qualified, highly-experienced individuals are also devoted to assisting customers gain a better understanding of the market thereby creating a dynamic partnership that helps them achieve the best outcomes. Their role typically involves:

- Closely monitoring stock market performances
- Staying updated on the latest financial and tax legislation that affects the market
- Conducting specific market research and analysis

ACAP Stock Brokers believes in transparency and therefore all information provided to customers is accurate and honest, including the risks involved. We have created an innovative AI-powered experience to help our customers to become knowledgeable investors by providing them with material that is suited to their unique investment requirements and objectives.

## Highlights of FY 2022/23

The first year since recommencing operations was a challenging one as the economic crisis and the social and political unrest of 2022 did not provide a suitable environment for the stock market to grow as envisaged. Foreign investors stayed away from the market and looked at other emerging markets resulting in a less than ideal financial performance for the year for the company. However, the ACAP Stock Brokers management demonstrated resilience and adaptability by putting together smaller teams to minimize overhead costs and focusing on establishing strong connections with the existing customer base in order to be well prepared to surge ahead once the market invariably bounces back in the coming months. Overall, there was a healthy growth in the customer base during the year underscoring the success of the company's approach. Additionally, there was a concerted effort to venture into several outstation parts of the country with the aim of educating potential customers on the stock market and its inherent ability to help them achieve their financial objectives with the support and guidance of the ACAP Stock Brokers team. Accordingly, plans have been outlined to appoint agents from these regions to spearhead the drive to generate more business from these untapped markets. In January 2023, the Company achieved a significant milestone with the unveiling of the new website.

## Future Outlook

Having recorded a steady performance during the year amidst challenging circumstances in the country, we are now aiming to reach the upper echelons among Sri Lanka's stockbrokers. The first target in this journey is to reach the Top 10 among the 26 active stockbrokers operating in the market today. Several key ingredients need to fall in place in order to achieve this goal. These include further expanding the qualified, experienced and professional team that is customer-focused and has the ability to nurture strong relationships with customers as well as putting together a high quality research department to provide an edge in this competitive space. With the expansion into rural areas moving ahead smoothly there is significant potential for growth in the customer base in the new financial year.

Political and social stability together with sound economic policies would play a key role in attracting foreign investments into the stock market and helping the stock market reach new heights in the new financial year. With interest rates coming down in recent weeks, customers are more inclined to turn towards investing in the stock market to achieve their financial goals. Positive feedback and renewed interest from foreign investors, most recently from India, bodes well for the future of the stock market. Continued engagement with foreign investors from different parts of the world is taking place on a regular basis.

# INVESTMENT BANKING

We are no longer just a Diversified Financial Services Conglomerate as we evolved into an Investment Holding Company with investments in Property, Leisure and Real Estate sectors in collaboration with our foreign counterparts, and have the potential to transform ourselves to become a force to be reckoned with. Our tried and tested innovative approaches to investment management and wealth creation are what drive many foreign and local investors in Sri Lanka to seek out our services.

Whilst focusing on investing in high growth industries Group continues to maintain its strong footing in Investment Banking. Having re-entered into Stockbroking in 2022 it is actively exploring opportunities to expand Group's business operations through the right strategic partnerships.

Our investment philosophy is based on a positive outlook, bold approach, and commitment to delivery and flexibility to change. We are also committed to maintaining integrity, ethical dealings, sustainable development and greater social responsibility in a multi stakeholder context.

From inception as a market intermediary its mission was to evolve to deal in all securities products contributing to create a financially strong and competitive brokerage industry in Sri Lanka. Its features and values have been transmitted and acquired over 30 years of history marked by developments, transformations and challenges representing an entity in its long-standing purpose were to finance the national economy and serve its clients across the globe over three decades is now deeply embedded in the Group's fabric.

Leveraging on the Group's extensive and diverse business network overseas would enable us to mobilize funds effectively for potential investment opportunities in the Sri Lankan Capital Market and to better service our clients by cross marketing Group services to enhance our service offering in the ensuing years.

Given our superior research, strong distribution capabilities, good understanding of customers and markets, and a dedicated team, we are well positioned to cater to corporates' banking needs, while also focusing on expanding distribution across HNIs, and Domestic and Foreign Institutions.

Group aims to operate as a fully equipped firm offering investment banking services with primary focus on Mergers & Acquisitions Advisory, Private Equity & Debt, Public Issuances of Securities, Corporate Advisory and Corporate Restructuring initiatives.

## ACAPIB PERFORMANCE

The year under review was characterised by many unprecedented events in the country, economically, socially and politically. The corporate sector had to endure challenges unseen before, and we are contented that the Group weathered this tumultuous period. Whilst the country and our people showed resilience once again to emerge from this challenge to levels of normalcy within a relatively short period of time, an economic crisis of this proportion can be a catalyst for a major economic overhaul for the country and presents a significant opportunity to re-set and re-rate fundamentals of not only at an individual organisational level but even the entire economy.

The Group embarked on an initiative of corporate restructuring, which involved much-needed cost rationalisation measures to promote efficiency and restore growth which resulted in re-strategizing efforts to reduce its exposure to and heavy reliance on the Sri Lankan Leisure sector whilst realigning operations of its core business, investment banking arm to function as an independent operation. The financial position of the Group is expected to improve as a result of these restructuring efforts with it enabling the Group to leverage on the expertise of Investment Banking and financial advisory services in diversification and wealth creation.

The value creation process of the Group is being built around our loyal and committed employees and we intend to attract the best talent towards building a strong team that reflects the diversity of the clients we serve. We continue to engage and encourage our employees to perform to the best of their abilities through a performance-oriented culture founded on ethical and transparent behaviour, which, in turn, promotes sustainable and profitable growth. Our people have been the source of success of Asia Capital PLC, and, I believe, will continue to be a key differentiator going forward as well.

## Outlook

The outlook for the next year remains strong. As always, superior client focus, unbiased advice and solid execution continues to result in high repeat business which is the hallmark of our strategy. We have expanded our product portfolio this year and will continue to do so in the near future. We will build our team and capabilities by investing in people and processes as we scale up the operation. ACAPIB will seek to leverage the multifaceted capabilities of its staff, its strong command of the local market, and strategic collaborations to further solidify and augment the healthy deal pipeline in place for 2023.

# 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.

# GROUP FINANCIAL REVIEW

## Group Revenue

Our consolidated group revenue for the financial year ending on March 31, 2023, reached an impressive Rs 460 Mn, marking a substantial 31% increase compared to the previous year's reported revenue of Rs 350 Mn. This outstanding performance can be attributed to the exceptional contribution of Asia Leisure, which accounted for Rs 438 Mn of our consolidated revenue for the current financial year. This achievement showcases the strength and success of our leisure division, further solidifying our position as a leading player in the industry.

## Costs

The Company successfully implemented stringent cost reduction methods, resulting in a slight decrease in overall costs. However, it is worth noting that the leisure sector experienced an increase in costs due to the general rise in price levels and an increase in finance costs.

On the other hand, the leisure sector faced challenges as costs escalated due to the prevailing market conditions. The general increase in price levels, coupled with rising finance costs, contributed to this upward trend. Despite these challenges, we remain dedicated to finding innovative solutions to mitigate the impact on our operations.

## EBIT /Loss

By diligently managing our expenses, we have successfully curtailed losses, demonstrating our dedication to enhancing profitability and ensuring sustainable growth. Our efforts to streamline administrative processes and optimize operational efficiency have yielded fruitful results, positioning us favorably in the market.

## Net Finance costs

During the year under review, Asia Capital PLC has witnessed a significant surge in its net finance cost. This increase, from Rs 204 Mn to Rs 356 Mn, can be attributed to the rise in finance expenses. Similarly, ACAP's net finance cost has also seen a notable 12.5% increase, from Rs 184 Mn to Rs 207 Mn, primarily due to the rise in interest costs.

## Profit After Tax/Loss

Asia Capital PLC reported a consolidated loss of Rs 759 Mn for the fiscal year ending on March 31, 2023. This represents a decrease from the previous financial year's figure of Rs 961 Mn. The primary factor contributing to this loss is the significant reduction in administrative and other operating expenses within the group. Furthermore, ACAP experienced a loss of Rs 495 Mn for the year, compared to a loss of Rs 712 Mn reported in the previous financial year. The main contributing factor to this reduction in loss is the decrease in other operating expenses incurred by ACAP.

## Assets

During the year under review, Asia Capital PLC experienced a decrease in its total asset base, which now stands at Rs 4.6 Bn. This represents a decline from the previous year's reported figure of Rs 4.8 Bn. Despite this decrease, ACAP has managed to maintain its total assets at the same level as the previous year.

## Debt

The Group debt has increased from Rs 2.618 Bn to Rs. 3.168 Bn.

## Equity

In the current financial period, the Group experienced a significant decline in its total equity. This unfortunate downturn has resulted in a negative value of Rs 143 Mn, marking a substantial decrease from the previous year's reported amount of Rs. 0.6 Bn. Similarly, ACAP also witnessed a decline in its total equity, reaching a negative value of Rs 212 Mn. This stands in stark contrast to the recorded amount of Rs. 0.2 bn in the previous 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 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.



# SUSTAINABILITY REPORT

## 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

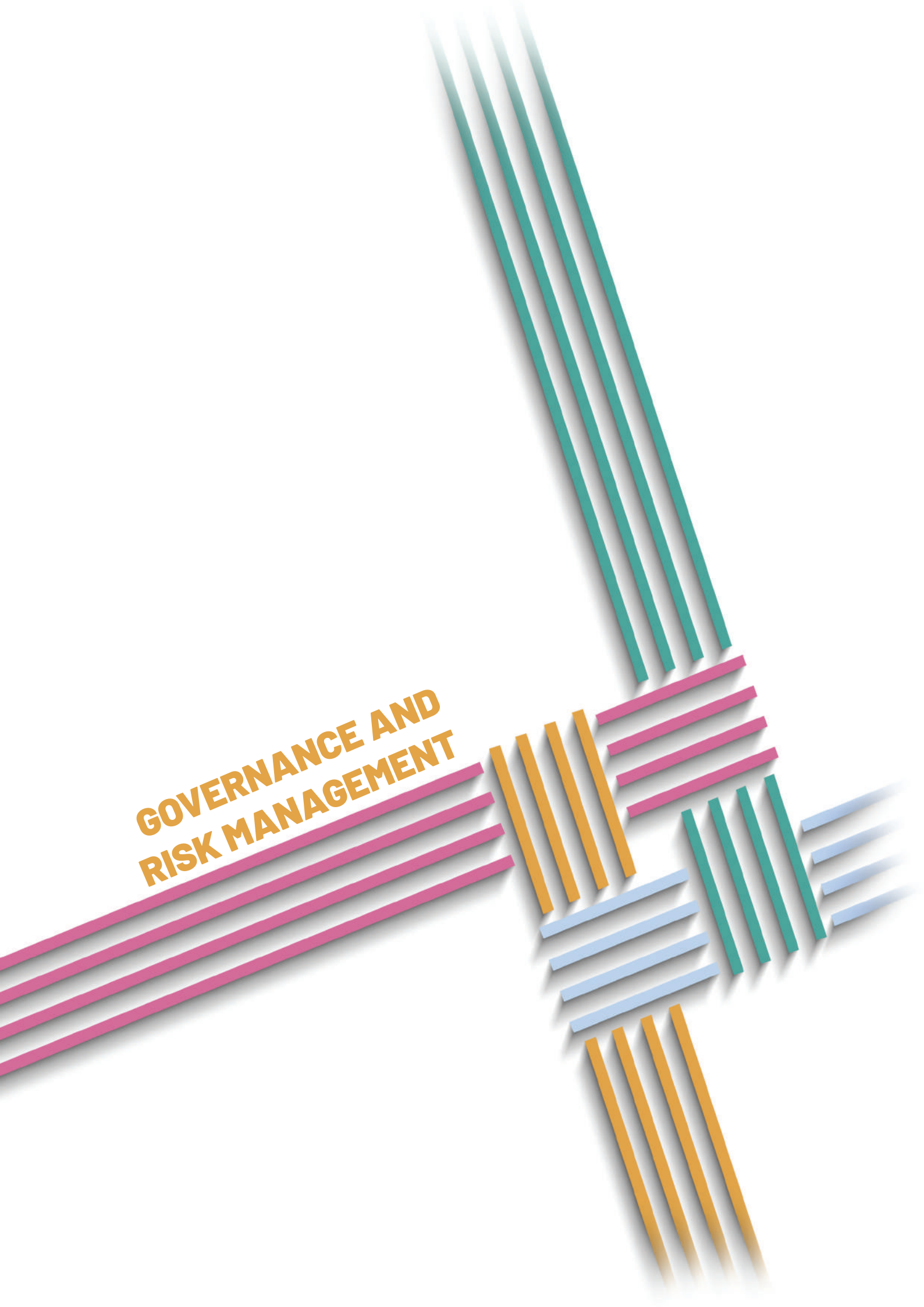
The whole mental, physical, emotional, and economic wellness of your staff is referred to as employee wellbeing. It is impacted by a number of things, including their interactions with coworkers, the choices they make, and the resources and tools they have at their disposal. Workplace wellbeing encompasses 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.

**GOVERNANCE AND  
RISK MANAGEMENT**



# 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 MANAGEMENT

## 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 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
<b>1. COMPANY</b>			
<b>A. DIRECTORS</b>			
<b>A.1 Directors (The Board)</b>	A.1/7.10.1(a), 7.10.2(a) and 7.10.3(c-d)	Complied	<p>The Board of Directors currently consists of Eight (08) members including the Chairman.</p> <p>The day-to-day monitoring of operations of the organisation has been delegated to the CEO governed by policies, procedures and authority by the Board of Directors.</p> <p>The Board is accountable to the stakeholders of the Group to ensure that the business is conducted in an appropriate manner based on an approved business plan and the financial and non-financial targets of the Group are achieved. The Board's Terms of Reference stipulate the specific duties of the Board and the following are some key matters which come under the Board's review and approval:</p> <ul style="list-style-type: none"> <li>I Group strategy and business plan</li> <li>II Financial reporting and internal controls</li> <li>III Financial performance</li> <li>IV Dividend policy</li> <li>V Changes to capital structure</li> <li>VI Constitution and performance of the Board Committees</li> <li>VII Regulatory compliance</li> </ul>
<b>Company Board Meetings</b>	A.1.1	Complied	Although ideally, more regular Board Meetings should have been held, a limited number of Board meetings were held due to Directors being abroad from time to time. However, regular discussions took place among the Directors on important matters and resolutions were given effect to in writing.
<b>Responsibilities of the Board</b>	A.1.2	Complied	The Board is collectively responsible for formulation, implementation and monitoring of business strategies. In order to do so, the Board appoints sub committees of the main Board to assist the main Board in fulfilling its stewardship function by reviewing systems of internal control, internal and external audit, risk management, IT system and financial reporting to shareholders.
<b>Compliance with laws and access to independent professional advice</b>	A.1.3	Complied	The Board Members are permitted to obtain independent professional advice from third parties as deemed necessary which includes the Company's external lawyers and auditors at the expense of the Company.
<b>Company Secretary</b>	A.1.4	Complied	The Company Secretary possesses the required qualifications and expertise, and advises the Board on matters concerning the Companies Act and other relevant rules, regulations and regulatory guidelines.
<b>Independent judgement of the Directors</b>	A.1.5	Complied	All the Board Members actively participate in the Board meetings by bringing up their own independent judgement.
<b>Dedicating adequate time and effort</b>	A.1.6	Complied	The Board Members dedicate adequate time for the affairs of the Company by attending Board meetings, Board sub-committee meetings and by making decisions via circular resolutions.
<b>Training for new and existing Directors</b>	A.1.7	Complied	The Directors are provided with training as and when required.

# CORPORATE GOVERNANCE

	Reference to SEC & CASL Code, CSE Listing Rules	Compliance	Details of Compliance
<b>A.2. Chairman and Chief Executive Officer</b>			
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.			
<b>A.3 Chairman's Role</b>			
The Chairman is responsible for the leadership of the Board, managing Board Meetings and the business undertaken thereat. The Chairman is responsible to ensure all relevant issues are on the Board Agenda and Directors receive all appropriate information and documentation in a timely manner, thus facilitating the Directors to contribute at the deliberations.			
<b>Role of Chairman</b>	A.3.1	Complied	The Chairman should ensure Board proceedings are conducted in a proper manner.
<b>A.4 Financial Acumen</b>			
<b>Financial acumen</b>	A.4	Complied	Our Directors with their academic and/or entrepreneurial financial skills, business acumen and wide practical wisdom contribute substantial value, knowledge and independent judgment to decision making on matter concerning finance and investment.
<b>A.5 Board Balance</b>			
<b>Presence of Non-Executive Directors</b>	A.5.1 7.10.1(a), 7.10.2(a) and 7.10.3(a)	Complied	Seven (07) of the Eight(08) Directors on the Board hold office in a non-executive capacity.
<b>Independence of Non-Executive Directors</b>	A.5.2 & A.5.3 5.5, 7.10.2(a-b) and 7.10.3(a-b)	Complied	The Board comprises of Six (06) independent Non-Executive Directors.
<b>Annual Declaration of Non-Executive Directors</b>	A.5.4 7.10.2(b)	Complied	Each Non-Executive Director has submitted his declaration to the CSE. Each Non-Executive Director submits a signed and dated declaration annually of his independence or non-independence against a specified criteria as set out in Appendix 7A of Colombo Stock Exchange listing rule Section 7.10.2(b).
<b>Requirement to appoint a 'Senior Non-Executive Director'</b>	A.5.6 and A.5.7	Not applicable	This is not relevant to the Group as the Chairman and CEO roles are segregated.
<b>Chairman conducting meetings with the Non-Executive Directors</b>	A.5.9	Complied	The Chairman meets with the Independent Non-Executive Directors as and when necessary.
<b>Recording of concerns in the Board minutes</b>	A.5.10	Complied	Where Directors have concerns about the matters of the Group which cannot be unanimously resolved, their concerns are recorded in the Board minutes.
<b>A.6 Supply Information</b>			
<b>Obligation of the Management to provide appropriate and timely information</b>	A.6.1	Complied	The Group has a state-of-the-art management information system to process and monitor the performance of the Group and appropriate and timely information is made available to the Board members who make further inquiries when necessary.
<b>Adequate time for circulation at respective Board documents</b>	A.6.2	Complied	Board papers, agenda and previous Board minutes are tabled one week prior to the Board Meeting.
<b>A.7 Appointment to the Board</b>			
<b>Nomination Committee and the assessment of composition of the Board</b>	A.7.1 and A.7.2	Complied	The names of the members of the Committee are on page 43 and on the inner back cover of this Annual Report.
<b>Disclosure to Shareholders</b>	A.7.3	Complied	New Directors' details are disclosed to the relevant authorities at the time of appointment. The existing as well as new Directors to the Board are disclosed in the Directors' Report on pages 41 to 43 of this Annual Report.

	Reference to SEC & CASL Code, CSE Listing Rules	Compliance	Details of Compliance
<b>A.8 Re-election</b>			
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.
<b>A.9 Appraisal of Board Performance</b>			
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.
<b>A.10 Disclosure of information in respect of Directors</b>			
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 12 to 14 of this Annual Report. Director's interests in contracts are indicated in Note 14 of the Financial Statements of this Annual Report. Names of the Chairman and the members of the Board Committees are provided on pages 42 to 43 and in the inner back cover of this Annual Report.
<b>A.11 Appraisal of Chief Executive Officer (CEO)</b>			
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>B. DIRECTORS' REMUNERATION</b>			
<b>B.1/ 7.10.5 Remuneration Procedure</b>			
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 48 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>B.2 Level and Makeup of Remuneration</b>			
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.

# CORPORATE GOVERNANCE

	Reference to SEC & CASL Code, CSE Listing Rules	Compliance	Details of Compliance
<b>B.3 / 7.10.5 Disclosure of Remuneration</b>			
Disclosure of remuneration policy and aggregate remuneration	B.3.1	Complied	Please refer Remuneration Committee Report on page 48 of this Annual Report
<b>C. RELATIONS WITH SHAREHOLDERS</b>			
<b>C.1 Constructive use of Annual General Meeting and conduct of general meetings</b>			
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.
<b>C.2 Communication with Shareholders</b>			
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.
<b>C.3 Major and material transactions</b>			
As per the requirement of the Companies Act, Directors should disclose to shareholders, all proposed material transactions which would materially alter/vary the Company's net asset base.			
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.

	Reference to SEC & CASL Code, CSE Listing Rules	Compliance	Details of Compliance
<b>D. ACCOUNTABILITY AND AUDIT</b>			
<b>D.1 Financial Reporting</b>			
<b>Board responsibility to present the financial statements</b>	D.1.1	Complied	The Board presents a balanced and understandable assessment which extends to interim and other price-sensitive public reports to regulators, as well as to information required to be presented by statutory requirements complying with regulatory deadlines.
<b>Annual Report of the Directors</b>	D.1.2	Complied	Declaration by the Directors that the Company has not engaged in any activities, which contravene laws and regulations, declaration of all material interests in contracts, equitable treatment of shareholders and going concern with supporting assumptions or qualifications as necessary. Please refer to the Annual Report of the Directors on pages 41 to 45.
<b>Statement by the Directors and the Auditors</b>	D.1.3	Complied	Please refer the Statement of Directors' Responsibility on page 46.
<b>Management Discussion and Analysis</b>	D.1.4	Complied	Please refer Review of Group Operations on pages 23 to 26.
<b>Declaration by the Board as to whether the business is a going concern</b>	D.1.5	Complied	Please refer to the Annual Report of the Directors on page 42.
<b>Requirement for an Extraordinary General meeting in a situation of serious loss of capital</b>	D.1.6	Not Applicable	
<b>Related party transactions</b>	D.1.7	Complied	Process for identifying, recording and disclosure of related party transactions is in place. All related party transactions as defined in Sri Lanka Accounting Standard 24 - 'Related Party Transactions' is disclosed in Note 34 to the financial statements. A related party transaction review subcommittee is in place. Refer report of the related party transactions review committee on page 49.
<b>D.2 Internal Control</b>			
<b>Directors to review Internal Controls</b>	D.2.1	Complied	The Board is responsible for establishing a sound framework of risk management and internal controls and monitoring its effectiveness on a continuous basis.
<b>Requirement to review the need for an Internal Audit function</b>	D.2.2	Not Applicable	
<b>Board responsibility for the disclosure on internal control</b>	D.2.3	Complied	
<b>Directors' responsibility in maintaining a sound system of internal control</b>	D.2.4	Complied	Audit Committee Report on page 47 and Risk Management Report on page 29 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.



# CORPORATE GOVERNANCE

	Reference to SEC & CASL Code, CSE Listing Rules	Compliance	Details of Compliance
<b>D.3/7.10.6 Audit Committee</b>			
<b>Composition of the Audit Committee and its duties</b>	D.3.1 and D.3.2/7.10.6(a) and 7.10.6(b)	Complied	Please refer to the Audit Committee Report on page 47.
<b>Terms of Reference of the Audit Committee</b>	D.3.3	Complied	Please refer to the Audit Committee Report on page 47.
<b>Disclosure of names of the members of the Audit Committee</b>	D.3.4/7.10.6(c)	Complied	Please refer to the Audit Committee Report on page 47.
<b>D.4 Code of Business Conduct and Ethics</b>			
We are committed to carrying out all business activities to the highest standards of integrity, ethical values and professionalism, whilst following the laws of the country, international laws and compliance as per our stakeholders' expectations.			
<b>Disclosure on a presence of code of business conduct and ethics</b>	D.4.1	Complied	As per our Chairman's Statement on page 08 of this Annual Report, we affirm our adherence to good business conduct and ethics.
<b>Affirmation of the code of conduct and ethics</b>	D.4.2	Complied	
<b>D.5 Corporate Governance Disclosures</b>			
<b>Disclosures of Corporate Governance</b>	D.5.1	Complied	We aim to achieve greater year-on-year growth and value creation, improve stakeholder satisfaction and relationships in all our business activities, whilst adhering to the highest standards of corporate governance as is evident in this Annual Report on pages 38 to 40.
<b>2. SHAREHOLDERS</b>			
<b>E. INSTITUTIONAL INVESTORS</b>			
<b>Shareholder voting</b>	E.1.1	Complied	We conduct regular and structured dialogue with shareholders based on a mutual understanding of objectives.
<b>E.2 Evaluation of governance initiatives</b>			
When evaluating the Company's governance arrangements, institutional investors should be encouraged to give due weight to all relevant factors drawn to their attention			
<b>Evaluation of governance initiatives</b>	E.2	Complied	Institution investors are encouraged to provide any feedback on the governance related issues.
<b>F. OTHER INVESTORS</b>			
<b>F.1 Investing and divesting decision</b>			
<b>Investing and divesting decision</b>	F.1	Complied	Individual shareholders, investing directly in shares of companies are encouraged to carry out adequate analysis or seek independent advice in investing or divesting decisions.
<b>F.2 Shareholders Voting</b>			
<b>Individual shareholders' voting</b>	F.2	Complied	Notice of meeting is sent to all shareholders on time to encourage their participation at the Annual General Meeting and exercise their voting rights. In case of appointing proxy form and instructions are given in the Annual Report.

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

## Company

The Directors of Asia Capital PLC have pleasure in submitting their Report together with the audited Financial Statements of the Company and the audited Consolidated Financial Statements of the Group for the year ended 31st March 2023.

## Principal Activities

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

## Financial Results and Appropriations

For the year ended 31st March	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Profit/(Loss) for the Year Before Tax	(761,102)	(962,964)	(495,450)	(712,579)
Income Tax	1,939	1,411	-	-
Profit/(Loss) for the Year After Tax	(759,163)	(961,553)	(495,450)	(712,579)
Non-Controlling Interest	(84,105)	(86,749)	-	-
Profit Attributable to Equity Holders of the Company	(675,058)	(874,807)	(495,450)	(712,579)

## Dividends

No dividends were declared as at 31st March 2023.

## 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 74 to 77.

## Stated Capital

The stated capital of the Company as at 31st March 2023 was Rs.1,498,498,000/- representing No. of shares 131,329,995.

## Review of Operations

The Chairman's Statement on pages 8 to 9 of this report provides an overall assessment of the financial performance and financial position of the Company and describes in detail its affairs and important events for the year. A detailed analysis of the operations and financial results is contained in the Review of Group Operations on pages 22 to 28 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 54 to 104 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 51 to 53.

## Accounting Policies

The accounting policies adopted in the preparation of Financial Statements are given on pages 58 to 69.

## Donations

There were no donations made during the year.

## Capital Commitments

There are no capital expenditure commitments as at 31st March 2023.

## 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 46.

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

## Contingent Liabilities

There were no material contingent liabilities outstanding as at 31st March 2023, except as disclosed in Note 34 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	Independent Non-Executive Director
Mr. K. Sri Chandrasekera	Independent Non-Executive Director

## Resignations during the year

Mr. K. Sri Chandrasekera (Non-Executive Director) w.e.f 25th Feb 2023

## Appointments after the conclusion of the year

No appointments after the conclusion period.

## Resignations after the CONCLUSION of the year

No resignations during the period.

## Directors who held office as at the end of the accounting period 31st March 2023

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	Independent Non-Executive Director
Mr. R. Radha	Independent Non-Executive Director
Mr. D. Swarnasinghe	Independent Non-Executive Director

## Alternate Directors

Mr. S. A. Abeyesinhe	(Alternate Director to Mr. V. Siva Jr)
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Of the Eight (08) Directors, Mr.S.A. Abeyesinhe is Non-Independent Non-executive 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	Independent Non-Executive Director
Mr. K. Sri Chandrasekera	Independent Non-Executive Director (DOR 25.02.2023)
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

### Related Party Transactions Review Committee

Mr. D. Swarnasinghe	Independent Non-Executive Director
Mr. V. Siva Jr	Independent Non-Executive Director
Mr. K. Sri Chandrasekera	Independent Non-Executive Director (DOR 25.02.2023)

## 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 71 of the Financial Statements.

### Directors' Interest In Shares

Name	No. of Shares as at 31st March 2023	No. of Shares as at 31st March 2022
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 (DOR 25.02.2023)	-	-

### 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 33 on page 93 of the Financial Statements.

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

## Shareholders Information

The distribution and analysis of shareholdings were as follows;

	As at 31st March 2023			As at 31st March 2022		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1 to 1,000 Shares	5275	770,273	0.59%	5269	764,803	0.58%
1,001 to 10,000 Shares	742	2,337,649	1.78%	713	2,228,644	1.70%
10,001 to 100,000 Shares	158	4,369,956	3.33%	176	5,031,582	3.83%
100,001 to 1,000,000	24	5,833,329	4.44%	22	5,285,818	4.02%
Over 1,000,000 Shares	3	118,019,148	89.86%	3	118,019,148	89.86%
Total	6,202	131,329,995	100%	6,183	131,329,995	100%

	As at 31st March 2023			As at 31st March 2022		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
Resident	6155	27,439,904	20.89%	6,150	27,447,222	21%
Non-Resident	47	103,890,091	79.11%	33	103,882,773	79%
Total	6,202	131,329,995	100%	6183	131,329,995	100%

	As at 31st March 2023			As at 31st March 2022		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
Individual	6,073	118,792,224	90.45%	6,044	118,458,851	90.20%
Institutional	129	12,537,751	9.55%	139	12,871,144	9.80%
Total	6,202	131,329,995	100%	6,183	131,329,995	100%



## 20 Largest Holders of Equity

Name	As at 31st March 2023		As at 31st March 2022	
	No. of Shares	%	No. of Shares	%
1 Mr. Vijayeswaran S Vijayaratnam	94,039,467	71.61%	94,039,467	71.61%
2 Mr. Vilvarajan Vijayaratnam	14,200,000	10.81%	14,200,000	10.80%
3 Fast Gain International Limited	9,779,681	7.45%	9,779,681	7.40%
4 Associated Electrical Corporation Ltd	797,282	0.61%	797,282	0.60%
5 Mr. Mohamed Gani Mohamed Hussain	718,124	0.55%	380,000	0.30%
6 Mrs. Sukumali Mahesika Wannakuwatte	501,000	0.38%	350,000	0.30%
7 Mr. Mohammad Naveed Jamaal	310,000	0.22%	605,400	0.50%
8 Mr. Reshan Henry Ratnayake	280,000	0.21%	263,000	0.20%
9 LOLC Finance Plc/M.K.C. Perera	229,858	0.17%	-	0.00%
10 Citizens Development Business Finance Plc/Buddhika Vishwajith Amarasinghe	227,644	0.17%	300,300	0.20%
11 Mr. Mohammed Zainulabdeen Mohammed Rizvi	224,000	0.16%	-	0.00%
12 Mr. Mohamed Favaz Abdeen	212,000	0.16%	-	0.00%
13 Dialog Finance Plc/W.M.P.M Weerasekera	207,942	0.15%	200,000	0.20%
14 Citizens Development Business Finance Plc/Dilum Chinthaka Maddumage	201,464	0.15%	200,000	0.30%
15 Mr. Jagath Priyadarshana Walawege	200,000	0.15%	200,000	0.15%
16 Mr. Ranasinghe Arachchige Thusitha Priyantha Perera	198,550	0.15%	194,298	0.15%
17 Mr. Calistus Nimalanathan Pakianathan	194,298	0.14%	194,298	0.10%
18 DFCC Bank Plc/Mr. C.R. Perera	189,802	0.12%	189,802	0.10%
19 Mrs. Andrea Jacqueline Dhanapala	168,469	0.11%	-	0.00%
20 Mr. Adikaram Mudiyanseelage Dushan Kasun Adikaram	140,000	0.11%	121,519	0.10%

## Public Shareholding

The percentage of public shareholding as at the 31st of March 2023 was 28.22%.

## Annual General Meeting

The notice of the 31st Annual General Meeting is on page 110

## Auditors

The Financial Statements for the year ended 31st March 2023 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.1,025,000/- 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.

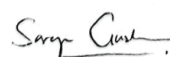
By Order of the Board



Thusitha Perera  
Director/CEO



Raju Radha  
Director



P.R. Secretarial Services (Private) Limited,  
Secretaries  
07th September 2023

# 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 2023. These differ from the Auditors responsibilities, which are set out in their report given on page 52.

The Board of Directors have a responsibility to ensure that the Company and its 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  
07th September 2023

# 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 2022/23;

Mr. S.S. Balasubramaniam (Chairman)

Mr. K. Sri Chandrasekera (DOR 25.02.2023)

Mr. Raju Radha

Mr. V. Siva Jr.

## 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 2022/23 were discussed with the management and the auditors.

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

## Risk and internal control

The Committee reviews the effectiveness of the Company's internal control systems over financial reporting and other relevant operations. The Committee also recommended systems and procedures to reduce 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  
07th September 2023

# REMUNERATION COMMITTEE REPORT

## Composition

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

The members of the Remuneration Committee as at 31st March 2023 are as follows;

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Mr. Dhammika Swarnasinghe (Chairman)

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Mr. V. Siva Jr

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Mr. A. D. Ross

Please refer pages 12 to 14 of the Annual Report to refer to the profiles of the members of the Committee. Mr. Thushitha Perera 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. 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 judgment.

## Committee Meetings

The Committee held one meeting during the financial year 2022/23. 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  
07th September 2023

# 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 2022/23;

Mr. Dhammika Swarnasinghe

Mr. V. Siva Jr

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 xx meetings during the financial year 2022/23. The quorum for the meeting is two members, where Mr. R J Wickramasinghe and Mr. V. Siva Jr. attended all meetings. The Head of Finance and the Accountant, Accountant of the 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

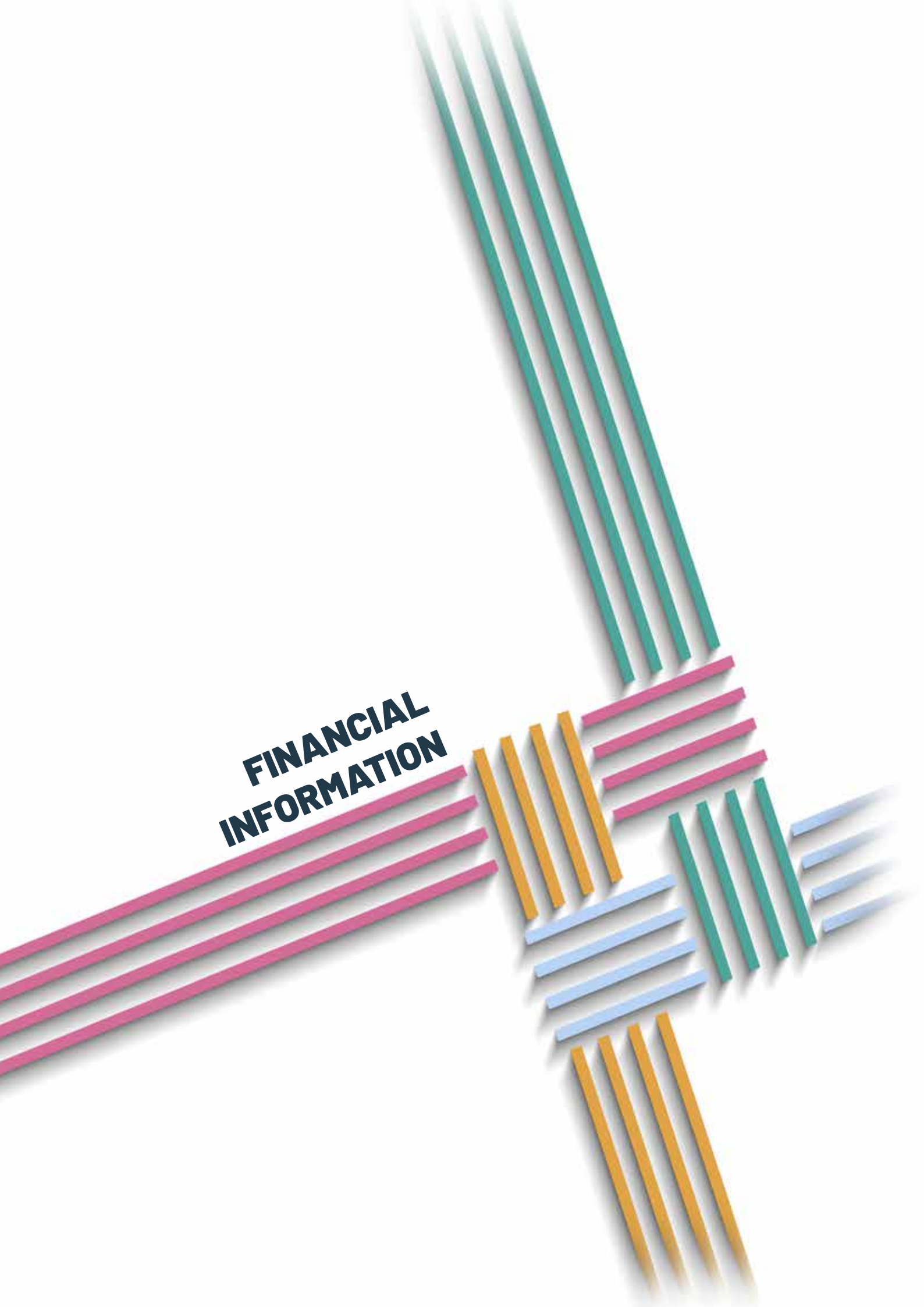
The Committee reviewed the systems in place to report related party transactions to the Committee and advised the management on improvements required. The Committee reviewed related party transactions reported by the management in compliance with its terms of reference. The Related Party Transactions 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  
07th September 2023



**FINANCIAL  
INFORMATION**



# INDEPENDENT AUDIT REPORT



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

## TO THE SHAREHOLDERS OF ASIA CAPITAL PLC

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Asia Capital PLC (the Company) and the consolidated financial statements of the Company and its subsidiaries (the Group), which comprise the statement of financial position as at 31st March 2023, 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 58 to 104.

In our opinion, the accompanying financial statements of the Company and Group give a true and fair view of the financial position of the Company and Group as at 31st March 2023, 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 the most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters.

#### 1 Valuation of Land and Building of the Group

The Group has Land and Building carried at fair value amounting to Rs.2.96 Bn as at 31st March 2023 which represent 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.

#### 2. Measurement of Investment in Subsidiaries and Associates

As at 31st March 2023, the Company holds an investment in subsidiaries and associates amounting to Rs. 1.22Bn 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.

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, ACCA, FCMA, MBA, Ashani J.W. Jayasekara FCA, FCMA (UK), MBA, H. Sasanka Rathnaweera FCA, ACCA, B. Vasanthakumar BSc (Acc), ACA, F. Sarah Z. Afker ACA, ACMA (UK), CGMA, MCSF (UK), Dinusha C. Rajapakse FCA, LLB (Hons)(Colombo), CTA, Attorney at Law, Nirosha Yadvivel BSc (Acc), ACA, ACMA.

# INDEPENDENT AUDIT REPORT

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 Macroeconomic conditions and going concern of the Company and its subsidiaries

The Company and Group incurred a net loss of Rs.495 Mn and Rs.759 Mn respectively for the year ended 31st March 2023. Further, the Company and the Group's current liabilities exceeded their current assets by Rs.1,163 Mn and Rs.2,287 Mn whereas the Company's and Group's total liabilities exceed its total assets by Rs. 212 Mn and Rs. 144 Mn respectively as at the reporting date with the impacts due to the Current economic condition of Sri Lanka.

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 current economic conditions.

Notes to the financial statements describe the impact of prevailing uncertain macro- economic environment and implications to the current year's 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 economic impact is 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 current economic conditions on the operation of the subsidiaries, particularly the hotels which have an impact on the going concern of the Group and Company;
- Obtained the cash flow projections carried out by the management which covered a period not less than twelve months from the reporting date and discussed 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 of the current economic conditions;
- Evaluated the reasonableness of the significant management judgements and estimates such as occupancy levels used in such cashflow projections;
- Evaluated the performance of the Company and Group and assessed the significant going concern indications. Inspected the availability of the credit facility arrangements and shareholder support for the Company and Group through letter of support to manage the liquidity on a short term and long-term basis, assessing the implications of these on the Company's and Group's liquidity;
- 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;
- Assessed the adequacy of disclosures included in notes 2.11,36 and 37 in the financial statements, in relation to the impact of prevailing uncertain and volatile macro- economic and the Company's and Group's ability to continue as going concern with reference to the requirements of the prevailing accounting standards.

### 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.



CHARTERED ACCOUNTANTS  
Colombo  
07th of September 2023  
HSR/cc

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31st March	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>Revenue</b>	5	460,006	350,816	-	-
Cost of Sales		(249,704)	(199,321)	-	-
<b>Gross Profit</b>		210,302	151,495	-	-
Other Operating Income	6	38,383	127,848	1,500	116,152
Selling and Distribution Expenses		(29,604)	(18,633)	(210)	(1,054)
Administrative Expenses		(370,191)	(443,379)	(36,453)	(66,134)
Other Operating Expenses		(253,702)	(574,312)	(251,437)	(573,720)
Provision for Impairment of Receivables(Net)	7	-	(903)	(1,146)	(3,474)
Net Finance Income/( Costs)	8	(355,833)	(204,585)	(207,704)	(184,349)
Share of Profit /(Loss) of Equity - Accounted Investees ( Net of Tax)		(457)	(495)	-	-
<b>Profit/(Loss) Before Taxation</b>	9	(761,102)	(962,964)	(495,450)	(712,579)
Income Taxation	10	1,939	1,411	-	-
<b>Profit/(Loss) for the Year</b>		(759,163)	(961,553)	(495,450)	(712,579)
<b>Other Comprehensive Income/(Expense)</b>					
<b>Items that may not be Reclassified subsequently to</b>					
<b>Profit or Loss</b>					
Actuarial Gain on Defined Benefit Obligations (Net of Tax)	26	(265)	23,827	(429)	10,106
Revaluation Surplus on Property, Plant and Equipment		-	-	-	-
Net Gain/(Loss) on Equity Instruments Designated at Fair		-	-	-	-
Value Through Other Comprehensive income					
<b>Other Comprehensive Income/(Expenses) for the Year, Net of Tax</b>		(265)	23,827	(429)	10,106
<b>Total Comprehensive Income/(Expenses) for the Year</b>		(759,428)	(937,726)	(495,879)	(702,473)
<b>Profit/(Loss)</b>					
<b>Attributable to</b>					
Equity Holders of the Parent Company		(675,058)	(874,807)	(495,450)	(712,579)
Non-controlling Interests		(84,105)	(86,746)	-	-
		(759,163)	(961,553)	(495,450)	(712,579)
<b>Total Comprehensive Income/(Expenses) Attributable to</b>					
Equity Holders of the Parent Company		(675,084)	(853,060)	(495,879)	(702,473)
Non-controlling Interests		(84,344)	(84,666)	-	-
<b>Total Comprehensive Income for the Year</b>		(759,428)	(937,726)	(495,879)	(702,473)
Basic Earnings/(Loss) Per Share (Rs.)	11.1	(5.14)	(6.66)	(3.77)	(5.43)

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 58 to 104.

Colombo  
07th September 2023



# STATEMENT OF FINANCIAL POSITION

As at 31st March	Note	Group		Company	
		2023	2022	2023	2022
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, Plant and Equipment	12	2,956,737	3,017,623	14,804	18,903
Right of Use Assets	13	14,278	20,451	-	-
Intangible Assets	14	336,721	338,461	174	362
Investment Properties	15	-	130,634	-	67,000
Investments in Subsidiaries	16.1	-	-	1,220,845	1,213,595
Investments in Associates	16.2	170,121	170,577	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	568	568	568
Deferred Taxation	25	-	-	-	-
<b>Total Non-Current Assets</b>		<b>3,595,855</b>	<b>3,795,744</b>	<b>1,752,660</b>	<b>1,816,697</b>
<b>Current Assets</b>					
Inventories	19	13,594	12,253	-	-
Other Financial Assets	20	74,115	-	19,393	539
Income Tax Receivable		1,814	1,502	-	-
Trade and Other Receivables	21	418,674	332,567	148,791	146,097
Amounts Due from Related Companies	22	576,892	575,643	1,696,689	1,691,075
Cash and Cash Equivalents	23	16,553	108,075	1,422	26,089
<b>Total Current Assets</b>		<b>1,101,642</b>	<b>1,030,040</b>	<b>1,866,295</b>	<b>1,863,800</b>
<b>Total Assets</b>		<b>4,697,497</b>	<b>4,825,784</b>	<b>3,618,955</b>	<b>3,680,497</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and Reserves</b>					
Stated Capital	24	1,498,498	1,498,498	1,498,498	1,498,498
Revaluation Reserve		1,401,970	1,331,872	5,905	5,905
Retained Earnings/(Accumulated Losses)		(3,751,433)	(3,025,625)	(1,716,711)	(1,220,831)
<b>Shareholders' Fund</b>		<b>(850,965)</b>	<b>(195,255)</b>	<b>(212,308)</b>	<b>283,572</b>
Non-controlling Interests		706,919	809,246	-	-
<b>Total Equity</b>		<b>(144,046)</b>	<b>613,991</b>	<b>(212,308)</b>	<b>283,572</b>
<b>Non-Current Liabilities</b>					
Retirement Benefit Obligations	26	18,161	15,111	4,716	4,336
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	614,249	519,082	6,605	6,605
Lease liability -Due after One year	29	29,707	33,310	-	-
<b>Total Non-Current Liabilities</b>		<b>1,452,912</b>	<b>1,358,298</b>	<b>802,116</b>	<b>801,736</b>
<b>Current Liabilities</b>					
Non-Interest Bearing Borrowings- Due within one year	27	40,067	40,067	40,067	40,067
Interest Bearing Borrowings - Due within one year	28	2,554,093	2,099,331	2,539,101	2,119,300
Lease Liability-Due Within one year	29	12,952	7,811	-	-
Trade and Other Payables	30	330,160	249,738	90,709	61,926
Amounts Due to Related Companies	31	-	-	37,253	37,893
Income Tax Payable		42,851	42,850	42,845	42,845
Bank Overdrafts	23	408,508	413,698	279,172	293,158
<b>Total Current Liabilities</b>		<b>3,388,631</b>	<b>2,853,495</b>	<b>3,029,147</b>	<b>2,595,189</b>
<b>Total Liabilities</b>		<b>4,841,543</b>	<b>4,211,793</b>	<b>3,831,263</b>	<b>3,396,925</b>
<b>Total Equity and Liabilities</b>		<b>4,697,497</b>	<b>4,825,784</b>	<b>3,618,955</b>	<b>3,680,497</b>
Net Assets Per Share (Rs.)		(6.48)	(1.49)	(1.62)	2.16

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 58 to 104.

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



L.C.C Silva  
Head Of Group 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,



R.A.T.P Perera  
Director /CEO



R. Radha  
Director

07th September 2023



# STATEMENT OF CHANGES IN EQUITY

GROUP  FOR THE YEAR ENDED 31ST MARCH 2023.			Retained	Total		
	Stated	Revaluation	Earnings/	Attributable to		
	Capital	Reserve	Accumulated	Equity	Non -	Total
	Rs.'000	Rs.'000	Losses	Holders	controlling	
			Rs.'000	Rs.'000	Interest	Rs.'000
Balance as at 01st April 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)
Transferred to Reserves	-	-	-	-	-	-
Other Comprehensive Income for the Year (Net of Tax)	-	-	21,747	21,747	2,080	23,827
<b>Balance as at 31st March 2022</b>	<b>1,498,498</b>	<b>1,331,872</b>	<b>(3,025,625)</b>	<b>(195,255)</b>	<b>809,246</b>	<b>613,991</b>
Adjustment on Acquisition, Disposal and Change in Holding of Subsidiary	-	70,098	(50,724)	19,374	(17,983)	1,391
Profit/(Loss) for the year	-	-	(675,058)	(675,058)	(84,105)	(759,163)
Transferred To Reserves	-	-	-	-	-	-
Other Comprehensive income for the Year (Net of Tax)	-	-	(26)	(26)	(239)	(265)
<b>Balance as at 31st March 2023.</b>	<b>1,498,498</b>	<b>1,401,970</b>	<b>(3,751,433)</b>	<b>(850,965)</b>	<b>706,919</b>	<b>(144,046)</b>

COMPANY  FOR THE YEAR ENDED 31ST MARCH 2023.			Retained	Total		
	Stated	Revaluation	Profits/	Attributable to		
	Capital	Reserve	Accumulated	Equity	Non -	Total
	Rs.'000	Rs.'000	Losses	Holders	controlling	
			Rs.'000	Rs.'000	Interest	Rs.'000
Balance as at 01st April 2021	1,498,498	5,905	(518,358)	986,045		986,045
Profit for the year	-	-	(712,579)	(712,579)		(712,579)
Other Comprehensive Income for the Year (Net of Tax)	-	-	10,106	10,106		10,106
Balance as at 31st March 2022	1,498,498	5,905	(1,220,831)	283,572		283,572
Profit/(Loss) for the year	-	-	(495,450)	(495,450)		(495,450)
Other Comprehensive Income for the Year (Net of Tax)	-	-	(429)	(429)		(429)
<b>Balance as at 31st March 2023</b>	<b>1,498,498</b>	<b>5,905</b>	<b>(1,716,711)</b>	<b>(212,308)</b>		<b>(212,308)</b>

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the accounting policies and related notes, which are set out on pages 58 to 104

# STATEMENT OF CASH FLOWS

For the Year Ended 31st March	Note	GROUP		COMPANY	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Profit/(Loss) before income Tax Expense		(761,102)	(962,964)	(495,450)	(712,579)
<b>Adjustments for;</b>					
Provision for Retiring Benefit Obligation	26	4,124	13,610	929	1,420
Depreciation on Property, Plant and Equipment	12	63,482	142,658	4,099	4,744
Deferred Income		-	(4,035)	-	(4,035)
(Gain)/Loss on Investment Property		11,634	(2,854)	2,000	(2,854)
Amortisation on Intangible Assets		5,788	2,161	188	188
Amortisation on Right of use Assets		6,173	6,920	-	-
(Gain)/Loss on Translation of Foreign Currency		221,267	544,049	220,321	543,817
Share of (Profit)/Loss of Equity-Accounted Investees Net of Tax		457	495	-	-
Provision for Impairment of Receivables		-	903	1,146	3,474
Finance Income Received	8	(20,855)	(1,656)	(2,752)	(1,679)
Finance Cost Paid	8	376,688	206,241	210,456	186,028
<b>Operating Profit /(Loss) before Working Capital Changes</b>		<b>(92,344)</b>	<b>(54,472)</b>	<b>(59,063)</b>	<b>18,524</b>
<b>Changes in</b>					
Inventories		(1,341)	131,738	-	-
Other Financial Assets		(74,115)	84,655	(18,854)	60,622
Trade and Other Receivables		(86,107)	(164,313)	(2,694)	(110,799)
Amount Due from Related Companies		(1,249)	(8,926)	(5,614)	(96,187)
Trade and Other Payables		80,422	29,913	28,783	(3,182)
Amount Due to Related Parties		-	-	(640)	(12,240)
<b>Cash used in Operations</b>		<b>(174,734)</b>	<b>18,595</b>	<b>(58,082)</b>	<b>(143,262)</b>
Gratuity Paid	26	(1,339)	(6,420)	(979)	(2,855)
Income Tax Paid		-	-	-	-
<b>Net Cash From (used in) Operating Activities</b>		<b>(176,073)</b>	<b>12,175</b>	<b>(59,061)</b>	<b>(146,117)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Acquisition of Property, Plant and Equipment		(2,692)	(25,255)	-	(482)
Acquisition of Intangible Assets		(4,048)	-	-	-
Disposal of Investment Properties		119,000	-	65,000	-
Acquisition of Subsidiaries		-	(40,000)	-	-
Proceeds from Disposal of Property, Plant and Equipment		196	5,573	-	-
Finance Income Received		20,855	1,656	2,752	1,679
Long-Term Advances	18	-	4,579	-	4,579
<b>Net Cash Flows from (used in) Investing Activities</b>		<b>133,311</b>	<b>(53,447)</b>	<b>67,752</b>	<b>5,776</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Net Proceeds from/(Repayment) of Other Loans		347,019	380,628	200,776	357,793
Net Proceeds from/(Repayment) of leases		1,538	13,982	-	-
Net Proceeds from/(Repayment) of Amounts Payable under Re-purchase Agreement		-	1	-	-
Net Proceeds from/(Repayment) of Commercial Papers		(15,439)	(34,173)	(9,692)	(32,455)
Finance Cost Paid		(376,688)	(206,241)	(210,456)	(186,028)
<b>Net Cash Flows from/(used in) Financing Activities</b>		<b>(43,570)</b>	<b>154,197</b>	<b>(19,372)</b>	<b>(139,310)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		<b>(86,332)</b>	<b>112,925</b>	<b>(10,681)</b>	<b>(1,031)</b>
<b>Cash and Cash Equivalents at the Beginning of the Year</b>	23	<b>(305,623)</b>	<b>(418,548)</b>	<b>(267,069)</b>	<b>(266,038)</b>
<b>Cash and Cash Equivalents at the End of the Year</b>	23	<b>(391,955)</b>	<b>(305,623)</b>	<b>(277,750)</b>	<b>(267,069)</b>

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the accounting policies and related notes, which are set out on pages 58 to 104. Colombo

07th September 2023

Date

# 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, Colombo 07 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 07th September 2023.

### 2.2. Consolidated Financial Statements

The consolidated financial statements of the Company as at and for the year ended 31st March, 2023 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 the 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. The registered office and principal place of the business of the Group 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 measured at the present value
- Property, plant and equipment stated at their 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 judgments

In preparing these financial statements in conformity with SLFRSs/LKASs, management has made judgments, 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 underlined 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 No. 04 to the Financial Statements.

### 2.6. Changes in Accounting Standards

The Group has considered that, the changes in accounting standards during the financial year do not have a significant impact on the Group’s financial statements

### 2.7. Standards issued but not yet effective

The Institute of Chartered Accountants of Sri Lanka has issued the following new Sri Lanka Accounting Standards (SLFRSs/LKASs) which will become applicable for financial periods beginning after 1st April 2023. The Company and the Group intend to adopt these standards, if applicable, when they become effective.

The following amended standards are not expected to have a significant impact on the Group’s Financial Statements,

**a) Disclosure of Accounting Policies (Amendments to LKAS 1 Presentation of Financial Statements and SLFRS Practice Statement 2).**

The amendments to LKAS 1 and SLFRS Practice Statement 2 Making Materiality Judgements, providing guidance to help entities meet the accounting policy disclosure requirements.

The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose 'significant accounting policies' with 'material accounting policy information'. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure.

These amendments had no effect on the consolidated financial statements of the Group as they relate to disclosures of accounting policies in complete financial statements rather than final financial statements.

**b) Definition of Accounting Estimates (Amendments to LKAS 8 Accounting policies, Changes in Accounting Estimates and Errors)**

The amendment to LKAS 8, which added the definition of accounting estimates, clarifies that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from the correction of prior period errors. These amendments clarify how entities make the distinction between changes in accounting estimate, changes in accounting policy and prior period errors.

These amendments had no effect on the consolidated financial statements of the Group.

**c) Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to LKAS 12 Income Taxes)**

The amendments to LKAS 12, which clarify whether the initial recognition exemption applies to certain transactions that result in both an asset and a liability being recognised simultaneously (e.g. a lease in the scope of SLFRS 16). The amendments introduce an additional criterion for the initial recognition exemption, whereby the exemption does not apply to the initial recognition of an asset or liability which at the time of the transaction, gives rise to equal taxable and deductible temporary differences.

**d) Classification of liabilities as current or non-current (Amendments to LKAS 01)**

The amendment aims to clarify the requirements on determining whether a liability is current or non-current and apply for annual reporting periods beginning on or after 1st January 2023.

The amendments in classification of liabilities as current or non-current (Amendments to LKAS 01) affect only the presentation of liabilities in the statement of financial position not the amount or timing of recognition of any asset, liability income or expenses or the information that entities disclose about those item

**e) SLFRS 17 Insurance Contracts**

As recommended by the Accounting Standards Committee, the Institute of Chartered Accountants of Sri Lanka has decided to adopt SLFRS 17 - Insurance Contracts with effective from annual reporting periods beginning on or after 1st January 2025. Early adoption along with the adoption of SLFRS 9 - Financial Instruments and SLFRS 15 - Revenue from Contracts with Customers is permitted if the regulator permits. SLFRS 17 supersedes SLFRS 4 - Insurance Contracts.

The Group carried out an assessment of its contracts and operations and concluded that the adoption of SLFRS 17 has had no effect on the consolidated financial statements.

**2.8. Current versus non-current classification**

The Group presents assets and liabilities in the 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 the 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 the 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 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 the 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. The management mitigation plan on going concern has been disclosed in Note No.37.

## 2.12. Directors' responsibility for the financial statements

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

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

## 3.1. Basis of consolidation

### 3.1.1. Business combinations and Goodwill

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill 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 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 and the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

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

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

### 3.1.6. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intragroup 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 is 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.



# NOTES TO THE FINANCIAL STATEMENTS

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

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

### 3.3.3. Restoration cost

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

### 3.3.4. De-Recognition

An item of property, plant and equipment is 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 asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

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

If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

## 3.4. Intangible assets and goodwill

### 3.4.1. Recognition and measurement

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

### 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. When 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.

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

# NOTES TO THE FINANCIAL STATEMENTS

## 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 include 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.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely the 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 the payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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

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

**e) De-recognition**

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

**f) Impairment of financial assets**

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

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

**3.6.2. Financial liabilities****a) Initial recognition and measurement**

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

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at amortised cost. This includes directly attributable transaction costs.

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

**b) Subsequent measurement**

The measurement of financial liabilities depends on their classifications as describe below:

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

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

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

**i. Loans and borrowings**

This is the category most relevant to the Group.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated statement of comprehensive income, when the liabilities are de-recognised as well as through the effective interest rate method (EIR) amortisation process.

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

**c) De-recognition**

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified. Such an exchange or modification is treated as a derecognition 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:

# NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

### 3.7. Trade and other receivables

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

### 3.8. Cash and cash equivalents

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

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Cash and cash equivalents includes cash in hand. Bank overdrafts are shown in current liabilities on the consolidated statement of financial position.

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

### 3.9. Inventories

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

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

### 3.10. Leases

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

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

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

#### 3.10.2. Leased assets

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

#### 3.10.3. Lease payments

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

### 3.11. Liabilities and provisions

#### 3.11.1. Liabilities

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

##### a) Trade and other payables

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

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

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



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

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

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

### 3.12. Employee benefits

#### 3.12.1. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past services 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 to 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 a daily basis.

#### Food and beverage

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



# NOTES TO THE FINANCIAL STATEMENTS

## 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 in 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 presents fairly the elements of the Group's 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 comprising 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 improve.

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

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

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

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

### 3.16. Statement of cash flows

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

Cash and cash equivalents comprise 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, Judgments and Assumptions

The preparation of the financial statements of the Group requires the management to make judgments, 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 judgments.

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, judgments, 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
Leases	3.10
Taxes	3.15

# NOTES TO THE FINANCIAL STATEMENTS

## 5. REVENUE

### 5.1. Summary

For the Year Ended 31st March	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Gross Revenue	465,759	352,531	-	-
Less: Intra Group Transactions	(5,753)	(1,715)	-	-
	460,006	350,816	-	-

### 5.2. Segments

For the Year Ended 31st March	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Investments	-	84,500	-	-
Leisure	437,959	266,311	-	-
Stock Brokering	22,047	5	-	-
	460,006	350,816	-	-

## 6. OTHER OPERATING INCOME

For the Year Ended 31st March	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Sundry Income	38,383	124,994	1,500	113,298
Fair Value Gain on Investment Property	-	2,854	-	2,854
	38,383	127,848	1,500	116,152

## 7. (PROVISION)/REVERSAL FOR IMPAIRMENT OF RECEIVABLES

For the Year Ended 31st March	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance at the Beginning of the Year	63,258	62,355	534,293	530,819
Provision made During the Year	-	-	1,146	3,474
Bad Debt Write Off	-	903	-	-
Balance at the End of the Year (Note 7.1)	63,258	63,258	535,439	534,293

**7.1. Provision for Impairment of Receivables Reflected in,**

For the Year Ended 31st March	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Trade Receivables (Note 21)	2,102	2,102	-	-
Other Receivables (Note 21)	61,156	61,156	43,076	43,076
Amounts Due from Related Companies (Note 22)	-	-	492,363	491,217
Balance at the End of the Year	63,258	63,258	535,439	534,293

**8. NET FINANCE INCOME/(COSTS)**

For the Year Ended 31st March	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Financing Income</b>				
Interest Income - Related Parties	-	-	-	-
- Others	20,855	1,656	2,752	1,679
	20,855	1,656	2,752	1,679
<b>Financing Cost</b>				
Interest on Overdraft	(77,701)	(77,784)	(54,044)	(60,565)
Interest on Other Borrowings	(298,987)	(128,457)	(156,412)	(125,463)
	(376,688)	(206,241)	(210,456)	(186,028)
Net Finance Costs	(355,833)	(204,585)	(207,704)	(184,349)

**9. PROFIT/(LOSS) BEFORE TAXATION**

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

For the Year Ended 31st March	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Included in Administrative Expenses</b>				
Auditors Remuneration - Audit fees and Expenses	2,143	1,734	1,025	945
- Non Audit Services	168	-	168	-
Director's Fees	-	575	-	575
Secretarial Fees	2,107	2,045	402	621
Depreciation on Property Plant and Equipment	63,482	142,658	4,099	4,744
Amortisation of Intangible Assets	5,788	2,161	188	188
Amortisation of Right of Use Assets	6,173	6,920	-	-
Legal Fees	481	705	-	617
<b>Personnel Costs Include</b>				
Defined Benefit Plan - Gratuity	4,124	13,610	929	1,420
Defined Contribution Plan Costs - EPF and ETF	10,962	16,252	1,858	5,619
Staff Incentives	-	-	-	-
Other Staff Costs	138,188	2,793	-	-
<b>Other Operating Expenses Include</b>				
Exchange Loss	221,267	544,049	220,321	543,817
<b>Number Of Employees</b>	180	220	15	17

# NOTES TO THE FINANCIAL STATEMENTS

## 10. INCOME TAX EXPENSES

For the Year Ended 31st March	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Current Tax Expenses - Company	-	-	-	-
Current Tax Expenses - Subsidiaries (Note 10.2)	-	-	-	-
Current Tax Expenses - Total	-	-	-	-
Deferred Tax Originated During the Year	-	-	-	-
Under/(Over) Provision in Respect of Prior Years	-	-	-	-
Deferred Taxation Charge/(Reversal)	(1,939)	(1,411)	-	-
	(1,939)	(1,411)	-	-

### 10.1. Reconciliation of Accounting Profit/(Loss) and Taxable Income

For the Year Ended 31st March	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Accounting Profit/(Loss) Before Tax	(761,102)	(962,964)	(495,450)	(712,579)
Aggregate Disallowed Items	325,000	767,375	255,054	638,365
Aggregate Allowable Items	(356,960)	(124,348)	(259,985)	(15,100)
Income not subject to Tax	-	-	-	-
Tax Profit/(Loss) on Trade or Business	(793,062)	(319,937)	(500,381)	(89,314)
Other Taxable Income	336	1,490	-	-
Tax Losses Set off under Section 19	(5,795)	(3,105)	-	-
Taxable Income/(Loss)	(798,521)	(321,552)	500,381	(89,314)
Income Tax @ 30%	-	-	-	-
Current Tax Expense	-	-	-	-

#### 10.1.1. Reconciliation of Unrelieved Tax Losses

For the Year Ended 31st March	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Opening Balance	3,949,481	3,632,649	1,082,703	993,389
Under/(Over) Provision in Respect of Prior Years	-	-	-	-
Loss for the Year	792,159	319,937	500,381	89,314
Loss Utilised during the year	(5,795)	(3,105)	-	-
	4,735,845	3,949,481	1,583,084	1,082,703

## 10.2. Subsidiary Companies

For the Year Ended 31st March	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Asia Leisure Holdings (Private) Limited	-	-	-	-
Asia Leisure (Private) Limited	-	-	-	-
Wadduwa Resorts (Private) Limited	-	-	-	-
Strider Capital Asia (Private) Limited	-	-	-	-
Asia Fort Sri Lanka Direct Investment Fund Limited	-	-	-	-
	-	-	-	-

## 10.3. Summary

### Asia Leisure Holdings (Private) Limited

The Company is liable to taxation on Hotel Profit and Income at the rate of 30%. However, no provision has been made during the year due to tax losses. The accumulated tax loss carried forward to the year of assessment 2023/2024 was Rs.193,424,756/- (2022/2023 - Rs.290,218,096/-).

### Asia Leisure (Private) Limited

The Company is liable to taxation at the rate of 30% 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 2023/2024 is Rs.470,148,156/- (2022/2023 - Rs.417,909,190/-)

### Wadduwa Resorts (Private) Limited

The Company is liable to taxation on Hotel Profit and Income at the rate of 30%. However, no provision has been made during the year due to tax losses. The accumulated tax loss carried forward to year of assessment 2023/2024 is Rs.839,447,136/- (2022/2023 - Rs.805,015,519/-).

### Beach Resorts Kosgoda (Private) Limited

The Company is liable to taxation on Hotel Profit and Income at the rate of 30%. However, no provision has been made during the year due to tax losses. The accumulated tax loss carried forward to year of assessment 2023/2024 is Rs.644,571,255/- (2022/2023 - Rs.505,018,419/-).

## 11. BASIC EARNINGS PER SHARE

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

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

For the Year Ended 31st March	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Profit After Tax Attributable to Equity holders of the Company	(675,058)	(874,807)	(495,450)	(712,579)
Weighted Average number of Ordinary Shares outstanding during the Year	131,330	131,330	131,330	131,330
<b>Basic Earnings Per Share (Rs.)</b>	<b>(5.14)</b>	(6.66)	<b>(3.77)</b>	(5.43)



# NOTES TO THE FINANCIAL STATEMENTS

## 12. PROPERTY, PLANT AND EQUIPMENT

### 12.1. Cost / Valuation

Group	Balance As At 01.04.2022	Additions	Disposals / Transfers	Balance As At 31.03.2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Freehold Assets</b>				
Land	1,871,186	-	-	1,871,186
Buildings and Improvements	1,285,757	-	-	1,285,757
Motor Vehicles	1,856	-	-	1,856
Office Equipment	58,721	66	-	58,787
Fixtures and Fittings	22,313	-	-	22,313
Furniture and Fittings	122,627	1,411	-	124,038
Computer Equipment	36,176	54	-	36,230
Plant and Machinery	86,420	738	(142)	87,016
Hotel Equipment	96,948	423	(54)	97,317
<b>Total</b>	<b>3,582,004</b>	<b>2,692</b>	<b>(196)</b>	<b>3,584,500</b>

#### 12.1.1. In the Course of Construction

	Balance As At 01.04.2022	Incurred During the Year	Reclassified/ Transferred	Balance As At 31.03.2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Building Work in Progress	25,051	-	-	25,051

#### 12.1.2. Depreciation

	Balance As At 01.04.2022	Charge for the year	Disposals / Transfers	Balance As At 31.03.2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Buildings and Improvements	199,650	50,802	-	250,452
Motor Vehicles	939	17	-	956
Office Equipment	53,098	947	-	54,045
Fixtures and Fittings	10,585	1,908	-	12,493
Furniture and Fittings	110,526	6,101	-	116,627
Computer Equipment	29,633	1,703	-	31,336
Plant and Machinery	83,563	850	-	84,413
Hotel Equipment	101,338	1,154	-	102,492
<b>Total Depreciation</b>	<b>589,332</b>	<b>63,482</b>	<b>-</b>	<b>652,814</b>
<b>Net Carrying Value as at 31.03.2022</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,017,623</b>
<b>Net Carrying Value as at 31.03.2023</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,956,737</b>

**12.2 . Company**

	Balance As At 01.04.2022	Additions	Disposals / Transfers	Balance As At 31.03.2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Cost</b>				
<b>Freehold Assets</b>				
Motor Vehicles	321	-	-	321
Office Equipment	5,480	-	-	5,480
Fixtures and Fittings	21,992	-	-	21,992
Furniture and Fittings	11,760	-	-	11,760
Computer Equipment	15,218	-	-	15,218
<b>Total</b>	54,771	-	-	54,771

**12.2.1. Accumulated Depreciation on Cost**

	Balance As At 01.04.2022	Charge for the year	Disposals / Transfers	Balance As At 31.03.2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Freehold Assets</b>				
Motor Vehicles	321	-	-	321
Office Equipment	3,056	448	-	3,504
Fixtures and Fittings	10,374	1,904	-	12,278
Furniture and Fittings	8,891	813	-	9,704
Computer Equipment	13,226	934	-	14,160
<b>Leasehold Assets</b>	-	-	-	-
Motor Vehicles	-	-	-	-
<b>Total Depreciation</b>	35,868	4,099	-	39,967
<b>Net Carrying Value as at 31.03.2022</b>	-	-	-	18,903
<b>Net Carrying Value as at 31.03.2023</b>	-	-	-	14,804

# NOTES TO THE FINANCIAL STATEMENTS

## 12.3. Group Freehold Land and Buildings

### Value of Lands and Ownership

Company	Location	Land Extent in Acres/ Perches and Roods	Number of buildings	Carrying Value of Lands As at 31.03.2022	Carrying 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	874,538,100	434,789,446
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	35,927,669
River House Estate (Pvt) Ltd	Robert De Soysa Mawatha, Walagedara, Balapitiya	5A, 1R, 26P	0	173,200,000	-
Nuwara Eliya Hotel & Resorts (Pvt) Ltd	Misty Hills, Badulla Road, Katumanna, 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	424,369,235
				1,871,186,000	1,060,356,000

All of the 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 was done on 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 Amount 2023 Rs.'000	Net Carrying Amount 2022 Rs.'000
<b>Group</b>				
<b>Freehold Assets</b>				
Buildings and Improvements	630,301	483,906	146,395	158,395
Motor Vehicles	1,060	1,060	-	-
Office Equipment	71,340	62,693	8,647	14,899
Fixtures and Fittings	18,499	18,499	-	-
Furniture and Fittings	168,544	159,832	8,712	13,712
Computer Equipment	35,429	35,429	-	-
Plant and Machinery	124,983	124,983	-	-
Hotel Equipment	135,670	135,670	-	-
<b>Leasehold Assets</b>				
Motor Vehicles	88,043	67,716	20,327	20,327
Computer Equipment	2,897	2,546	351	351
<b>Total</b>	1,276,766	1,092,334	184,432	207,684

**12.5. Cost of Fully Depreciated Assets**

For the Year Ended 31st March	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Office Equipment	2,747	2,447	997	997
Fixtures and Fittings	4,145	3,585	2,925	2,925
Furniture and Fittings	12,636	12,411	2,037	2,037
Motor Vehicles	321	321	321	321
Computer Equipment	7,875	7,630	-	-
Leasehold Motor Vehicles	18,660	18,660	14,800	14,800
	<b>46,384</b>	<b>45,054</b>	<b>21,080</b>	<b>21,080</b>

**13. RIGHT OF USE ASSETS**

As At 31st March	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Cost</b>				
Balance at the Beginning of the Year	55,234	40,897	-	-
Acquisition of Subsidiaries	-	-	-	-
Additions During the Year	-	14,337	-	-
Disposal During the Year	-	-	-	-
Balance at the End of the Year	55,234	55,234	-	-
<b>Amortisation</b>				
Balance at the Beginning of the Year	37,783	27,863	-	-
Acquisition of Subsidiaries	-	-	-	-
Amortisation for the Year	6,173	6,920	-	-
On Disposal of Subsidiary	-	-	-	-
Balance at the End of the Year	40,956	34,783	-	-
<b>Net Carrying Value</b>	<b>14,278</b>	<b>20,451</b>	<b>-</b>	<b>-</b>

**14. INTANGIBLE ASSETS****14.1. Computer Software**

As At 31st March	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Cost</b>				
Balance at the Beginning of the Year	96,182	96,182	31,413	31,413
Additions During the Year	4,048	-	-	-
Balance at the End of the Year	100,230	96,182	31,413	31,413

# NOTES TO THE FINANCIAL STATEMENTS

## 14.1.1. Amortisation

As At 31st March	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance at the Beginning of the Year	63,138	60,977	31,051	30,863
Amortisation for the Year	5,788	2,161	188	188
Balance at the End of the Year	68,926	63,138	31,239	31,051
<b>Net Carrying Value</b>	<b>31,304</b>	<b>33,044</b>	<b>174</b>	<b>362</b>

## 14.2. Goodwill

As At 31st March	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance at the Beginning of the Year	305,417	305,417	-	-
On Acquisition of Subsidiary	-	-	-	-
Written-off During the Year	-	-	-	-
Balance at the End of the Year	305,417	305,417	-	-
Total Net Carrying Value	336,721	338,461	174	362

## 14.3. Summary of Goodwill - Group

	2023	2022
	Rs.'000	Rs.'000
Asia Leisure Holdings (Pvt) Ltd	5,021	5,021
Beach Resorts Kosgodra (Pvt) Ltd	246,179	246,179
Asia Capital Partners Ltd	4,976	4,976
Asia Capital Stock Brokers (Pvt) Ltd	49,241	49,241
	<b>305,417</b>	<b>305,417</b>

The recoverable amount of all CGUs has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long term average growth rate for the business in which the CGU operates. For each of the CGUs with significant amounts of goodwill the key assumptions for long-term growth rate and discount rate used in the value-in-use calculations are as follows. – Sales volume is the average annual growth rate over the five-year forecast period. It is based on current industry trends and includes long term inflation forecasts for each company in which each business segment operates. Gross margin is the average margin as a percentage of revenue over the five-year forecast period. It is based on current sales margin levels and sales mix, with adjustments made to reflect the expected future price rises in key raw materials.

Other operating costs are the fixed costs of the CGUs, which do not vary significantly with sales volumes or prices. Management forecasts these costs based on the current structure of the business, adjusting for inflationary increases and these do not reflect any future restructuring or cost saving measures. The amounts disclosed above are the average operating cost for the five year forecast period. Annual capital expenditure is the expected cash costs of each segment for the five-year forecast period.

## 15. INVESTMENT PROPERTIES

As At 31st March	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance at the beginning of the year	130,634	127,780	67,000	127,780
On Acquisition during the year	-	-	-	-
On Disposals during the year	(130,634)	-	(67,000)	(63,634)
Revaluation for the year	-	2,854	-	2,854
Balance as at end of the year	-	130,634	-	67,000

(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 units valued at Rs 127,780,000/- have been received by Asia Capital PLC on 10th February 2021.

(b) During the period both units were sold at a price of Rs. 119,000,000/-

## 16. LONG TERM INVESTMENTS

As At 31st March	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Investments in Subsidiaries (Note 16.1)	-	-	1,220,845	1,213,595
Investments in Associate (Note 16.2)	170,121	170,577	398,839	398,839
<b>Total Investments</b>	<b>170,121</b>	<b>170,577</b>	<b>1,619,684</b>	<b>1,612,434</b>

### 16.1. Investments in Subsidiaries

Investments in Subsidiaries	Company			
	2023		2022	
	Effective Holding %	Rs.'000	Effective Holding %	Rs.'000
<b>Non-Quoted</b>				
Asia Growth Fund 1 (Private) Limited	100%	10,050	100%	10,050
Asia Fort Sri Lanka Direct Investment Fund Limited	100%	5,001	100%	5,001
Asia Capital Projects (Private) Limited	100%	25,000	100%	25,000
Asia Capital Technologies (Private) Limited	100%	32,000	100%	32,000
Asia Digital Entertainment (Private) Limited	100%	4,088	100%	4,088
Asia Tea Packaging (Private) Limited	100%	86,787	100%	86,787
Asia Leisure Holdings (Private) Limited	73%	730,249	73%	730,249
Wadduwa Resorts (Private) Limited	58%	252,546	58%	252,546
Asia Leisure (Private) Limited	100%	116,744	98%	109,494
Strider Capital Asia (Private) Limited	100%	33,520	100%	33,520
Asia Capital Partners (Private) Limited	70%	82,785	70%	82,785
		<b>1,378,770</b>		<b>1,371,520</b>
Less: Provision for fall in value of investments (Note 16.1.1)		<b>(157,925)</b>		<b>(157,925)</b>
<b>Total Investments in Subsidiaries</b>		<b>1,220,845</b>		<b>1,213,595</b>

During the year 274,460 shares of Asia Leisure (Pvt) Ltd held by Asia Leisure Holdings (Pvt) Ltd have been transferred to Asia Capital PLC at the consideration of LKR 7,250,000/- and the transaction has been done through related party current account.



# NOTES TO THE FINANCIAL STATEMENTS

## 16.1.1. Provision for Fall in value of Investments

	Company	
	2023	2022
	Rs.'000	Rs.'000
Asia Growth Fund 1 (Private) Limited	(10,050)	(10,050)
Asia Capital Projects (Private) Limited	(25,000)	(25,000)
Asia Digital Entertainment (Private) Limited	(4,088)	(4,088)
Asia Tea Packaging (Private) Limited	(86,787)	(86,787)
Asia Capital Technologies (Private) Limited	(32,000)	(32,000)
	<b>(157,925)</b>	<b>(157,925)</b>

## 16.2. Investment In Associates

	Group			Company		
	Effective Holding	2023	2022	Effective Holding	2023	2022
	%	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000
493 Talpe Lands (Private) Limited	49%	(381)	(332)	49%	-	-
Galle Beach CC Trust (Private) Limited	40%	170,502	170,910	40%	398,839	398,839
		<b>170,121</b>	<b>170,578</b>		<b>398,839</b>	<b>398,839</b>

The management has made a fair value assessment of Investment in Associates as at 31st March 2023 and noted that the fair value has not changed significantly. Therefore no adjustment were made 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	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Non Current Assets	40,989	40,989	1,631,678	1,450,372
Current Assets	1	1	161,130	161,130
<b>Total Assets</b>	<b>40,990</b>	<b>40,990</b>	<b>1,792,808</b>	<b>1,611,502</b>
Non Current Liabilities	-	-	590,131	408,825
Current Liabilities	41,768	41,597	776,421	775,403
<b>Total Liabilities</b>	<b>41,768</b>	<b>41,597</b>	<b>1,366,552</b>	<b>1,184,228</b>
Net Assets	(778)	(678)	426,256	427,274
Carrying Amount of the Investment	(381)	(332)	170,502	170,910
<b>Share of the Associate's Revenue and Profit</b>				
Revenue	-	-	-	-
Loss	49	35	408	459

The management has made a fair value assessment of Investment in Associates as at 31st March 2023 and noted that the fair value has not changed significantly. Therefore no adjustment were made to the financial statement.

**17. EQUITY ASSETS MEASURED AT FAIR VALUE THROUGH OCI**

As At 31st March	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Non-current</b>				
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	No. of Shares	Carrying Value
		2023		2022
		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
<b>Total</b>	<b>40</b>	<b>117,430</b>	<b>40</b>	<b>117,430</b>
<b>Company</b>				
Galle Heritage Lanka (Private) Limited	20	77,083	20	77,083
Marine Drive Hotels (Private) Limited	20	40,347	20	40,347
<b>Total</b>	<b>40</b>	<b>117,430</b>	<b>40</b>	<b>117,430</b>

The Management has made a fair value assessment of investment in those equity securities as at 31st March 2023 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	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Rent Deposit	568	568	568	568
Advances given During the Period	-	-	-	-
	568	568	568	568
Less: Provision for Impairment	-	-	-	-
	568	568	568	568
<b>Maturity Analysis of Long Term Deposits</b>				
Within 2-3 Years	-	-	-	-
Within 3-5 Years	568	568	568	568
After 5 Years				
	568	568	568	568

# NOTES TO THE FINANCIAL STATEMENTS

## 19. INVENTORIES

As At 31st March	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Food and Beverages	13,594	12,253	-	-
Films Stock	267,224	267,224	-	-
	280,818	279,477	-	-
Less: Provision for Inventories	(267,224)	(267,224)	-	-
	13,594	12,253	-	-

## 20. OTHER CURRENT FINANCIAL ASSETS

As At 31st March	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Investments in Overnight Repo	74,115	-	18,696	-
Investments in Reverse Repurchase Agreements	-	-	697	539
	74,115	-	19,393	539
Less: Provision for fall in value of investment	-	-	-	-
	74,115	-	19,393	539

## 21. TRADE AND OTHER RECEIVABLES

As At 31st March	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Trade Debtors	210,886	151,048	-	-
Less: Provision for Bad and Doubtful Debts	(2,102)	(2,102)	-	-
	208,784	148,946	-	-
Advances and Prepayments	92,892	69,119	22,960	22,762
Other Debtors	178,154	175,658	168,907	166,411
	479,830	393,723	191,867	189,173
Less: Provision for Bad and Doubtful Debts	(61,156)	(61,156)	(43,076)	(43,076)
	418,674	332,567	148,791	146,097
	418,674	332,567	148,791	146,097

**22. AMOUNTS DUE FROM RELATED COMPANIES**

As At 31st March		Group		Company	
		2023	2022	2023	2022
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Asia Growth Fund 1 (Private) Limited	Subsidiary	-	-	946	902
Asia Fort Sri Lanka Direct Investment Fund Limited	Subsidiary	-	-	2,511	2,467
Asia Capital Technologies (Private) Limited	Subsidiary	-	-	49,305	47,884
Asia Capital Projects (Private) Limited	Subsidiary	-	-	23,205	23,205
Asia Leisure Holdings (Private) Limited	Subsidiary	-	-	712,060	670,777
Galle Beach (Private) Limited	Subsidiary	-	-	415	415
Asia Digital Entertainment (Private) Limited	Subsidiary	-	-	375,550	375,962
Asia Leisure (Private) Limited	Subsidiary	-	-	87,076	82,112
Asia Tea Packaging (Private) Limited	Subsidiary	-	-	10,977	10,957
Asia Capital Private Equity (Private) Limited	Subsidiary	-	-	31,965	31,953
Asia Capital Partners (Private) Limited	Subsidiary	-	-	1,176	1,176
Asia Capital Stockbrokers (Private) Limited	Subsidiary	-	-	74,304	90,188
Asia Leisure Apartments (Private) Limited	Subsidiary	-	-	52,251	95,767
Wadduwa Resorts (Private) Limited	Sub-subsidiary	-	-	83,461	72,376
River House (Private) Limited	Sub-subsidiary	-	-	5,809	5,706
River House Estate (Private) Limited	Sub-subsidiary	-	-	88,024	86,921
Asia Leisure Travels (Private) Limited	Sub-subsidiary	-	-	47,825	43,887
Galle Beach CC Trust (Private) Limited	Associate	464,923	463,686	430,039	427,923
Galle Beach Hotel (Private) Limited	Sub-subsidiary	-	-	184	172
493 Talpe Lands (Private) Limited	Associate	41,534	41,522	41,534	41,522
Forest Resorts Nuwara Eliya (Private) Limited	Affiliate	70,435	70,435	70,435	70,435
		<b>576,892</b>	575,643	<b>2,189,052</b>	2,182,292
Less: Provision for Bad and Doubtful Debts					
Asia Growth Fund 1 (Private) Limited		-	-	(946)	(902)
Galle Beach (Private) Limited		-	-	(415)	(415)
Asia Capital Projects (Private) Limited		-	-	(23,205)	(23,205)
Asia Tea Packaging (Private) limited		-	-	(10,977)	(10,957)
Asia Capital Technologies (Private) Limited		-	-	(49,305)	(47,823)
Asia Digital Entertainment (Private) Limited		-	-	(375,550)	(375,962)
Asia Capital Private Equity (Private) Limited		-	-	(31,965)	(31,953)
		-	-	(492,363)	(491,217)
		<b>576,892</b>	575,643	<b>1,696,689</b>	1,691,075

# NOTES TO THE FINANCIAL STATEMENTS

## 23. CASH AND CASH EQUIVALENTS

As At 31st March	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Favourable Balances</b>				
Cash in Hand and at Bank	16,553	108,075	1,422	26,089
	16,553	108,075	1,422	26,089
<b>Unfavourable Balances</b>				
Bank Overdrafts	(408,508)	(413,698)	(279,172)	(293,158)
<b>Cash and Cash Equivalents for the Cash Flow Purpose</b>	<b>(391,955)</b>	<b>(305,623)</b>	<b>(277,750)</b>	<b>(267,069)</b>

## 24. STATED CAPITAL

	Group /Company			
	2023		2022	
	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			
	2023		2022	
	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	(706,206)	(211,862)	(680,798)	(97,266)
On Retirement Benefit Obligations	18,161	5,448	15,111	2,765
On Tax Losses Carried Forward	4,735,845	1,420,754	3,949,481	859,709
	4,047,800	1,214,340	3,283,794	760,208
	Company			
On Temporary Differences of Property, Plant and Equipment	(11,251)	(3,375)	(8,674)	(2,082)
On Retirement Gratuity	4,716	1,415	4,336	1,401
On Tax Losses Carried Forward	1,583,084	474,925	1,082,703	259,849
	1,576,549	472,965	1,078,365	258,808

### Note:

#### Group

Due to the uncertainty of future taxable profit being available 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.

#### Company

Due to the uncertainty of future taxable profit being available 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. 472Mn (2022- Rs. 258Mn).

## 26. RETIREMENT BENEFIT OBLIGATIONS

As At 31st March	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance at the Beginning of the Year	15,111	31,748	4,336	15,877
On Acquisition of Subsidiary	-	-	-	-
On Disposal of Subsidiary	-	-	-	-
Interest for the Year	529	1,030	442	999
Provision made During the Year	3,595	12,580	487	421
Actuarial Losses/(Gain) from changes in assumptions	265	(23,827)	429	(10,106)
Payments made during the Year	(1,339)	(6,420)	(979)	(2,855)
Balance at the end of the Year	18,161	15,111	4,716	4,336

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

The principal assumptions used in determining the cost of employee benefits were as follows.

	2023	2022
Rate of Interest	14.95%	16.00%
Rate of Salary Increase	7.50%	7.50%
Labour Turnover	11.1%	7.0%
Retirement Age	60	60

In assessing the discount rate as per the guideline issued by CA Sri Lanka 2023 country default spread and the pre - Covid default impact as been considered.

### 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:

Group	Total Comprehensive Income Increase /(Reduction)	Employment Benefit Obligation
		Increase/(Reduction) in the Liability
Increase in Discounts Rate (1%)	(372)	(2,020)
Decrease in Discount Rate (1%)	407	2,429
Increase in Salary Increment Rate (1%)	442	2,553
Decrease in Salary Increment Rate (1%)	(585)	(1,716)
<b>Company</b>		
Increase in Discounts Rate (1%)	(15)	(1,452)
Decrease in Discount Rate (1%)	35	1,590
Increase in Salary Increment Rate (1%)	165	1,580
Decrease in salary Increment Rate (1%)	(145)	(1,425)



# NOTES TO THE FINANCIAL STATEMENTS

## 27. NON-INTEREST BEARING BORROWINGS

As At 31st March	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance at the Beginning of the Year	830,862	840,661	830,862	840,661
Loan Obtained During the Year	-	-	-	-
Installments Paid During the Year	-	(9,799)	-	(9,799)
Balance at the End of the Year	830,862	830,862	830,862	830,862

### 27.1. Summary

As At 31st March	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Questnet Limited (Note 27.1.1)	40,067	40,067	40,067	40,067
CC Trust Pte Ltd	790,795	790,795	790,795	790,795
	830,862	830,862	830,862	830,862
Amount Repayable Within 1 Year	40,067	40,067	40,067	40,067
Amount Repayable After 1 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

As At 31st March	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Direct Borrowing	45,705	45,547	45,705	45,547
Preference Facility Loan	2,423,525	1,970,271	2,423,525	1,970,271
Borrowing Under Commercial Papers	14,907	30,346	40,623	50,315
Borrowing Under Repurchase Agreement	796	796	796	796
Other Long-Term Loans	683,409	571,453	35,057	58,976
	3,168,342	2,618,413	2,545,706	2,125,905
Amount Repayable within 1 Year (Note 28.2)	2,554,093	2,099,331	2,539,101	2,119,300
Amount Repayable After 1 Year (Note 28.2)	614,249	519,082	6,605	6,605
	3,168,342	2,618,413	2,545,706	2,125,905

**28.1. Assets Pledged**

Name of the Lender	Nature of Facility	Name of the Lender	Facility Limit	Details of the Assets Pledged	31st March 2023	31st March 2022
					Rs.'000	Rs.'000
Asia Capital PLC	Long Term Loan	Seylan Bank PLC	100,000,000	Arachchige Watta, Waduwanakaduwatta, and Rattranhadiligeliyadda, Kosgoda"	12,774,725	12,774,725
Wadduwa Resorts (Private) Limited	Long Term Loan	Seylan Bank PLC	325,000,000	Taprobana Land and Building located at No.325/16,Ratnayaka Road, Thalpitiya,Wadduwa. Corporate guarantee of Asia Capital PLC	204,247,055	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.	333,709,486	219,869,123

**28.2. Analysis of Non-current Portion of Interest Bearing Borrowings**

Group	2023		2022	
	Payable within One year	Payable after One year	Payable within One year	Payable after One year
	Rs.	Rs.	Rs.	Rs.
Direct Borrowing	45,705	-	45,547	-
Preference Facility Loan	2,423,525	-	1,970,271	-
Borrowing under Commercial Papers	14,907	-	30,307	-
Borrowing Under Repurchase Agreement	796	-	795	-
Other Long Term Loans	69,160	614,249	52,371	519,082
	2,554,093	614,249	2,099,291	519,082
<b>Company</b>				
Direct Borrowing	45,705	-	45,547	-
Preference Facility Loan	2,423,525	-	1,970,271	-
Borrowing under Commercial Papers	40,623	-	50,315	-
Borrowing Under Repurchase Agreement	796	-	796	-
Other Long Term Loans	28,452	6,605	52,371	6,605
	2,539,101	6,605	2,119,300	6,605

# NOTES TO THE FINANCIAL STATEMENTS

**28.3.** Interest bearing borrowings include preference facility loan amounting to Rs. 2,423,525/- (2022 - Rs. 1,970,271) obtained from QI Holdings Limited, a shareholder related entity. During the year the Board of Directors of QI Holdings Limited, the Principal of Fast Gain International Limited assigned the loan to QI Holdings Limited.

## 29. LEASE CREDITOR

As At 31st March	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Finance Lease Liability</b>				
Balance at the Beginning of the Year	49,515	37,285	-	-
Lease Obtained During the Year	-	17,033	-	-
Repayment During the Year	(674)	(4,803)	-	-
Balance as at 31st March	48,841	49,515	-	-
Interest in Suspense	(6,182)	(8,394)	-	-
Balance at the End of the Year	42,659	41,121	-	-
Amount within One Year	12,952	7,811	-	-
Amount After One Year	29,707	33,310	-	-
	42,659	41,121	-	-

## 32. SUMMARISED FINANCIAL INFORMATION OF SUBSIDIARIES

	Assets		Liabilities	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Asia Growth Fund (Pvt) Ltd	-	-	1,217	1,110
Asia Fort Sri Lanka Direct Investment Fund Ltd	26,818	20,771	3,499	2,911
Asia Capital Private Equity (Pvt) Ltd	26,269	26,269	32,159	32,105
Asia Capital Technologies (Pvt) Ltd	4,343	4,343	52,294	50,520
Asia Digital Entertainment (Pvt) Ltd	17,541	17,504	380,612	379,659
Asia Capital Projects (Pvt) Ltd	2,185	2,680	22,975	23,364
Galle Beach Hotel (Pvt) Ltd	35,890	35,891	301	236
Asia Leisure Holding (Pvt) Ltd	1,550,250	1,509,949	737,049	707,486
Asia Leisure (Pvt) Ltd	268,834	239,852	391,309	339,267
Beach Resorts Kosgodra (Pvt) Ltd	764,831	770,506	651,307	300,264
Wadduwa Resorts (Pvt) Ltd	1,316,981	1,353,604	614,700	306,532
Asia Tea Packaging (Pvt) Ltd	3,845	3,852	11,685	11,592
River House (Pvt) Ltd	508,751	508,751	8,069	7,922
River House Estate (Pvt) Ltd	173,499	173,515	96,612	89,117
Asia Leisure Travels (Pvt) Ltd	51,634	58,372	139,918	122,133
Nuwara Eliya Hotel & Resorts (Pvt) Ltd	95,769	95,769	80,144	80,132
Strider Capital Asia (Pvt) Ltd	37,301	37,944	112	137
Asia Leisure Apartments (Pvt) Ltd	40,210	80,275	56,308	95,856
Asia Capital Partners (Pvt) Ltd	112,237	112,237	1,333	1,333
ACAP Stock Brokers (Pvt) Ltd	208,225	202,791	203,720	129,196

**30. TRADE AND OTHER PAYABLES**

As At 31st March	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Trade Creditors	84,466	43,819	-	-
Sundry Creditors including Accrued Expenses	236,395	196,620	81,410	52,627
Refundable Deposits	9,299	9,299	9,299	9,299
	<b>330,160</b>	249,738	<b>90,069</b>	61,926

**31. AMOUNTS DUE TO RELATED COMPANIES**

	Relationship	Group		Company	
		2023	2022	2023	2022
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Strider Capital Asia (Private) Limited	Subsidiary	-	-	37,253	37,893
		-	-	<b>37,253</b>	37,893

	Equity		Revenue		Profit After Tax		Total Comprehensive Income "	
	2023	2022	2023	2022	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
	(1,217)	(1,110)	-	-	(107)	(107)	(107)	(107)
	23,320	17,860	5,753	1,715	5,459	1,615	5,459	1,615
	(5,890)	(5,836)	-	-	(54)	(29)	(54)	(29)
	(363,072)	(46,177)	-	-	(3,765)	(4,134)	(3,765)	(3,711)
	(47,954)	(362,155)	-	-	(917)	(578)	(917)	(578)
	(20,789)	(20,684)	-	-	(105)	(22)	(105)	(22)
	35,589	35,655	-	-	(66)	(33)	(66)	(33)
	813,201	802,463	27,292	18,719	11,814	(5,923)	10,740	(3,986)
	(122,475)	(99,415)	50,459	31,568	(20,560)	(26,245)	(18,878)	(19,942)
	113,524	470,242	132,580	77,450	(97,019)	(80,171)	(96,781)	(78,943)
	702,281	1,047,072	109,026	95,181	(135,631)	(84,086)	(136,071)	(81,994)
	(7,840)	(7,740)	-	-	(98)	(53)	(98)	(53)
	500,681	500,829	-	-	(148)	(28)	(148)	(28)
	76,887	84,398	-	-	(920)	(1,093)	(920)	(1,093)
	(88,284)	(63,761)	118,602	43,393	(15,440)	(11,241)	(14,621)	(10,788)
	15,625	15,637	-	-	(12)	(12)	(12)	(12)
	37,189	37,807	-	-	(618)	(50)	(618)	(50)
	(16,097)	(15,581)	-	84,500	(515)	(5,654)	(515)	(5,654)
	110,904	110,904	-	-	(187)	(187)	(187)	(187)
	4,504	73,595	22,047	5	(5,513)	(33,871)	(6,329)	(32,180)

# NOTES TO THE FINANCIAL STATEMENTS

## 32.1. Non-controlling Interest (NCI) in Subsidiaries

	% of Ownership Held by NCI		% of Voting Rights Held by NCI	
	2023	2022	2023	2022
Wadduwa Resorts (Pvt) Ltd	42	42	42	42
Asia Leisure Holdings (Pvt) Ltd	26	26	26	26
Asia Leisure Travels (Pvt) Ltd	20	41	20	41
River House Estate (Pvt) Ltd	26	26	26	26
River House (Pvt) Ltd	26	26	26	26
Nuwara Eliya Hotel & Resorts (Pvt) Ltd	26	26	26	26
Beach Resorts Kosgoda (Pvt) Ltd	26	42	26	42
Navara capital Partners (Pvt) Ltd	30	30	30	30
Navara Securities (Pvt) Ltd	34	34	34	34

During the year, 6,364 No of shares of Beach Resorts Kosgoda (Private) Limited have been transferred to Asia Leisure Holdings (Private) Limited Consequently NCI decreased by 16%.

## 33. 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.

### 33.1. Transactions, Arrangments 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 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	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Short-Term Employment Benefits	-	3,956	-	3,956
Post-Employment Benefits Paid	Nil	Nil	Nil	Nil
Other Long Term Benefits	Nil	Nil	Nil	Nil
Termination Benefits	Nil	Nil	Nil	Nil

There were no share-based payments made to the KMP during the Year.

No loans were granted to KMP of the Company.

	Share of Loss of NCI for the year ended		Share of Total Comprehensive Income		Non-Controlling Interest as at March	
	2023	2022	2023	2022	2023	2022
	(56,965)	(35,316)	(57,150)	(34,437)	294,958	352,109
	3,072	(1,540)	2,793	(1,036)	211,432	208,640
	(3,088)	(4,609)	(2,924)	(4,423)	(17,657)	(30,202)
	(239)	(284)	(239)	(284)	19,991	20,230
	(38)	(7)	(38)	(7)	130,177	130,216
	(3)	(3)	(3)	(3)	4,063	4,066
	(24,914)	(33,415)	(24,853)	(32,903)	29,153	87,150
	(56)	(56)	(56)	(56)	33,271	33,271
	(1,874)	(11,516)	(1,874)	(456)	1,531	3,766

### 33.2. 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:

- a) The individual's domestic partner and children
- b) Children of the individual's domestic partner
- c) 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.



# NOTES TO THE FINANCIAL STATEMENTS

## 33.3 Details of the Subsidiaries

Name of the subsidiary	Registered office	Principal place of Business
Asia Growth Fund (Pvt) Ltd	No 102, Bauddhaloka Mawatha,Colombo- Do - 04	
Asia fort Sri Lanka Direct investment fund Ltd	No 102,Bauddhaloka Mawatha,Colombo - Do - 04	
Asia Capital Private Equity (Pvt) Ltd	No 102,Bauddhaloka Mawatha,Colombo - Do - 04	
Asia capital Technologies (Pvt) Ltd	No 102,Bauddhaloka Mawatha,Colombo - Do - 04	
Asia Digital Entertainment (Pvt) Ltd	No 102,Bauddhaloka Mawatha,Colombo - Do - 04	
Asia Capital Projects (Pvt) Ltd	No 102,Bauddhaloka Mawatha,Colombo - Do - 04	
Galle Beach Hotel (Pvt) Ltd	No 102,Bauddhaloka Mawatha,Colombo No 471,Colombo Road ,Daddalla,Galle. 04	
Asia Leisure Holding (Pvt) Ltd	No 102,Bauddhaloka Mawatha,Colombo 04	No 170,Utthamanana Mawtha,Welagedara,Balapitiya
Asia Leisure (Pvt) Ltd	No 102,Bauddhaloka Mawatha,Colombo 04	No 288,Galle Road,Dadella,Galle
Wadduwa Resorts (Pvt) Ltd	No 102,Bauddhaloka Mawatha,Colombo 04	325/16,Ratnayaka Road,Thalpitiya,Wadduwa.
Asia Tea Packaging (Pvt) Ltd	No 102,Bauddhaloka Mawatha,Colombo - DO 04	
River House (Pvt) Ltd	No 102,Bauddhaloka Mawatha,Colombo 04	No 170,Utthamanana Mawtha,Welagedara,Balapitiya
River House Estate(Pvt) Ltd	No 102,Bauddhaloka Mawatha,Colombo - DO 04	
Asia Leisure Travels (Pvt) Ltd	No 46/46 Green lanka towers ,Nawam mawatha,Colombo 02	- DO
Nuwara Eliya Hotel & Resorts (Pvt) Ltd	No 102,Bauddhaloka Mawatha,Colombo 04	Misty Hill,Kaumankelle,Nuwaraeliya
Strider Capital Asia (Pvt) Ltd	No 102,Bauddhaloka Mawatha,Colombo - DO 04	
Asia Leisure Apartments (Pvt) Ltd	No 59,RG senanayake Mawatha Colombo 07	No 46/46 Green lanka towers ,Nawam mawatha,Colombo 02
Beach Resorts Kosgoda (Pvt) Ltd	No 59,RG senanayake Mawatha Colombo 07	No 47/23 Paratharakaya Round Road,Kosgoda.
Asia Capital Partners Ltd	No 102,Bauddhaloka Mawatha,Colombo - Do - 06	
Asia Capital Stockbrokers (Pvt) Ltd	No 59,RG senanayake Mawatha Colombo 07	- Do -
Galle Beach (Pvt) Ltd.	No 102,Bauddhaloka Mawatha,Colombo - Do - 06	
Name of the Associates	Registered office	Principal place of Business
Galle Beach CC Trust (Pvt) Ltd	No 102,Bauddhaloka Mawatha,Colombo 21	No 471,Colombo Road ,Daddalla,Galle.
493 Talpe Lands (Pvt) ltd	No 102,Bauddhaloka Mawatha,Colombo 22	493 Talpe Habaraduwa,Galle

**33.4. 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	
				2023 Rs.000	2022 Rs.000
<b>Transactions with Subsidiaries/Sub-Subsidiaries</b>					
Asia Growth Fund 1 (Private) Limited	Subsidiary	Mr.S.A.Abeysinghe	Reimbursement of Expenses (net) Provision	44 (44)	83 (83)
Asia Fort Sri Lanka Direct Investment Fund Limited	Subsidiary	Mr.S.A.Abeysinghe	Reimbursement of Expenses (net)	44	152
Asia Capital Technologies (Private) Limited	Subsidiary	Mr.S.A.Abeysinghe	Reimbursement of Expenses (net) Provision	1,421 (1,421)	3,110 (3,110)
Asia Capital Projects (Private) Limited	Subsidiary	Mr.S.A.Abeysinghe	Intercompany Fund Transfers Provision	(500) -	200 (200)
Asia Leisure Holdings (Private) Limited	Subsidiary	Mr.S.A.Abeysinghe	Intercompany Fund Transfers	8,143	6,788
			Reimbursement of Expenses (net)	40,390	70,436
			Transfer of Asia Leisure (Private) Limited shares	(7,250)	-
Asia Leisure (Private) Limited	Subsidiary	Mr.S.A.Abeysinghe	Inter Company Fund Transfers	4,963	811
Asia Capital Private Equity (Private) Ltd	Subsidiary	Mr.S.A.Abeysinghe	Reimbursement of Expenses (Net) Provision	12 (12)	51 (51)
Asia Digital Entertainment (Private) Limited	Subsidiary	Mr V Siva Jr	Reimbursement of Expenses	412	1025
		Mr R.A.T.P Perera	Provision	(412)	(1025)
Asia Tea Packaging (Private) Limited	Subsidiary		Reimbursement of Expenses Provision	20 (20)	36 (36)
River House (Private) Limited	Sub - Subsidiary	Mr.S.A.Abeysinghe	Reimbursement of Expenses	102	43
Wadduwa Resorts (Private) Limited	Sub - Subsidiary	Mr.S.A.Abeysinghe	Intercompany Fund Transfers (Net)	11,085	1,200
		Mr Y.Wattanabe	Reimbursement of Expenses	-	23,090
River House Estate (Private) Limited	Sub - Subsidiary	Mr.S.A.Abeysinghe		-	-
		Mr V Siv Jr	Reimbursement of Expenses	1,102	2,335
Galle Beach Hotel (Private) Limited	Subsidiary	Mr.S.A.Abeysinghe	Reimbursement of Expenses	12	29
		Mr V Siv Jr		-	-

# 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	
				2023 Rs.000	2022 Rs.000
Asia Leisure Travels (Private) Limited	Sub - Subsidiary	Mr.S.A.Abeysinghe	Reimbursement of Expenses	-	9,381
			Intercompany Fund Transfers (Net)	3,938	16
Stider Capital Asia (Private) Ltd	Subsidiary	Mr.S.A.Abeysinghe Mr T.Tanaka	Reimbursement of Expenses	-	-
			Reimbursement of Expenses	640	(54)
Asia Leisure Apartment (Private) Limited	Subsidiary	Mr.S.A.Abeysinghe	Reimbursement of Expenses	457	550
			Inter Company Fund Transfers	(3,973)	8,859
			Transfer of Beach Resorts Kosgoda (Private) Limited shares	(40,000)	-
Asia Capital Stock Brokers (Private) Limited	Sub - Subsidiary		Reimbursement of Expenses	(7,854)	8,859
			Inter Company Fund Transfers (Net)	(11,029)	-
<b>b) Transaction with Associates</b>					
Galle Beach CC Trust (Private) Limited	Associate	Mr.S.A.Abeysinghe	Reimbursement of Expenses	2,116	8,859
493 Talpe Lands (Private) Limited	Associate		Reimbursement of Expenses	12	50
<b>c)Transaction with shareholder Related Entities</b>					
QI Holdings Limited	shareholder related entity		Preference facility loan outstanding	2,423,525	1,970,271
			Interest on preference facility Loan	396,290	255,715
Questnet Limited	shareholder related entity		Net settlement	40,068	40,068

During the year the Board of Directors of QI Holdings Limited, The Principal of Fast Gain International Limited assigned the preference facility loan to QI Holdings Limited.

Amount receivable and payable to related parties are disclosed in the Note 22 and 31 to the financial statements. Closing Balance of the provision for bad and 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.

Name of the Related Party	Nature of the Relationship	Name of the Common Director	Details of the Transactions/ Balances	Value of the Transactions	
				2023 Rs.000	2022 Rs.000
<b>(d) Transactions with Other Related Parties</b>					
P.R. Secretarial Services (Private) Limited	Common Directors	Mr.J.H.P.Rathnayake	Secretarial Fees	203	427
P.R Corporate Services (Private ) Limited			Lawyers fee	948	1,949

### 33.5. Non-Recurrent Related Party Transactions

There were no non recurrent related party transactions other than the following in which aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Company as per 31st March 2022 audited financial statements, which required additional disclosures in the 2022/2023 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.

### 33.5.1. Recurrent related party transactions

There were no other recurrent related party transactions other than the following in which aggregate value exceeds 10% of the consolidated revenue of the Group as per 31st March, 2022 audited Financial Statements, which required additional disclosures in the 2022/2023 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.

## 34. COMMITMENTS AND CONTINGENCIES

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

### 34.1. 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	2023	2022
Asia Leisure Travels (Private) Ltd	Seylan Bank PLC	Working capital	10,000,000	10,000,000

## 35. Comparative information

Comparative figures have been re-classified where necessary to be in line with the presentation requirements for the current year.

## 36. ECONOMIC CONDITIONS AND ITS IMPACT ON THE FINANCIAL STATEMENTS

The inflation rate, which reached its peak in September 2022, is currently experiencing a downward trend. As a result, it is anticipated that the authorities will ease the policy rate of the country. This action can have several positive effects in the operation of Group and support our continuity. When the policy rate eases, it typically leads to lower borrowing costs. This can enable the company to access credit at a lower cost, which can stimulate investment, expansion, and overall economic activities. Exchange rate fluctuations significantly impacted the Sri Lankan economy. The Sri Lankan rupee has faced volatility against major currencies after floating against the USD in March 2022, moreover, it increases the burden of foreign currency debt as repayments become more expensive. To mitigate the exchange risk, the Central Bank of Sri Lanka employs measures such as intervening in the foreign exchange market and maintaining sufficient foreign reserves. The management carefully monitors market changes and is alert to frequent changes while planning operating activities of the group.

Based on the provided information, the accounting policies of the Company include a review of the carrying values of various assets such as intangible assets, inventory, and trade and other receivables. This review takes into consideration the potential impact of current economic conditions on these assets. After conducting the review, the Company has determined that no impairment is necessary, indicating that the carrying values of these assets are considered appropriate. Additionally, the Company has also reviewed its medium-term business plans and is confident that the necessary procedures are in place to mitigate any adverse effects on its operations and safeguard its assets. Therefore, the Board of Directors concludes that the economic conditions in the country have not significantly affected the Group's performance during the reporting period. The Board is satisfied that the Group has adequate resources and business plans in place to continue its operations and manage risks for the next 12 months from the date of approval of the financial statements. This suggests that the Group is confident in its ability to navigate potential challenges and maintain its business activities in the foreseeable future.

# NOTES TO THE FINANCIAL STATEMENTS

## 37. Going Concern

The Board of Directors of the Group has determined that the use of the going concern assumption in the preparation of financial statements as at 31st March 2023 is appropriate based on following factors.

The Group has incurred a net loss of Rs. 759 Mn (2022-Rs. 962 Mn) during the year ended 31st March 2023. Its accumulated losses as of 31st March 2023 were Rs. 3,751 Mn (2022-Rs. 3,026 Mn). Further the Company has incurred a net loss of Rs. 495 Mn (2022-Rs. 712 Mn) during the year ended 31st March 2023. Its accumulated losses as of 31st March 2023 were Rs. 1,716 Mn (2022-Rs. 1,220). The Company's net assets stand at (212 Mn) which is below the 50% of its stated capital. This situation has triggered a serious loss of capital as at 31st March 2023 in terms of section 220 of the Companies Act No 07 of 2007.

Mitigating Steps taken by the Management

The Directors of the Group are confident that the financial position of the Group will improve in the future as a result of the following several steps taken by the Group

- 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 discussions 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. Negotiations are underway in between parties to the materialization of the same. The Board expects to recognise approximately USD 6 Mn worth of assets through the materialization of the transaction and it has not been recognised in the financials for the period since the final value is yet to be determined.
- 2) The Board of Directors has paid attention to restructure the leisure arm of the Group Asia Leisure through initiating a liability settlement plan and negotiation are underway with potential investors for the debt equity swap. As a result the Board of Directors expect to set off 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.
- 3) The majority share holder of the Company is aware of the current status of the Company and has consented to extend financial assistance as and when it is required and confirmed through the letter of support.
- 4) The Group has initiated plans to restructure the operations and cost minimisation measures with the objective of improving efficiency, and thereby increasing the profitability and cash flows.
- 5) The Company incurred Rs. 220 Mn and Rs. 543 Mn as Exchange Loss in the year 2023 and 2022 consequently. This caused the Company's losses to increase and thereby the net asset reduced. The Board of Directors is expecting to recover the losses incurred through currency fluctuations with Rupee appreciation in the future.

**38. BUSINESS SEGMENT**

	Investments			Leisure			Manufacturing			Stock brokering			Services			Group		
	2023	2022	2023	2023	2022	2023	2023	2022	2023	2022	2023	2023	2022	2023	2022	2023	2022	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
<b>Revenue</b>																		
Total Gross Sales	5,753	86,215	437,959	266,311	-	-	22,047	5	-	-	-	-	-	-	-	465,759	352,531	
Less: Inter segment sales/dividend	(5,753)	(1,715)	-	-	-	-	-	-	-	-	-	-	-	-	-	(5,753)	(1,715)	
<b>Net Segment Revenue</b>	-	84,500	437,959	266,311	-	-	22,047	5	-	-	-	-	-	-	-	460,006	350,816	
Segmental Operating Profit / (Loss)	(289,700)	(646,995)	(112,787)	(199,806)	(96)	(96)	(36,742)	(34,704)	(3,870)	(4,177)	(4,156)	(3,870)	(4,156)	(4,156)	(443,195)	(885,735)		
Other Operating Income	1,552	116,153	19,124	11,160	7	-	17,700	514	-	21	-	-	21	-	38,383	127,848		
Share of Profit/(Loss) of Associate Companies	(457)	(495)	-	-	-	-	-	-	-	-	-	-	-	-	(457)	(495)		
<b>Operating Profit / (Loss) before Provision for</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Fall in Value of Investments</b>	(288,605)	(531,337)	(93,663)	(188,646)	(89)	(96)	(19,042)	(34,190)	(3,870)	(4,156)	(4,156)	(3,870)	(4,156)	(4,156)	(405,269)	(758,382)		
Provision for fall in value of investments	(1,146)	(3,474)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Operating Profit / (Loss)</b>	(289,751)	(534,811)	(93,663)	(188,646)	(89)	(96)	(19,042)	(34,190)	(3,870)	(4,156)	(4,156)	(3,870)	(4,156)	(4,156)	(405,269)	(758,382)		
Finance Cost	(206,419)	(185,844)	(163,402)	(19,096)	(9)	-	(6,858)	(1,298)	-	-	-	-	-	-	(376,688)	(206,238)		
Finance Income	2,594	1,637	-	-	-	-	18,261	19	-	-	-	-	-	-	20,855	1,656		
Profit Before Taxation	(493,576)	(719,018)	(257,065)	(207,742)	(98)	(96)	(7,639)	(35,469)	(3,870)	(4,156)	(4,156)	(3,870)	(4,156)	(4,156)	(761,102)	(962,964)		
Income Taxation	-	-	-	-	-	-	1,939	1,411	-	-	-	-	-	-	1,939	1,411		
<b>Profit After Taxation</b>	(493,576)	(719,018)	(257,065)	(207,742)	(98)	(96)	(5,700)	(34,058)	(3,870)	(4,156)	(4,156)	(3,870)	(4,156)	(4,156)	(759,163)	(961,553)		
<b>Assets</b>																		
Segment Assets	(138,654)	(32,838)	4,389,387	4,395,054	3,845	3,852	266,286	280,141	6,512	8,998	8,998	6,512	8,998	8,998	4,527,376	4,655,207		
Investment in Associates	170,121	170,121	-	-	-	-	-	-	-	-	-	-	-	-	170,121	170,577		
Total Assets	31,468	137,283	4,389,387	4,395,054	3,845	3,852	266,286	280,141	6,512	8,998	8,998	6,512	8,998	8,998	4,697,497	4,825,784		
<b>Liabilities</b>																		
Segment Liabilities	890,689	910,324	336,009	243,779	708	636	35,018	23,011	2,268	1,933	1,933	2,268	1,933	1,933	1,264,692	1,179,683		
Interest Bearing Borrowings	2,782,277	2,382,181	749,573	604,930	-	-	45,000	45,000	-	-	-	-	-	-	3,576,851	3,032,111		
<b>Total Liabilities</b>	3,672,966	3,292,505	1,085,582	848,709	708	636	80,018	68,011	2,268	1,933	1,933	2,268	1,933	1,933	4,841,543	4,211,794		
<b>Net Assets</b>	(3,672,966)	(3,155,223)	3,155,223	3,546,345	3,137	3,216	186,268	212,130	4,244	7,065	7,065	4,244	7,065	7,065	(144,046)	613,991		
Capital Expenditure	-	482	1,651	687	-	-	1,041	-	-	-	-	-	-	-	2,692	1,169		
Depreciation	4,301	4,945	57,194	137,886	-	-	958	501	1,987	1,988	1,988	1,987	1,988	1,988	63,482	144,819		



# NOTES TO THE FINANCIAL STATEMENTS

## 39. 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.

#### 39.1. Credit Risk

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

Management of credit risk includes the following components:

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

Reviewing the recovery on a 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	31st March	31st March	31st March
	2023	2022	2023	2022
	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	74,115	-	19,393	539
Trade and Other Receivables	325,782	263,448	148,791	213,765
Amounts Due from Related Parties	576,892	575,643	1,696,689	1,691,075
Long-term Deposits	568	568	568	568
Cash at Bank	16,553	108,075	1,422	26,089
	<b>1,111,340</b>	<b>1,065,164</b>	<b>1,984,293</b>	<b>2,049,466</b>

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 being 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.

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

	Group		Company	
	31st March	31st March	31st March	31st March
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Past due but not impaired				
31-60 days	119,654	119,654	-	-
61-90 days	50,464	51,367	-	-
>90 days	38,666	38,666	-	-
<b>Total</b>	<b>208,784</b>	<b>148,947</b>	<b>-</b>	<b>-</b>

### 39.2. 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 much 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 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 conditions, 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 netting agreements.

Description	Group		Company	
	31st March	31st March	31st March	31st March
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Other Financial Assets	74,115	-	19,393	539
Amount due from Related Parties	576,892	575,643	1,696,689	1,691,075
Trade and Other Receivables	326,685	263,448	125,831	123,335
Cash in Hand and at Bank	16,553	108,075	1,422	26,089
<b>Total liquidity Assets</b>	<b>994,245</b>	<b>947,166</b>	<b>1,843,335</b>	<b>1,841,038</b>
Non-Interest Bearing Borrowing	830,862	830,862	830,862	830,862
Interest Bearing Borrowings	2,554,093	2,099,331	2,539,101	2,119,300
Lease Liability	42,659	41,121	-	-
Trade and Other Payables	330,160	249,738	90,709	61,926
Bank Overdrafts	408,508	413,698	279,172	293,158
Amount due to related Parties	-	-	37,253	37,893
<b>Total Liabilities</b>	<b>4,166,282</b>	<b>3,634,750</b>	<b>3,777,097</b>	<b>3,343,139</b>
<b>Net(debt)/cash</b>	<b>(3,172,037)</b>	<b>(2,687,584)</b>	<b>(1,933,762)</b>	<b>(1,502,101)</b>

## 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	2023	2022	2023	2022
Debt/Equity	(4.75)	(17.88)	(15.90)	10.43

## 39.3 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates 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 State Dollars (USD).

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

	Group		Company	
	31st March	31st March	31st March	31st March
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Preference Facility Loan	2,423,525	1,970,271	2,423,525	1,970,271
<b>Net Borrowing (Rs.)</b>	<b>2,423,525</b>	<b>1,970,271</b>	<b>2,423,525</b>	<b>1,970,271</b>
Closing Exchange Rate (Rs.)	336.01	298.99	336.01	298.99
Net Borrowing (Functional Currency)	7,213	6,590	7,213	6,590
Increase Exchange rate in 25% (Rs.)	420.01	420.01	420.01	420.01
Impact to the PBT	(72,706)	(59,108)	(72,706)	(59,108)
Decrease Exchange rate in 25% (Rs.)	252.01	252.01	252.01	252.01
Impact to the PBT	72,706	59,108	72,706	59,108

#### (b) Interest rate risk

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

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

	Group		Company	
	31st March	31st March	31st March	31st March
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Fixed Rate Instruments</b>				
<b>Financial Assets</b>				
Fixed Deposit	-	-	-	-
<b>Financial Liabilities</b>				
Other Long term Loans	(683,409)	(571,453)	(35,057)	(58,976)
<b>Variable Rate Instruments</b>				
<b>Financial Assets</b>				
Reverse Repurchase Agreement	-	-	697	697
<b>Financial Liabilities</b>				
Direct Borrowings	(45,705)	(45,547)	(45,705)	(45,705)
Reverse Repurchase Agreement	(796)	(796)	(796)	(796)
Preference Facility Loan	(2,423,525)	(2,423,525)	(2,423,525)	(2,423,525)
Lease Liability	(42,659)	(41,121)	-	-
Commercial Papers	(14,907)	(30,346)	(40,623)	(50,315)
Bank Overdraft	(408,508)	(413,698)	(279,172)	(293,158)
	<b>(3,619,509)</b>	<b>(3,526,486)</b>	<b>(2,824,181)</b>	<b>(2,871,778)</b>

# NOTES TO THE FINANCIAL STATEMENTS

## Cash flow sensitivity analysis for variable rate instruments

The Group is exposed to changes in market interest rates through bank overdraft and 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.
<b>Variable rate instruments</b>				
Commercial Papers	(745)	745	(745)	745
Bank Overdrafts	(20,425)	20,425	(20,425)	20,425
<b>Company</b>				
Commercial Papers	(2,031)	2,031	(2,031)	2,031
Bank Overdrafts	(13,959)	13,959	(13,959)	13,959

## (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.

## 39.4 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.

## 40. FINANCIAL INSTRUMENTS

### 40.1. Valuation techniques and significant unobservable inputs

The following table summarises the valuation techniques used by the Group and the Company in measuring Level 2 and Level 3 fair values, and the significant unobservable inputs used for the valuation.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
<b>Financial assets</b>			
Unquoted equity securities	Net assets basis	Carrying Value of Assets and Liabilities adjusted for market participant assumption	Variability of inputs are insignificant to have an impact on fair values
<b>Non financial assets</b>			
Land and Building	Open market value basis for lands and depreciated replacement cost basis for buildings	Estimated price per perch, Estimated price per square feet	Estimated fair value would increase (decrease) if ; - Price per perch increases (decreases) - Price per square feet increases (decreases)
Investment Property	Investment method Open market method	Estimated price per perch, Estimated price per square feet	Estimated fair value would increase (decrease) if ; - Price per perch increases (decreases) - Price per square feet increases (decreases)

#### 40.2. 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 2023 are as follows:

	Group		Company	
	Carrying	Fair	Carrying	Fair
	Amount	Value	Amount	Value
	Rs ,000	Rs ,000	Rs ,000	Rs ,000
<b>Assets Carried at Fair Value</b>				
Assets Carried at Amortised Cost				
Trade and Other Receivables	326,685	326,685	125,831	17,032
Other Financial Assets	74,115	74,115	19,393	19,393
Long-term Deposits and Advances	568	568	568	568
Amount Due from Related Company	576,892	576,892	1,696,689	1,534,729
Cash and Cash Equivalents	16,553	16,553	1,422	25,004
<b>Liabilities Carried at Amortised cost</b>				
Interest Bearing Borrowings	3,168,342	3,168,342	2,545,706	1,220,655
Lease liability	42,659	42,659	-	-
Non Interest Bearing Borrowings	830,862	830,862	830,862	830,862
Trade and Other Payables	330,160	330,160	90,709	65,108
Amount Due to Related Company	-	-	37,253	50,133
Bank Overdraft	408,508	408,508	279,172	291,042

#### 40.3. Fair Value Hierachy

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

As at 31st March	2023			
	Level 1	Level 2	Level 3	Total
	Rs '000	Rs '000	Rs '000	Rs '000
<b>Group</b>				
Fair Value Through Profit and Loss	-	-	-	-
Equity Instruments Measured at Fair Value Through OCI	-	-	117,430	117,430
Land and Buildings	-	-	2,931,542	2,931,542
<b>Company</b>				
Fair Value Through Profit and Loss	-	-	-	-
Equity Instruments Measured at Fair value Through OCI	-	-	117,430	117,430
<b>As at 31st March</b>	<b>2022</b>			
<b>Group</b>	<b>Level 1</b>	<b>level 2</b>	<b>level 3</b>	<b>Total</b>
	<b>Rs '000</b>	<b>Rs '000</b>	<b>Rs '000</b>	<b>Rs '000</b>
Fair Value Through Profit and Loss	-	-	-	-
Equity Instruments Measured at Fair value Through OCI	-	-	117,430	117,430
Land and Buildings	-	-	2,982,344	2,982,344
<b>Company</b>				
Fair Value Through Profit and Loss	-	-	-	-
Equity Instruments Measured at Fair value Through OCI	-	-	117,430	117,430

# NOTES TO THE FINANCIAL STATEMENTS

## 41. 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.

### 41.1. Stock Exchange Listing

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

Ticker Symbol - ACAPN 0000

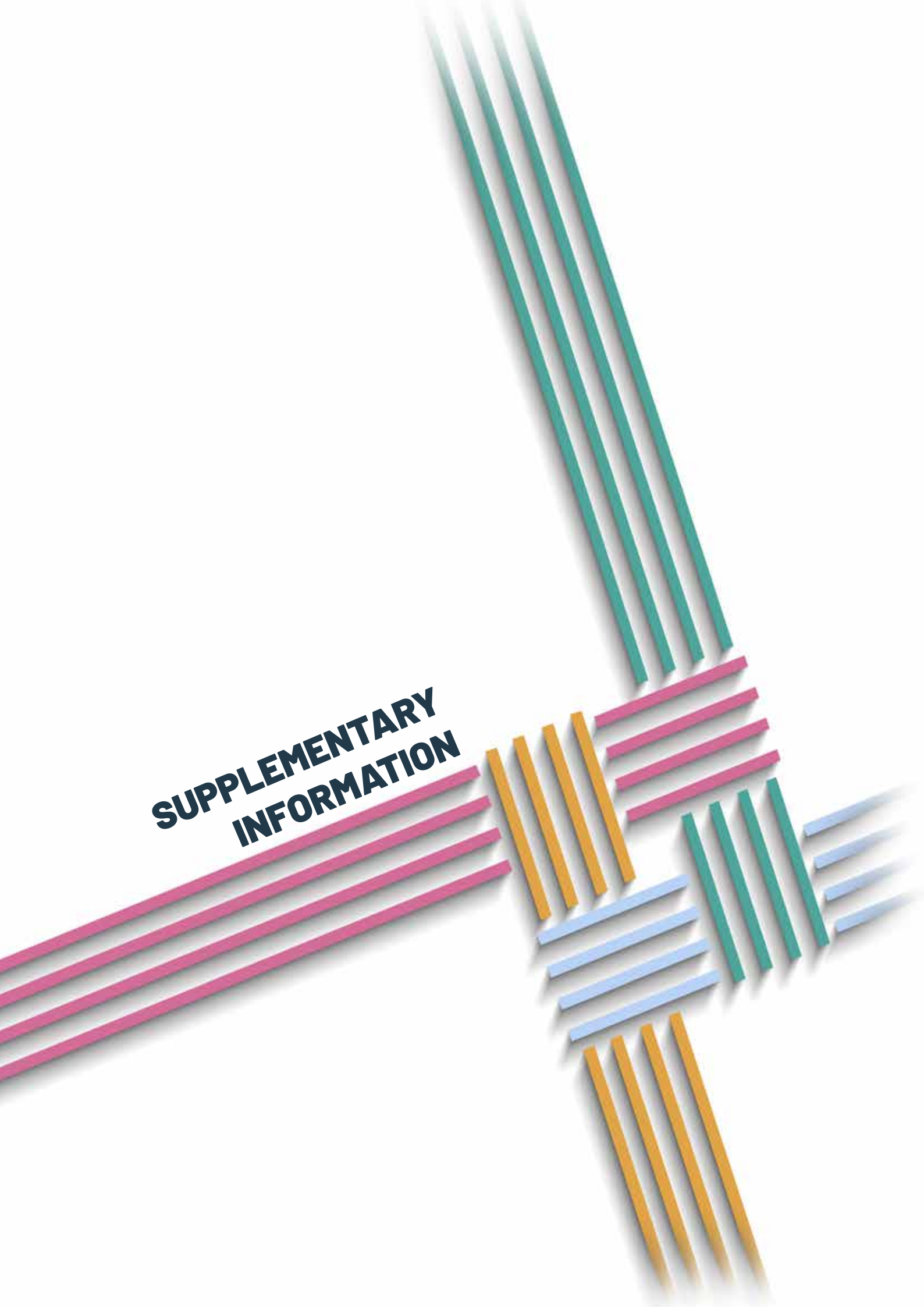
Market Sector - Diversified Holdings

### 41.2. Market Price

	31st March 2023 (Rs. Per Share)	31st March 2022 (Rs. Per Share)
Last Traded	4.20	5.90
Last Traded Date	31.03.2023	31.03.2022
Highest	4.80	9.50
Lowest	3.80	4.60
	31st March 2023	31st March 2022
Float Adjusted Market Capitalisation	155,657,746.99	218,662,073.15
Public Holding%	28.22%	28.22%
Number of Public Shareholders	6199	6180



**SUPPLEMENTARY  
INFORMATION**



# TEN YEAR SUMMERY

Year ended 31st March	2023	2022	2021	2020	2019
<b>OPERATING RESULTS</b>					
Revenue	460,006	350,816	56,473	405,845	1,108,108
Profit/loss before taxation	(760,199)	(962,964)	(299,869)	(805,995)	(33,289)
Taxation	1,939	1,411	22	-	(1,683)
Profit/Loss after Taxation	(758,260)	(961,553)	(299,847)	(805,995)	(34,972)
Minority Interest	84,105	86,746	138,260	115,534	95,027
Profit(Loss) attributable to Shareholders	(674,155)	(874,807)	(161,587)	(690,461)	60,055
<b>ASSETS</b>					
Property, Plant & Equipment	2,956,737	3,017,623	3,155,036	2,864,738	2,924,524
Right of Use Assets	14,278	20,451	12,934	-	-
Intangible Assets	336,721	338,461	340,622	13,514	116,021
Investment Property	-	130,634	127,780	-	-
Long Term Investment	170,121	170,577	171,072	171,496	173,166
Investment in Joint venture	-	-	-	-	-
Financial Assets -Equity instruments measured at fair value through OCI	117,430	117,430	117,430	120,548	114,853
Deffered Taxation	-	-	-	-	-
ESOP Loan	-	-	-	-	-
Other Non Current Assets	568	568	5,147	5,147	5,127
Current Assets	1,101,642	1,030,040	999,535	1,720,041	1,523,849
Assets Classsified as Held for Sale	-	-	-	-	-
Total Assets	4,697,497	4,825,784	4,929,556	4,895,484	4,857,540
<b>EQUITY AND LIABILITIES</b>					
Stated Capital	1,498,498	1,498,498	1,498,498	1,498,498	1,498,498
Capital Redemption Reserve Fund	-	-	-	-	-
Revaluation Reserve	1,401,970	1,331,872	1,242,858	1,361,370	1,361,370
Available For Sale Reserve	-	-	-	-	-
Capital Reserve	-	-	-	-	-
General Reserve	-	-	-	-	-
Accumulated Profits/(Loss)	(3,751,433)	(3,025,625)	(2,091,998)	(1,927,527)	(1,185,425)
Shareholders' Fund	(850,965)	(195,255)	649,358	932,341	1,674,443
Minority Interest	706,919	809,246	952,009	935,493	913,661
	(144,046)	613,991	1,601,367	1,867,834	2,588,104
Non-Current Liabilities	1,452,912	1,358,298	1,308,406	1,081,879	1,146,993
Current Liabilities	3,388,631	2,853,495	2,019,783	1,945,771	1,122,443
Total Liabilities	4,841,543	4,211,793	3,328,189	3,027,650	2,269,436
Total Equity & Liabilities	4,697,497	4,825,784	4,929,556	4,895,484	4,857,540

	2018	2017	2016	2015	2014
	900,013	539,984	498,791	1,651,075	970,321
	175,001	(761,990)	(433,448)	(380,927)	(615,763)
	(52,368)	(1,343)	29,323	(7,680)	(6,992)
	122,633	(763,333)	(404,125)	(388,607)	(622,755)
	(85,460)	50,045	27,768	41,439	(2,007)
	208,093	(713,288)	(376,357)	(347,168)	(624,762)
	2,142,240	3,117,197	3,281,437	1,492,604	1,290,956
	-	-	-	-	-
	115,306	115,681	121,460	127,402	147,271
	-	-	-	-	98,353
	174,656	-	-	-	-
	-	36,532	35,118	-	-
	114,853	114,853	114,853	10,000	10,000
	-	-	-	-	88,627
	-	-	-	-	-
	14,019	11,913	11,947	29,325	1,482,971
	1,063,231	313,936	582,532	982,001	3,039,296
	126,666				
	3,750,971	3,710,112	4,147,347	2,641,332	6,157,474
	1,498,498	1,498,498	1,498,498	1,498,498	1,114,558
	852,694	1,197,364	1,226,812	43,634	45,779
	-	-	-	-	-
	-	-	-	-	5,922
	-	-	-	-	19,054
	(1,411,333)	(1,325,293)	(732,683)	(1,192,237)	(880,200)
	939,859	1,370,569	1,992,627	349,895	305,113
	663,645	677,705	471,114	19,852	263,492
	1,603,504	2,048,274	2,463,741	369,747	568,605
	419,151	351,210	989,698	1,888,863	2,218,270
	1,728,316	1,310,629	693,908	382,722	3,370,600
	2,147,467	1,661,839	1,683,606	2,271,585	5,588,870
	3,750,971	3,710,113	4,147,347	2,641,332	6,157,475

# 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.

## M | Market Value per Share

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

## Market Capitalisation

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

## Materiality

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

## N | Net Assets per Share

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

**Net Profit Margin**

Net profit as a percentage of net turnover.

**P | Price Earnings Ratio**

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

**R | Related Parties**

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

**Return on Average Capital Employed (ROCE)**

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

**Return on Equity (ROE)**

Net Profit as a percentage of shareholders' equity.

**Return On average Net Assets (RONA)**

Profit after tax divided by the average net assets.

**Rights Issue**

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

**S | Segment**

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

**Stated Capital**

Consists of issued and paid capital.

**Substance over Form**

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

**Strategy**

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

**Sustainability**

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

**Stakeholder**

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

**T | Total Assets**

Current assets plus fixed assets.

**Total Shareholder Return**

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

**U | Unrealised Gain**

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

**W | Working Capital**

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

# NOTICE OF THE VIRTUAL 31ST ANNUAL GENERAL MEETING

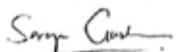
## ASIA CAPITAL PLC FOR THE YEAR ENDED 31ST MARCH 2023

NOTICE IS HEREBY GIVEN that the Virtual 31st Annual General Meeting of Asia Capital PLC will be held on the 27th September 2023 at 10.00 a.m. at 6th Floor, No 46/46, Green Lanka Towers, Nawam Mawatha, Colombo 02 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 2023 and the report of the auditors thereon.
- 2) To re-elect Mr. S. S. Balasubramaniam 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-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.

### BY ORDER OF THE BOARD



Company Secretaries  
P. R. Secretarial Services (Pvt) Ltd  
Colombo, 07th September August 2023

### Note:

- No shareholder/ proxy holder will be permitted to be physically present at the venue except for the Board of Directors and the key officials in Company.
- Shareholders who wish to participate at the Virtual Annual General Meeting are kindly requested to register their participation for the meeting by completing the enclosed Online Registration Form and have it emailed to info@asiacapital.lk 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 of the company c/o 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/s\* of the above named Company, hereby appoint (1).....of.....  
 .....failing him/her.

- |                               |                |                              |                |
|-------------------------------|----------------|------------------------------|----------------|
| 2) Mr. J. T. Sumathipala      | or failing him | 6) Mr. D. Swarnasinghe       | or failing him |
| 3) Mr. D. A. S. A. Abeyesinhe | or failing him | 7) Mr. S. S. Balasubramaniam | or failing him |
| 4) Mr. V. Siva Jr.            | or failing him | 8) Mr. Raju Radha            | or failing him |
| 5) Mr. A.D. Ross              | or failing him | 9) Mr. R.A.T.P Perera        |                |

as my/our\* proxy to represent me/ us\* and speak and vote for me/us\* on my/our\* behalf at the Virtual 31st Annual General Meeting of Asia Capital PLC to be held on 27th September 2023 at 10.00 a. m. at 6th Floor, No 46/46, Green Lanka Towers, Nawam Mawatha, Colombo 02 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 2023 and the report of the auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect Mr. S. S. Balasubramaniam 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-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"/>

Signed this on .....day of.....2023

.....  
 Signature of shareholder

.....  
 N.I.C. No

### Note:

- Please delete the inappropriate words.
- Instructions for completion of Proxy are noted below.
- A proxy need not to be a shareholder of the Company.
- Please mark "X" in appropriate cages, to indicate your instructions as to voting.



# FORM OF PROXY

## **Instructions as to completion**

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

# CORPORATE INFORMATION

## NAME

Asia Capital PLC

## LEGAL FORM

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

## COMPANY REGISTRATION NUMBER

New: No. PQ 119

Old: No. N (PVS) 8282/PBS

STOCK EXCHANGE LISTING

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

## REGISTERED OFFICE

No. 59, R.G. Senamayake Mawatha, Colombo 07

Telephone : +94 11 5320000

Facsimile: +94 11 2331756

Website: www.asiacapital.lk

## SUBSIDIARIES

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

## SUB-SUBSIDIARIES

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

## ASSOCIATE

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

## BOARD OF DIRECTORS

J. T. Sumathipala (Chairman)  
R. A. T. P. Perera (Director / CEO)  
A. D. Ross

V. Siva Jr.  
S. A. Abeysinghe  
S. S. Balasubramaniam  
Raju Radha  
D. Swarnasinghe  
K. Sri Chandrasekara (DOR 25.02.2023)

## AUDIT COMMITTEE

S. S. Balasubramaniam  
K. Sri Chandrasekara (DOR 25.02.2023)  
R. Radha  
V. Siva Jr.

## REMUNERATION COMMITTEE

D. Swarnasinghe  
V. Siva Jr.  
A. D. Ross

## NOMINATION COMMITTEE

J.T. Sumathipala  
S. A. Abeysinghe  
D. Swarnasinghe

## RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

D. Swarnasinghe  
V. Siva Jr.  
K. Sri Chandrasekara (DOR 25.02.2023)

## SECRETARIES

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

## REGISTRAR

Business Intelligence Limited  
08, Tickell Road, Colombo 08

## AUDITORS

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

## LAWYERS

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

## BANKERS

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