

P. R. SECRETARIAL SERVICES (PRIVATE) LIMITED

Registration No. PV 2631

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Sri Lanka.

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9th October 2024

Mr. Renuka Wijewardene
Chief Regulatory Officer
Colombo Stock Exchange
No. 04-01, West Tower
World Trade Centre
Echelon Square
Colombo 01

Dear Sir,

ASIA CAPITAL PLC (the Company)
DISCLOSURE OF ERRATA ON ACCOUNTS TO 31ST MARCH 2024

Reference is made to the Annual Report of Asia Capital PLC in respect of 2023/2024.

Kindly note that the Report of the Auditors placed in pages 50-52 of the said Annual Report is incomplete. The missing information has now been included and the "amended" Audit Report is attached.

The Annual Report published should be read together with the "amended" Audit Report.

Yours Faithfully,

BY ORDER OF THE BOARD OF DIRECTORS OF ASIA CAPITAL PLC

P. R. SECRETARIAL SERVICES (PRIVATE) LIMITED
(PV2631)


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Director / Company Secretary / Director / Authorised Signatory
P. R. Secretarial Services (Private) Limited
Company Secretary Reg. No. SEC/12/96-25
Secretaries of **Asia Capital PLC**

Directors

J. H. P. Ratnayeke
LL. B, LL.M (Lond.)
Attorney-at-Law

Tharini Gunasekera
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INDEPENDENT AUDITOR'S REPORT 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 2024, 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 material accounting policy information as set out on pages 57 to 97.

In our opinion, except for the possible effects of the matters described in the basis for qualified opinion section of our report, the accompanying consolidated Financial Statements give a true and fair view of the financial position of the Group and the Company as at 31st March 2024, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Qualified Opinion

1. The Group has incurred a net loss of Rs. 533 Mn for the year ended 31st March 2024 (2023: Rs. 759 Mn), with accumulated losses as of that date amounting to Rs. 4,126 Mn (2023: Rs. 3,751 Mn). The Company has also incurred a net loss of Rs. 279 Mn (2023: Rs. 306 Mn), with accumulated losses of Rs. 1,526 Mn (2023: Rs. 1,249 Mn). As of 31st March 2024, the Group's net assets were negative by Rs. 127 Mn (2023: negative by Rs. 144 Mn), and the Company's net assets were negative by Rs. 22 Mn (2023: Rs. 254 Mn), both being below 50% of the stated capital, triggering a serious loss of capital as per section 220 of the Companies Act No. 07 of 2007. We were not provided with any evidence of financial support such as appropriate letter of support from the major shareholder of the Group confirming their intention to support the Group and the Company to continue commercial operations in the foreseeable future. Consequently, we were unable to conclude on the appropriateness of the going concern assumption for the Group and the Company.
2. As of 31st March 2024, the Company holds investment in subsidiaries and associates amounting to Rs. 1.77 Bn and Rs. 399 Mn, respectively. Additionally, the Goodwill related to these subsidiaries amounts to Rs. 305 Mn, and related party receivables amounting to Rs. 2.06 Bn. The investment amounting to Rs. 1 Bn out of total investment in subsidiaries has shown indications of potential impairment as they do not generate adequate returns. We were not provided with a reliable cash flow forecast with proper assumptions, the latest budgets approved by the Board and the business proposals, to verify the reasonableness and arithmetical accuracy of the forecasted cashflows. Furthermore, the cash flow forecasts do not appear to be in line with the Group and Company's historical performance. Consequently, we were unable to perform the necessary audit procedures to determine the net realizable value of those related companies which was impacted in the volatile market and the current economic conditions prevailing in the country and any impairment adjustments to these investments are required.

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Partners : Sujeewa Rajapakse FCA, ACCA, FCMA, MBA. Ashane J.W. Jayasekara FCA, FCMA (UK), MBA. H. Sasanka Rathnaweera FCA, ACMA. R. Vasanthakumar Bsc (Acc), ACA. F. Sarah Z. Afker FCA, FCMA (UK), CGMA, MCSI (UK). Dinusha C. Rajapakse FCA, LLB (Hons)(Colombo), CTA, Attorney at Law. Nirosha Vadiwel Bsc (Acc), ACA, ACMA.



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 for Professional Accountants 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.

Valuation of Land and Building of the Group

The Group has Land and Building carried at fair value amounting to Rs.3.28 Bn as at 31st March 2024 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 that are applied in determining the carrying amount and net realisable 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 2.2 and 12 of the Financial Statements.

Other Information

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

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



In connection with our audit of the Financial Statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based upon the work we have performed, we conclude that there is a material misstatement of 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 appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit 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 relevant ethical requirements 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, actions taken to eliminate threats or safeguards applied.

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 it appears from our examination, proper accounting records have been kept by the Group and the Company.

However, it should be noted that the Group's and the Company's net assets are less than half of its stated capital resulting in a serious loss of capital situation as per the section 220 of the Companies Act No 07 of 2007.

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

BDO Partners

CHARTERED ACCOUNTANTS

Colombo

08th October 2024

HSR/dm