

**WHAT'S
AHEAD**

ASIA CAPITAL PLC
ANNUAL REPORT 2017/18

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ASIA
CAPITAL
PLC



www.asiacapital.lk

WHAT'S AHEAD

At Asia Capital we have always emphasised the importance of securing the strength and sustainability of your company. To this end, we have implemented a strategy designed to deliver value over the long term, policies that will position us well in the future, enabling us to generate increasing value, year on year.

Our business landscape continues to evolve and change. The past years have been challenging, yet we have relied on the experience, skills and talent of our unmatched human capital to keep us vibrant and strong. This report reviews a year of growth and recovery, as we look beyond short-term gain to focus on long-term value, continuing our strategy of seeking to open the doors of opportunity for sustainable growth by meticulously and thoughtfully planning for what's ahead.

VISION

**AT ASIA CAPITAL PLC WE
HAVE OFTEN CHOSEN THE
ROAD LESS TRAVELLED AS
WE CONTINUE TO STRIVE
TOWARDS ACHIEVING
THE UNREASONABLE, THE
UNATTAINABLE AND EVEN
THE IMPOSSIBLE IN VALUE
ADDED INVESTMENT AND
UNMATCHED WEALTH
CREATION SERVICES.**

MISSION

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

OUR VALUES

Learning

To drive organisational development by encouraging a learning culture

Innovation

To deliver innovation and value to every stakeholder we serve

Teamwork

To encourage and emphasise teamwork across the company

Accountability

To achieve the best results by holding ourselves responsible to deliver what we promise

Integrity

To hold ourselves to uncompromising standards of ethical, transparent and professional behaviour in all that we do

Respect

To treat everyone with respect and dignity, nurturing the development of our people and rewarding performance

Corporate Citizenship

To be environmentally responsible and socially committed to the welfare of the communities we impact

ABOUT US

Our client-focused approach coupled with our expertise and experience in the marketplace has gained us a reputation to be reckoned with. Our aspirations remain high, supported by intensive investment research and our wide-ranging business portfolio.

Having started as Asia Securities in the early 1990s, specialising in stock brokering, the Company soon expanded its business portfolio to encompass the larger share of the investment banking market in Sri Lanka. As Asia Capital PLC (ACAP), we have ventured into diverse industries and sectors to fulfil our vision and become a powerhouse providing value-added investment opportunities and unmatched wealth creation services.

Since inception, we have pursued every opportunity in the market with a will to succeed. Our client-focused approach coupled with our expertise and experience in the marketplace has gained us a reputation to be reckoned with. Our aspirations remain high, supported by intensive investment research and our wide-ranging business portfolio. ACAP's dedicated team of professionals are integral to achieving our vision and mission, by successfully operationalising our strategies. They act as the conduit that binds our business together to create value for all stakeholders.

Currently, our operations consist of leisure, project management, investment banking, and advisory services. We also have a presence in property management, real estate, asset management and information technology services. We are always ready to add to our ever-expanding tapestry of spheres, aligned to our business strategies.

Why Asia Capital you may ask? Our tried and tested innovative approaches to investment management and wealth creation has resulted in many foreign and Sri Lankan investors seeking out our services. To date, the Group has secured more than USD 500Mn in Foreign Direct Investment (FDIs) to the country by partnering with international high net worth corporates and individuals. We have assisted in creating employment opportunities in the country and contributed towards the economic growth of Sri Lanka. Furthermore, we have successfully completed major projects and have expanded our presence in the leisure industry. These achievements are a testament to the fact that we are a growing and dynamic firm in the industry.

Today, in more ways than one, we can truly say that we are a rising star in our sphere of business. For those who seek a secure partner who delivers above and beyond one's expectations, Asia Capital PLC is your ideal choice. We look forward to hearing about your biggest aspirations.

FINANCIAL HIGHLIGHTS

Year ended 31st March	Group		Company	
	2018 Rs. '000	2017 Rs. '000	2018 Rs. '000	2017 Rs. '000
OPERATING RESULTS				
Total Revenue	900,013	539,884	947,124	486,796
Gross Profit	651,193	291,238	588,676	275,751
Financial Cost (Net)	(117,920)	(195,584)	(57,110)	(151,879)
Profit Before Tax	175,001	(761,990)	618,512	(369,380)
Income Tax Expense	(52,368)	(1,343)	(49,871)	(834)
Profit After Tax	122,633	(763,333)	568,641	(370,214)
FINANCIAL POSITION				
Shareholder's Funds	939,859	1,370,569	1,301,003	736,183
Cash & Cash Equivalents	201,518	15,230	9,414	6,717
Total Non-Current Assets	2,561,074	3,397,775	1,582,111	1,281,689
Current Assets	1,063,231	312,337	1,052,484	593,006
Current Liabilities	1,728,316	1,310,629	1,386,502	1,038,724
SHARE INFORMATION (Rs)				
Market Capitalisation	-	-	1,129,438	958,709
Earnings Per Share	1.58	(5.43)	4.33	(2.82)
Last Traded Market Price	-	-	8.60	7.30
Highest Market Price	-	-	10.40	13.50
Lowest Market Price	-	-	7.10	5.20
Net Assets Per Share	7.16	10.44	9.91	5.61

BOARD OF DIRECTORS

J.H.P. Ratnayeke

Chairman

Mr. Ratnayeke is a senior Corporate Lawyer who is also the precedent partner of Paul Ratnayeke Associates, a leading law firm in Sri Lanka which he founded in 1987. The firm handles all areas of law and international legal consultancy work. Mr. Ratnayeke is a Solicitor of England and Wales and an Attorney-at-Law of the Supreme Court of Sri Lanka. He holds a Bachelor of Law degree with honours and has been awarded a Masters Degree in Law by the University of London. Currently, Mr. Ratnayeke holds Directorships in several companies including public quoted companies, in some of which he has been appointed Chairman/Deputy Chairman.

At Paul Ratnayeke Associates, he specialises in corporate and commercial areas of law including mergers and acquisitions, aviation, insurance and maritime law.

A.D. Ross

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.

R.J. Wickramasinghe

Mr. Wickramasinghe is a fellow of the Chartered Institute of Management Accountants and Chartered Association of Certified Accountants. He is also an Accredited Director of Sri Lanka. He was the former Chairman of Sri Lanka Ports Authority between 1996 and 1998 and Chairman of Ceylon Shipping Corporation from 1994 to 1996. He worked for the National Shipping Line between 1970 and 1977 as Deputy Finance Manager. Among his private sector stints, he was Finance Director of George Steuart and Company from 2000 to 2002. Currently, Mr. Wickramasinghe functions as a consultant.

V. Siva Jr.

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

Group Chief Executive Officer

Mr. Abeyesinhe is the Group Chief Executive Officer 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.

Z. Merchant

Mr. Merchant is a Director of Corporate Affairs on the Main Board of the QI Group of Companies in Hong Kong, overseeing legal, compliance, corporate and regulatory affairs for the Group. He is also the Director-in-Charge of RYTHM Foundation, through which the Group carries out its Corporate Social Responsibility work.

Mr. Merchant was called to the Singapore Bar in 1992. His areas of practice are insolvency, securities and banking, contract and tort (including environmental issues), insurance and land-related matters. He has tutored at the Post-Graduate Practice Law Course in Singapore. In 2011, he served as a Member of the High Level International Advisory Committee of the United Nations Environment Programme in the lead up to The Rio+20 World Congress. Additionally, he contributes to the Singapore Law Gazette and The Business Times in Singapore.

Mr. Merchant is also a Permanent Member of the Executive Committee of a University in Malaysia; the appointed Treasurer and Executive Committee/Board Member of the Direct Selling Association of Singapore (DSAS), and sits on the Ethics & Regulatory Affairs, Membership, and Strategic Review Committees of the Association. He also sits on the Board of Swiss luxury watch brand CIMIER®.

T. Tanaka

Mr. Tanaka is the Chief Executive Officer and Managing Director of VEC Investment Japan. He has previously worked at the Credit Bank of Japan, Patnum Investment Tokyo and Fidelity International Tokyo as well as Gartmore Asset Management in London. He is a Chartered Member of the Securities Analysts Association of Japan (CMA) and has read for a B.A. in Economics at the Keio University.

Y. Watanabe

Mr. Watanabe, a graduate of Sendai University of Japan, is the Chief Executive Officer of My Room Company Limited in Japan. He is also a Non Executive Director at Plus Company Limited in Japan. He has previously worked as a Sales Manager at Alpen Company Limited in Japan during the period 1993 to 1997.

Mr. Watanabe has extensive experience in property development and equity investments. Mr. Watanabe is also a management consultant of several leading Companies in Japan.

GROUP STRUCTURE

	Company	Board of Directors	Relationship to Asia Capital PLC
1	Asia Capital PLC	<ul style="list-style-type: none"> • J.H.P. Ratnayeke • S.A. Abeyesinhe • A.D. Ross • V. Siva Jr. (Alternate Director S.A. Abeyesinhe) • Z. Merchant • T. Tanaka • R.J. Wickramasinghe • Y. Watanabe (Alternate Director T. Tanaka) 	<ul style="list-style-type: none"> • Public Listed Company
2	Asia Capital Private Equity (Private) Limited	<ul style="list-style-type: none"> • S.A. Abeyesinhe • P.N. Jansen • T. Tanaka 	<ul style="list-style-type: none"> • Subsidiary
3	Asia Leisure Holdings (Private) Limited	<ul style="list-style-type: none"> • J.H.P. Ratnayeke • S.A. Abeyesinhe • V. Siva Jr. • P.N. Jansen • R.M. Morris • T. Tanaka • R.A.T.P. Perera • K. Senathirajah (Alternate Director S.A. Abeyesinhe) • S. Hettige • R.J. Wickramasinghe • Y. Watanabe (Alternate Director T. Tanaka) • T. Watanabe (Alternate Director T. Tanaka) 	<ul style="list-style-type: none"> • Subsidiary
4	Asia Leisure (Private) Limited	<ul style="list-style-type: none"> • S.A. Abeyesinhe • P.N. Jansen • R.M. Morris • S. Hettige • S. Gunawijeya 	<ul style="list-style-type: none"> • Subsidiary
5	Asia Tea Packaging (Private) Limited	<ul style="list-style-type: none"> • P.N. Jansen • R.A.T.P. Perera 	<ul style="list-style-type: none"> • Subsidiary
6	Asia Fort Sri Lanka Direct Investment Fund Limited	<ul style="list-style-type: none"> • J.H.P. Ratnayeke • S.A. Abeyesinhe • V. Siva Jr. 	<ul style="list-style-type: none"> • Subsidiary
7	Asia Growth Fund 1 (Private) Limited	<ul style="list-style-type: none"> • J.H.P. Ratnayeke • S.A. Abeyesinhe 	<ul style="list-style-type: none"> • Subsidiary
8	Asia Capital Projects (Private) Limited	<ul style="list-style-type: none"> • S.A. Abeyesinhe • P.N. Jansen 	<ul style="list-style-type: none"> • Subsidiary
9	Asia Capital Technologies (Private) Limited	<ul style="list-style-type: none"> • S.A. Abeyesinhe • P.N. Jansen • R.A.T.P. Perera 	<ul style="list-style-type: none"> • Subsidiary
10	Asia Digital Entertainment (Private) Limited	<ul style="list-style-type: none"> • P.N. Jansen • V. Siva Jr. • R.A.T.P. Perera 	<ul style="list-style-type: none"> • Subsidiary
11	Strider Capital Asia (Private) Limited	<ul style="list-style-type: none"> • T. Tanaka • S.A. Abeyesinhe • Ryoichi Hayakawa - D.O.R 06/09/2017 • Ryotaro Hayakawa - D.O.R 06/09/2017 	<ul style="list-style-type: none"> • Subsidiary
12	River House Estate (Private) Limited	<ul style="list-style-type: none"> • S.A. Abeyesinhe • V. Siva Jr. • R.A.T.P. Perera 	<ul style="list-style-type: none"> • Sub-Subsidiary

Company	Board of Directors	Relationship to Asia Capital PLC
13 Shinagawa Beach Resorts (Private) Limited	<ul style="list-style-type: none"> S.A. Abeyesinhe (Alternate Director S. Gunawijeya) P.N. Jansen C.I. Hapugoda S. Shinagawa S. Ohki T. Tanaka R.M. Morris N. Ishikawa S. Gunawijeya 	<ul style="list-style-type: none"> Sub-Subsidiary
14 Wadduwa Resorts (Private) Limited	<ul style="list-style-type: none"> S.A. Abeyesinhe (Alternate Director S. Samaranayeke) R.M. Morris (Alternate Director D. Ratnayake) P.N. Jansen S. Hamaguchi (Alternate Director P.N. Jansen) O. Miyoshi T. Tanaka Y. Watanabe (Alternate Director R.M. Morris) S. Samaranayeke D. Ratnayake 	<ul style="list-style-type: none"> Sub-Subsidiary
15 River House (Private) Limited	<ul style="list-style-type: none"> S.A. Abeyesinhe P.N. Jansen R.M. Morris R. Gunaratna 	<ul style="list-style-type: none"> Sub-Subsidiary
16 Asia Leisure Travels (Private) Limited	<ul style="list-style-type: none"> S.A. Abeyesinhe R.M. Morris D. Ratnayake R.A.T.P. Perera S. Gunawijeya M. Senda S. Hettige T. Tanaka 	<ul style="list-style-type: none"> Sub-Subsidiary
17 Galle Beach Hotel (Private) Limited	<ul style="list-style-type: none"> S.A. Abeyesinhe P.N. Jansen R.M. Morris 	<ul style="list-style-type: none"> Sub-Subsidiary
18 Galle Beach (Private) Limited	<ul style="list-style-type: none"> S.A. Abeyesinhe V. Siva Jr. R.A.T.P. Perera 	<ul style="list-style-type: none"> Sub-Subsidiary
19 Nuwara Eliya Hotels and Resorts (Private) Limited	<ul style="list-style-type: none"> R.M. Morris S. Hettige 	<ul style="list-style-type: none"> Sub-Subsidiary
20 493 Talpe Lands (Private) Limited (Incorporated on 18/01/2018)	<ul style="list-style-type: none"> R.A.T.P. Perera - D.O.A 18/01/2018 S. Hettige - D.O.A 18/01/2018 	<ul style="list-style-type: none"> Associate
21 Galle Beach C C Trust (Private) Limited	<ul style="list-style-type: none"> S.A. Abeyesinhe R.M. Morris R.A.T.P. Perera R. Gunaratna R. Shiraishi - D.O.A 06/03/2018 T. Ishizeki - D.O.A 06/03/2018 Y. Saida - D.O.A 06/03/2018 	<ul style="list-style-type: none"> Associate

CHAIRMAN'S STATEMENT

“
BY PROMOTING SRI LANKA AS A PREMIER INVESTMENT DESTINATION FOR INVESTORS SEEKING OPPORTUNITIES IN THE TOURISM SECTOR, ACAP HAS SUCCEEDED IN ATTRACTING MORE THAN USD 500MN IN FDI'S OVER THE PAST 5 YEARS,...”

Dear Shareholder,

Since taking over as Chairman of Asia Capital PLC (ACAP), I must admit that the journey over the past several years has been both challenging and rewarding. We have been systematically shedding a number of our investments in an attempt towards a leaner and fitter operational blueprint. Moreover it has enabled us to work with more focused business models that reflect the ACAP Group's underlying strategic objective to support Sri Lanka's economic development agenda.

Staying Focused

Our core business as an investment promoter serves as a catalyst in achieving this goal, particularly given our firm resolve to attract Foreign Direct Investments (FDI) towards the country's tourism sector. Our strategy is based on the premise that increased FDI's in the tourism sector can contribute significantly towards advancing Sri Lanka's economic growth and increasing employment opportunities.

By promoting Sri Lanka as a premier investment destination for investors seeking opportunities in the tourism sector, ACAP has succeeded in attracting more than USD 500Mn in FDI's over the past 5 years, indeed an enviable track record that is hard to beat.

As investment promoters and facilitators, we have also had the opportunity to work with, and form partnerships with some of the leading global investors, among them Belluna

Co. Ltd, Japan, with whom the ACAP Group now enjoys a mutually beneficial relationship that has led to several large-scale ventures being added to our project pipeline in quick succession. These projects have fuelled the Group's ambition to seek out new opportunities in the leisure and property development sectors, where we continue to work with our partners to convert these infrastructure investments to generate long-term economic value for the country.

ACAP's presence in the leisure sector is marked by the Group's leisure arm - Asia Leisure, which operates through a portfolio of five properties. Of the five, three are the result of FDI's generated by the Group in the past. Looking at the Asia Leisure chain I find that all properties have performed demonstrably well in the past few years, despite facing stiff competition.

Similarly, our recent decision to channel FDI's towards the property development sector too appears to be a well timed move, as it continues to present new opportunities for growth.

Doing things the right way

As custodians of our nations' future progress, we believe the work we do and the way that we do it, not only defines our success but also, crucially differentiates ACAP from others.

We intend to expand our partner network by seeking long-term relationships that will allow the Group to choose the right projects to accelerate our growth trajectory in the years ahead.

Risk management and compliance are key components of our corporate governance framework that enable the Group to effectively manage risks and conduct business activities responsibly and in full compliance with all applicable regulations. Accordingly, our governance, risk and compliance processes are subject to ongoing review to ensure that they evolve in tandem with the size, scale and complexities of our business and are also capable of adding value as the business grows. The Board sets out the overall strategic direction for the Group, while regularly reviewing management performance to ensure that adequate resources are available to support our strategic goals.

Plans for the Future

As investor confidence in Sri Lanka continues to grow in the years ahead, we see a healthy pipeline of opportunities for the ACAP Group to advance its prospects both in the leisure and property development sectors.

In doing so, we intend to expand our partner network by seeking long-term relationships that will allow the Group to choose the right projects to accelerate our growth trajectory in the years ahead.

Appreciation

To conclude, I would like to thank the management teams and staff of Asia Capital PLC for their commitment and dedication in ensuring the success of the Group. A special word of thanks also, to our investors for their long-standing support.

I also wish to express my appreciation to my colleagues on the Board for their guidance and valuable advice.

The Board joins me in extending our appreciation to our shareholders and other stakeholders for their trust and confidence in the Group. I seek your continued patronage in the years ahead as ACAP enters a new and exciting growth phase in the years ahead.



J.H.P. Ratnayeke
Chairman

17th August 2018

CEO'S REVIEW

“
I BELIEVE THE ACAP GROUP NOW HAS A SOLID FOUNDATION FROM WHICH TO SCALE UP IN PREPARATION FOR THE FUTURE. HENCE, OUR MAIN PRIORITY FOR THE YEAR WAS TO REORIENT THE PORTFOLIO IN TANDEM WITH OUR LONG-TERM ASPIRATIONS... ”

The ACAP Group concluded another successful year as Group Revenue increased by 67% year-on-year from Rs. 539Mn in 2016/17 to Rs. 900Mn in the year under review, bolstered by healthy contributions from all core businesses. The Leisure Sector increased its contribution to Group Revenue from Rs. 424Mn in the previous year to Rs. 436Mn in the year under review.

I am also particularly pleased to announce that the Group was able to reach the targeted operating margin, a considerable achievement against the challenging economic backdrop that saw Sri Lanka's GDP growth decline to 3.3% in 2017 from 4.5% in the previous year.

Group Strategy

Given the consistent improvement in our financial performance, I believe the ACAP Group now has a solid foundation from which to scale up in preparation for the future. Hence, our main priority for the year was to reorient the portfolio in tandem with our long-term aspirations.

We focused on consolidating our portfolio of existing businesses and firming up individual business models to ensure that each one contributes positively towards enhancing shareholder value and strengthening the Groups' balance sheet. Additional emphasis was placed on improving the agility of each business to respond effectively to market upsides and build resilience to safeguard against any potential downside.

Performance against strategy

Project Operations

The Project Operations unit, having generated over USD 500Mn in FDI's to the country over the past 5 years, remains the most successful investment promoter in the country to date. This I believe is the result of a firm stance that led us to focus on promoting high-growth sectors such as hotels and residential property development. Over the years, we have succeeded in sourcing leading global investors looking to leverage on Sri Lanka's post-war tourism and property boom, among them the Belluna Group of Japan with whom ACAP now has a long-standing relationship. In fact, of the six current projects in the pipeline, the Belluna Group backs three.

Moving onto our project pipeline, I am happy to report that steady progress was made throughout the year, with all projects on schedule. Le Grand Galle came into operation in July 2018. Our other project in Galle is on track and expected to be completed in February 2019. Construction on both the 447 Luna Tower condominium development project and the Marine Drive mixed development were ongoing at the close of the financial year, with work on the Luna Tower nearing the fourth and final phase in preparation for its May 2020 launch.

The Maldives Miriandhoo hotel project, an ambitious undertaking that marks ACAP's entry to the international stage also made good progress, with construction work due to be completed by October 2018.

In the Investment Advisory arm, we will look to build our reputation by putting the client at the heart of what we do and working more collaboratively to support new avenues for growth that would benefit both the client and the country.

Leisure Sector

The Group's Leisure sector tabled healthy results for the year under review, with all key indicators showing a satisfactory increase over the previous year. A marginal increase in average occupancy was reported compared to the previous year even though some geopolitical influences beyond our control began affecting arrivals to Sri Lanka in the first and third quarters of the financial year. To overcome these challenges, we placed renewed emphasis on strengthening overseas networks in key source markets across the world. This is also part of a broader strategy to enhance the competitive position of the Asia Leisure chain, especially given that Sri Lanka as a whole is perceived as a relatively expensive destination compared to regional destinations such as Indonesia, Vietnam and Malaysia, which are seen as far more price competitive alternatives offering a more appealing proposition.

Working in parallel to further augment the value proposition offered by Asia Leisure properties, we activated several ground level strategies, among them investments in technology, processes and our staff training activities. I am encouraged to see how well these initiatives have translated into results, as evidenced by an all-time high guest satisfaction rating across the Asia Leisure chain.

Our travel arm too performed well in 2017/18, with all key deliverables on target.

Investment Advisory Services

Among the few multi-disciplinary financial consultants in Sri Lanka offering seamless end-to-end advisory services, I find that the approach adopted by the Group's Investment Advisory Services arm continues to resonate well with clients who recognise that we offer something different – a combination of financing, sell side advisory services and thematic industry research.

This unique approach continues to attract clients looking to pursue opportunities in high-growth sectors of the economy. In 2017/18 we provided investment advisory services to clients looking for opportunities in tourism, financial services and healthcare sectors.

Future Outlook

With the Group's existing business blueprint delivering good results, I believe we now have the right formula in place to generate consistently higher returns in the years ahead.

For Project Operations, the focus going forward would be to source large scale FDIs that contribute towards Sri Lanka's economic development goals. While doing so, we remain firm in our efforts to increase the Group's coverage in both the leisure and property development sectors. However, we also expect to take a prudent approach that will allow the Group to capitalize on emerging opportunities in other high growth sectors such as healthcare and renewable energy.

CEO'S REVIEW

Meanwhile in the Leisure Sector, the overarching priority would be to increase our leverage in the coastal property market. Achieving this goal would mean actively pursuing management contracts to fast track the room inventory under the Asia Leisure chain in the years ahead.

In the Investment Advisory arm, we will look to build our reputation by putting the client at the heart of what we do and working more collaboratively to support new avenues for growth that would benefit both the client and the country.

Appreciation

To conclude, I wish express my appreciation for the visionary leadership of the Group Chairman and the Board of Directors that has helped Asia Capital PLC scale new heights year after year.

I also take this opportunity to thank all Group employees for their collective efforts that has made it possible to achieve success, despite the odds.

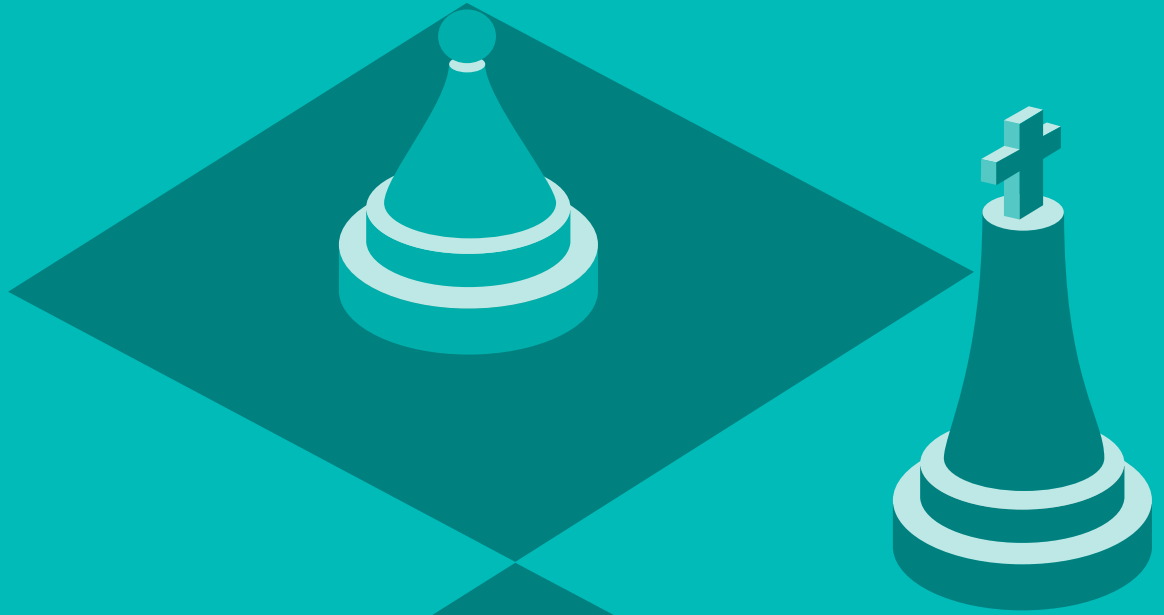
My sincere gratitude to all stakeholders, including shareholders, business partners, clients, guests and others for the trust and confidence placed in the company. I seek your continued patronage in the years ahead as well.



S.A. Abeyesinhe

Director/Group Chief Executive Officer

17th August 2018



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THE SERVICES WE OFFER

Our service strategies reflect the determination of our team to drive our belief of shared values as the basis of mutual success for the Group and our clients. This is the basis on which we at Asia Capital PLC have built our business and reputation over the years.

A Client-Centric Approach

At Asia Capital PLC (ACAP), we work with the understanding that our clients are valued partners. We believe in building long standing relationships and ensure that we are there to support our clients every step of the way throughout their business journey. We are committed to helping our clients to anticipate, understand, manage and overcome complex business challenges, thereby enabling them to take advantage of economic, regulatory, financial and/or other business opportunities in the market.

We differentiate our value proposition in three ways:

- Providing bespoke solutions to meet the precise needs of our clients and in doing so strive for excellence as defined by them and not by us
- Developing unique skills, tools and capabilities to give our clients a critical commercial advantage that would enable them to stay ahead of their immediate peer group
- Working with our teams to discover innovative ideas and solutions to problems faced by our clients

This proactive client-centric approach remains fundamental to our business proposition and underpins our efforts to grow our market position, client base, and revenue streams.

Our Services

ACAP's service portfolio is designed with our clients in mind. In everything we do, we are geared and ready to tailor our service offering to suit the requirements of each client.

Advisory

Our Advisory services offer the full gamut of solutions, covering acquisition searches, IPOs, financing, sell side advisory services, thematic industry research and also carry out due diligence reviews to evaluate key value drivers and risk factors for a particular business model. Furthermore, we advise clients

on the most appropriate and advantageous tax and accounting structures to be adopted for their specific businesses by scrutinising the quality of earnings, the quality of the balance sheet, and working capital requirements.

Mergers & Acquisitions (M&A)

We not only assist potential buyers and sellers to develop and formulate M&A strategies in line with their M&A objective, but strive to create enhance business value through possible synergies. In doing so we undertake to identify, screen and initiate discussions with potential acquisition targets, while simultaneously helping them to structure, negotiate, and arrange acquisition financing based on our client's terms and needs.

Private Equity

We help our clients to raise equity capital and guide their management teams towards restructuring their operations to achieve investment expectations or focus on new opportunities. We leverage our extensive expertise, superior technological capabilities and proven track record, to help clients enhance returns, mitigate risk and increase efficiency of their core business model. Supported by an extensive network of contacts across corporate, private equity and finance communities, we aim to deliver the best possible outcome for our clients in an efficient and effective manner.

Research

Our dedicated research team has a year-round mandate to evaluate the economy to keep abreast of global and domestic economic developments and their interdependencies to recognise implications on specific investment areas. The team specialises in generating forecast models to predict the behaviour of economic variables and incorporate findings to assess the future performance of desired investment fields. This research efforts complement ACAP's client-centric approach.

Our research team also undertakes client specified research to assist you in your vision and plans to take your business venture to the next level.

The Team

At ACAP, our team is the backbone of our value proposition. With academically strong backgrounds ranging from Accounting, Finance Management, and Marketing to Social Sciences and Actuarial Studies, our team is strengthened by collective experience in the fields of Corporate Finance, Financial Advisory Services, M&A, Capital Markets, Leisure Management, Property Development, Audit and Assurance. A young, dynamic group of people with fresh ideas and a bold new outlook towards investment and advisory services, our team is sub-divided into different divisions, to enable them to apply their expertise in specific areas to cater to the needs of our clients.

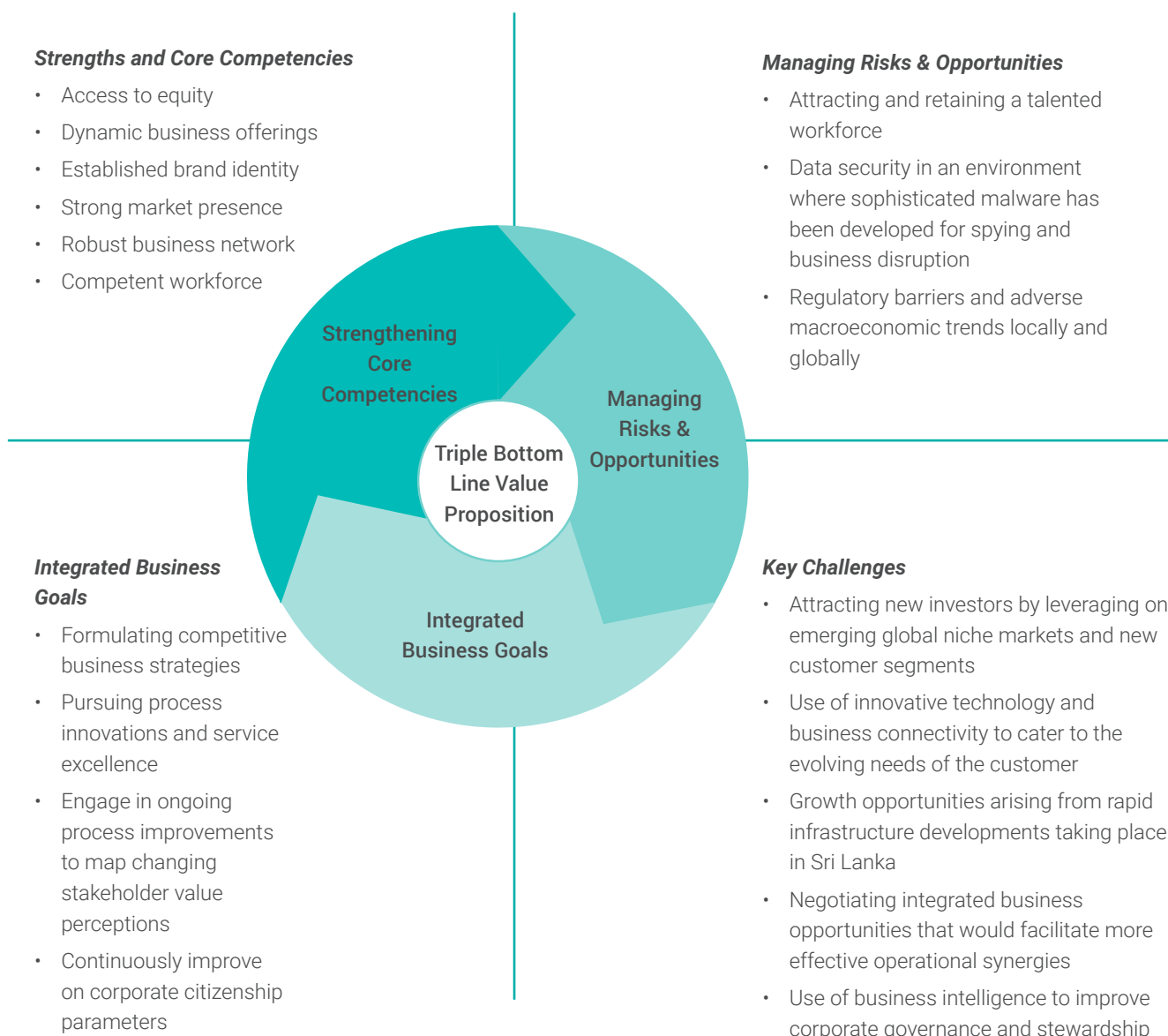
Taking a holistic approach, each team strives to assist our clients explore strategic business options by providing advice on business restructuring or total project management solutions.

CREATING VALUE FOR OUR STAKEHOLDERS

ACAP's core strategy is directed at improving competitiveness and profitability in order to enable the Group to better respond to stakeholder expectations and enhance the well-being of the society as a whole.

Our value creation model is based on continuously strengthening our core competencies, managing risks and seizing appropriate opportunities while setting integrated business goals. To drive this commitment, the Group has set

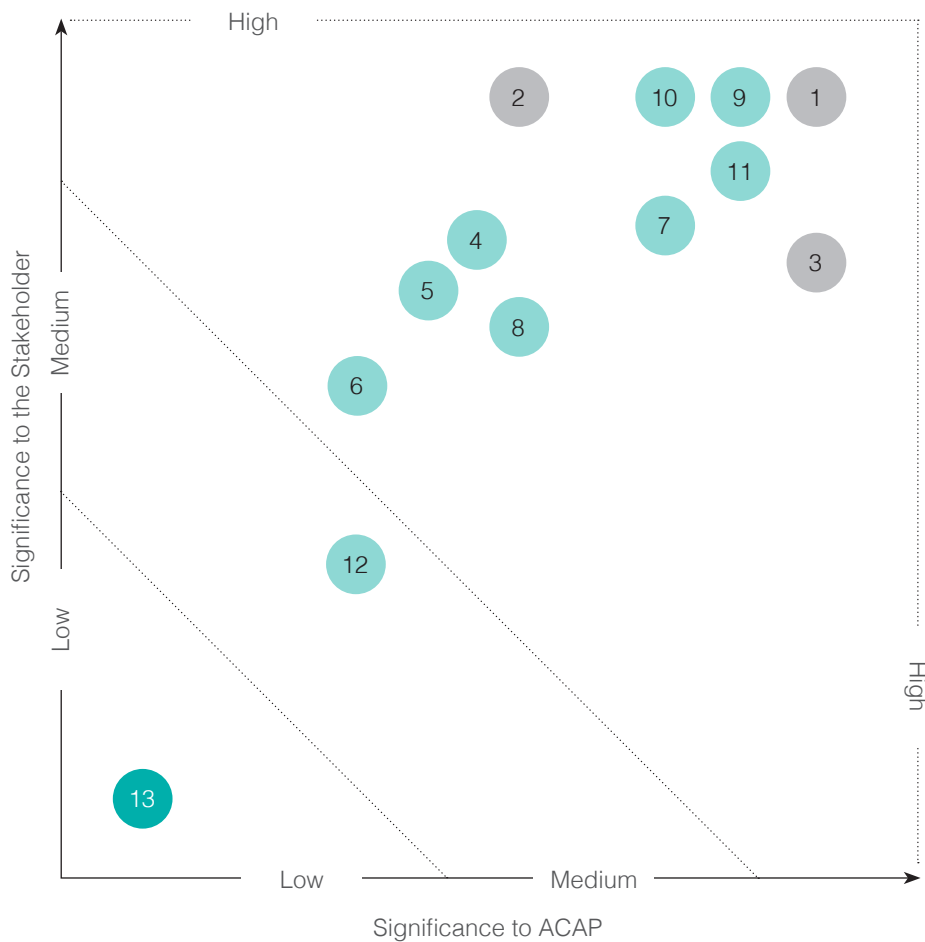
up dedicated teams to cater to separate market segments, capitalized on new market opportunities, and set up processes and plans to continue to grow amidst a dynamic and ever-changing operating environment.



MATERIALITY ANALYSIS

At ACAP, we are committed to upholding the highest standards and to operating a sustainable business. An important part of this is ensuring that the focus is on reporting issues of critical importance to both our stakeholders and the business.

Through the stakeholder engagement process outlined above as well as the direct involvement of our senior management teams, we are able to identify the most material issues for the Group to manage. The issues identified in this manner are then mapped in order of priority to the stakeholder as well as the Group as shown below.



Economic Aspects

- 1 Economic Performance
- 2 Indirect Economic Impacts
- 3 Ethics and Governance

Social Aspects

- 4 Non-Discriminatory Work Environment
- 5 Workplace Safety
- 6 Training and Career Development
- 7 Product Diversity
- 8 Marketing Communications
- 9 Market Presence
- 10 Customer Privacy
- 11 Public Policy
- 12 Local Communities

Environmental Aspects

- 13 Green Ethics

STAKEHOLDER ENGAGEMENT PROCESS

STAKEHOLDERS



Employees

Our Commitment

Encouraging employee engagement by facilitating a strong communicative culture that provides employees with multiple channels to communicate with their superiors, including; one-on-one meetings, the Intranet, quarterly forums, knowledge sharing workshops and the annual performance appraisals. The Group also has in place an active social event calendar that is aimed at fostering stronger ties between the Group and its employees.

Important Issues

- Career Development
- Remuneration and Benefits
- Workplace Equality
- Safe Working Environment
- Business Productivity
- Sustainability of the Group and Job Security

Engagement Methods

- One-on-One Meetings
- Quarterly Forums
- Knowledge Sharing Workshops
- Annual Performance Appraisals



Shareholders

Our Commitment

Providing shareholders, a transparent, clear and unbiased view of the Group's activities. Conducting business operations to increase value created in terms of share price appreciations and increased earnings and dividend payments.

Important Issues

- Financial Stability
- Growth Prospects
- Sustainability of Business Model
- Cost Leadership
- Corporate Governance
- Risk Management Framework

Engagement Methods

- Direct Interaction at the AGM
- Annual Report
- Quarterly Reports
- Regular Updates via Group Websites, Social Media Forums and Press Releases



Business Partners

Our Commitment

Continuous networking both locally and overseas to build sustainable business relationships that correspond to the strategic vision of the Group.

Important Issues

- Financial Stability and Liquidity
- Business Prospects
- Sustainability of Business Model
- Brand Marketability
- Market Presence
- Governance and Ethics

Engagement Methods

- Face-to-Face Meetings
- Corporate Website

Every group of stakeholders is important to ACAP's business operation, directly or indirectly. Discovering and understanding interests and expectations of stakeholders helps a corporate reduce potential impacts on operations and creates opportunities for improvement by integrating their concerns into the organization's strategy and operational improvement.

To be able to build up good, strong relationships with stakeholders, we have identified several Groups. Emphasizing our commitment to all stakeholders alike, we continue to regularly engage with each Group through both formal and informal methods.



Customers

Our Commitment

Formulating a dynamic value proposition through personalised communication and one-on-one dialogue with customers to build long term mutually beneficial relationships.

Important Issues

- Service Quality and Reliability
- Pricing
- Technology and Innovation

Engagement Methods

- Meetings
- Press Releases
- Corporate Website
- Social Media Platforms



Government/Industry

Our Commitment

Creating a progressive operating environment through routine exchange with regulators and working closely with policy level decision makers as well as participating in consultative forums and knowledge sharing sessions with industry experts.

Important Issues

- Statutory Compliance
- Tax Structure
- Governance Committees

Engagement Methods

- One-on-One Meetings
- Knowledge Sharing Sessions
- Participating in Business and Industry Forums



Local Communities

Our Commitment

Embracing corporate social responsibility through a range of direct communication opportunities that help integrate local communities into the mainstream business model whilst ensuring their rights and their interests with regard to safeguarding the environment.

Important Issues

- Social Welfare and Livelihood Development
- Community Infrastructure Development
- Preservation of Eco-systems
- Disaster Relief

Engagement Methods

- Community Welfare Programmes
- Participation in Community Initiated Events



BUSINESS REVIEW

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LEISURE SEGMENT OPERATIONS

“
THE RAPID YEAR-ON-YEAR INCREASE IN ROOM INVENTORY IS A REFLECTION OF THE IMMENSE POTENTIAL ASSOCIATED WITH SRI LANKA’S TOURISM INDUSTRY, A FACT THAT HAS MADE THE HOTEL SECTOR IN SRI LANKA ONE OF THE MOST COMPETITIVE INDUSTRIES... ”

Asia Leisure Portfolio

The Asia Leisure footprint consists of five actively operational hotels located along the southern coastal belt of Sri Lanka. The latest addition to the portfolio is the Habitat, Kosgoda, a 28-room contemporary boutique style property managed by Asia Leisure. The property was officially launched to the market in November 2017, bringing the total room inventory under the Asia Leisure umbrella to 98 as at 31st March 2018.

Known for their contemporary style, unique ambiance and world-class hospitality standards, each property offers guests an experience that cannot easily be forgotten.



LEISURE SEGMENT OPERATIONS

To capture a larger share of the direct channel, aggressive marketing activities were carried out to strengthen the reach in potentially high-yielding market segments. Efforts in this regard included a number of new strategic tie-ups with foreign partners in Australia, UK, Germany and several Scandinavian countries to allow the Group to deepen its penetration in these source markets.

Rs. 436_{Mn}

Gross Revenue

Tourism Industry in Sri Lanka

The tourism industry was the third largest foreign exchange earner to the country, as arrivals to Sri Lanka reached an all-time high of 2,116,407 in 2017, according to the latest data released by the Sri Lanka Tourism Development Authority.

The arrival figure for 2017 represents a 3.2% growth or 65,595 more arrivals over the preceding year when the figure crossed the 2 million mark for the first time.

The higher number of arrivals has been achieved despite some serious setbacks starting with the partial closure of the Bandaranayake International Airport from January to April prompting many airlines to either scale down operations or completely halt flights to Colombo.

Just weeks after the airport reopened in April, the southern half of the country was hit by devastating floods that cut off access to many resort areas resulting in adverse international media publicity that had an impact on forward bookings.

This was followed by an unprecedented dengue epidemic. Centered around the commercial capital Colombo, the Dengue epidemic lasted several months, giving rise to a wave of negative reports on international media and prompting some countries to issue travel advisories warning their citizens against travelling to Sri Lanka.

Further, the civil unrest in Kandy and other areas in the central province in the latter part of 2017 cast a shadow on the country's image as a safe destination for tourists. While a visible drop in arrivals was seen in the immediate aftermath of the incident, there also appears to have been a cascading effect on forward bookings as well.

Despite these obstacles however, tourist arrivals from all major regions, except the Middle East, did register an increase in 2017 compared to the previous year. Recording a year-on-year growth of 5.8%, arrivals from Western Europe continued to account for the largest share of the mix followed by South Asia and East Asia. In terms of numbers, India maintained its lead as the main source market, contributing recording 384,628 arrivals in 2017. China, despite a marginal decline in the numbers, remained the second largest source market, with the UK, Germany and France rounding up the top five source markets. The top five together accounted for 51.2% of tourist arrivals to Sri Lanka in 2017.

Earnings from tourism increased to USD 3,925Mn in 2017, up by 11.6% from USD 3,518Mn in 2016. In 2017, the average spending per tourist rose to USD 170.1 per day, from USD 168.2 per day in 2016, according to the latest annual survey on tourist spending and duration of stay, conducted by the Sri Lanka Tourism Development Authority (SLTDA). Further, the average duration of stay by a tourist was estimated at 10.9 days in 2017, in comparison to 10.2 days in 2016.

Investment in the tourism sector continued to expand further in 2017. According to the data released by the SLTDA, final approvals were granted for 45 hotel projects with 2,393 rooms, with a total value of USD 380Mn, in 2017, in comparison to 41 projects amounting to USD 126Mn approved in 2016.

The rapid year-on-year increase in room inventory is a reflection of the immense potential associated with Sri Lanka's tourism industry, a fact that has made the hotel sector in Sri Lanka one of the most competitive industries, especially among southern coast properties where many compete on price mostly, with little regard for quality or value.

Source: CBSL Annual Report 2017

Performance Update

Occupancy Levels

Occupancy levels at all Asia Leisure properties were subject to some ebbs and flows in direct correlation to certain factors that had an impact on tourist arrivals to the country throughout 2017.

Starting off strongly, occupancy levels for the first few months of the year stayed above average at all properties, but dropped in June/July 2017 amidst lower arrivals from China as a result of the heavy flooding in the Southern Province.

While an improvement was seen from August 2017 onwards, Group occupancy levels were once again affected by the civil unrest in the central province towards the latter part of 2017, leading to a drop in November/December 2017.

Consequently, average overall occupancy for 2017/18 was 64%, marginally higher than the 61% reported in the previous year.

Strategy and Focus

Given the stiff competition among southern coastal properties and the uneven tourist arrival patterns for 2017, the Asia Leisure Group adopted a three-pronged approach to consolidate its position as a leading player in Sri Lanka's leisure sector.

Marketing and Promotion

Rather than competing on a price, the Group's marketing activities focused on overall yield maximization by realigning the channel mix, with specific strategies being assigned to develop each channel.

To capture a larger share of the direct channel, aggressive marketing activities were carried out to strengthen the reach in potentially high-yielding market segments. Efforts in this regard included a number of new strategic tie-ups with foreign partners in Australia, UK, Germany and several Scandinavian countries to allow the Group to deepen its penetration in these source markets.

Participation in global forums such as the ITB - Germany and WTM in London were some of the other focused initiatives undertaken during the year in support of the yield maximization strategy. These programmes continue to provide the opportunity to strengthen relationships with tour operators in those markets enabling the Group to secure higher volumes from these regions.

Meanwhile, as part of a long-term strategy to grow volumes through direct online bookings, the look and feel of the Asia Leisure website was revamped. This was coupled with a widespread brand building campaign to enhance the Group's social media presence.

Systems and Processes

In parallel, the existing IT systems were upgraded through the roll out of a new end-to-end hotel management solution that would improve overall efficiency and support Group efforts to scale up operations.

Capacity Building

Additional emphasis was placed on enhancing the value proposition offered by each property in order to create a clear differentiation among peer offerings. Improvements made were aimed at giving guests a truly unique and enriching cultural experience. These include;

Future Plans

The main thrust going forward would be to strengthen the Group's position in Sri Lanka's leisure sector. Achieving this would mean expanding the current room inventory targeting a total of 727 rooms by 2020, the Group expects to leverage on its expertise to pursue management contracts that would boost the portfolio over the next three years.

In doing so, the Group will look not only to strengthen its presence in the coastal property sphere, but also pursue other emerging opportunities across the country. In line with this strategy, several properties have been earmarked to be taken under for management in the year ahead, among them a 57 room hotel in Galle and another 20 room boutique bungalow in the Central Province. Negotiations have also begun to take on the management of a 164 room luxury resort hotel in Kalpitiya to be launched to the market in 2020.

PROJECT OPERATIONS

As a Project Consultant offering turnkey project solutions, all ventures undertaken by Asia Capital PLC (ACAP) since the inception have been focused on developing the country's post-war tourism infrastructure. ACAP is responsible for facilitating Foreign Direct Investments to the tune of USD 500Mn to the country over the past 5 years, of which the majority was channelled towards the development of hotels, resorts and mixed developments.

Over the years, ACAP has undertaken turnkey projects on behalf of a number of leading global investors, among them Belluna Co. Ltd, Japan. Listed on the Tokyo Stock Exchange, Belluna is a highly diversified conglomerate with interests ranging from distribution, retail, finance and property development.

Successful completion of turnkey projects such as the Shinagawa Beach, Balapitiya in 2013 Tabrobana, Wadduwa in 2014 the Habitat, Kosgoda in 2017 and Le Grand Galle in July 2018 has earned ACAP the reputation as specialised Project Consultant with the capacity to offer end-to-end solutions for investors looking for potential opportunities to set up hotels and resorts in Sri Lanka.

Leveraging on the expertise in handling turnkey hotel projects, ACAP has also more recently begun undertaking real estate and property development projects mainly large-scale condominium projects in Colombo.

In the year under review, ACAP made steady progress on projects that are already in the pipeline, while negotiating contracts for several new projects.

Status Update – Pipeline Projects

Project Name	Phase 1		Phase 2		Phase 3	Proposed Completion Date
	Planning	Land Acquisition	Plan Approval	Project Development	Construction	
Galle 1	✓	✓	✓	✓	✓	February 2019
Marine Drive	✓	✓	✓	✓	✓	March 2020
447 Luna Tower	✓	✓	✓	✓	✓	May 2020
Maldives Miriandhoo	✓	✓	✓	✓	✓	October 2018
Nuwera Eliya	✓	✓	✓	✓	✓	June 2019
Colombo 1 Mixed Development	✓	✓	✓			December 2023



Galle 1

- Key Facts** : Proposed 4-star hotel consisting of 96 sea view rooms
- Investment** : USD 15.2 Million
- Architects** : Miyake Masaki Associates (Lead) and A designstudio (Local Partner)
- Contractors** : MAGA



Marine Drive

- Key Facts** : City Hotel consisting of 297 superior rooms
- Investment** : USD 55 Million
- Architects** : The Range Design
- Contractors** : Hazama Ando Corporation (Singapore) and Tudawe Brothers



447 Luna Tower

- Key Facts** : Condominium tower consisting of 44 floors with 190 upscale residential apartments
- Investment** : USD 64 Million
- Architects** : PWA Architects (Local Partner) and ONG & ONG, Singapore
- Contractors** : Sanken Construction (Pvt) Ltd. and Nawaloka Piling Company (Pvt) Ltd.

PROJECT OPERATIONS



Maldives Miriandhoo

Key Facts : Luxury resort consisting of 70 lavish suites

Investment : USD 45 Million

Architects : PEIA Associates

Contractors : Sanken Overseas (Pvt) Ltd



Nuwara Eliya Hotel

Key Facts : A 15 room boutique style hotel

Investment : USD 2.5 Million

Architects : designstudio



Colombo 1 Mixed Development

Key Facts : Mixed development project with Apartments, Hotel and Commercial space

Investment : USD 450 Million

INVESTMENT ADVISORY SERVICES

ACAP's Investment Advisory Services is a fundamental aspect of the Group's business model. Focusing mainly on economically significant sectors that demonstrate high-growth potential, ACAP provides a wide range of services, including professional advice to assist client companies looking to achieve their full potential through appropriate capital and operational resources to build core competencies. ACAP also works with start-ups or newly carved out companies to develop infrastructure and support systems to help them grow organically.

Leveraging on its sector specific networks, ACAP is able to further assist businesses to diversify their operations and pursue inorganic growth opportunities that will accelerate their long-term growth trajectory.

Additionally, ACAP acts as an investment promoter for companies seeking scale and synergies through targeted M&A opportunities.

Summarised below are a few of the notable efforts for the year.

Case Study 1	Sector	Tourism
	Challenge	Approached by a globally renowned wellness hospitality brand already present in Sri Lanka, ACAP was required to find a prospective management partner with the capability to take the business to the next level.
	Activities Undertaken	The first priority was to look for the right-fit partner with a stable track record in the specific wellness hospitality space. However, being a relatively new concept in Sri Lanka, there were very few suitable candidates, prompting ACAP to tap into its overseas partner networks.
	Status	Negotiations are underway with several interested parties.

Case Study 2	Sector	Financial Services
	Challenge	Formulate a suitable exit strategy for the majority shareholder in a Company offering an online payment gateway solution.
	Activities Undertaken	A comprehensive divestment plan was formulated to enable the client to divest his stake in the Company. ACAP also looked for a prospective investor through a private placement. To support the investment case, a through due diligence process was carried out with a complete financial evaluation to determine the feasibility of the product and assess the long-term scalability of the business model. An investment prospectus was prepared including a three-year financial forecast with a special emphasis on the ROI .
	Status	Following negotiations with several interested parties, the divestment was concluded successfully to the complete satisfaction of the client.

Case Study 3	Sector	Healthcare
	Challenge	ACAP was tasked with sourcing a potential investor for a client looking to set up a pharmaceutical manufacturing plant in Sri Lanka.
	Activities Undertaken	A comprehensive feasibility was carried out along with a peer review study to gain a deeper insight into the opportunities and challenges that may exist in pharmaceutical manufacture.
	Status	ACAP is working on preparing a prospective pitch document to be presented to potential investors.

ASIA LEISURE TRAVELS

Performance Update – Asia Leisure Travels

Impacted by the uneven tourist arrival patterns for 2017, the Group's travel segment reported a satisfactory performance for the year under review. Revenue fell short of targets, but nonetheless stayed on par with the previous year, thanks to ongoing promotional efforts to broaden the reach in overseas B2B and B2C markets. Steps taken in this regard included direct marketing activities, mainly B2B tie-ups in Germany, USA, UK, Australia, France and Switzerland to ensure guaranteed year-round volumes from these markets. The segment also participated at a number of global travel forums, among them the ITB in Berlin, February 2018.

GROUP FINANCIAL REVIEW

Group Financial Review

At ACAP, our business operations are vulnerable to the dynamic nature of the industries we operate in as well as the local and global macro-economic environments. As a result, we continuously monitor these environments to ensure that our subsidiaries, specially the leisure sector companies are able to capitalize on changing global travel trends and movements in the tourism industry.

Economic Environment

The global economic upswing, underway since the second half of 2016, continued to strengthen in 2017 as well, with broader recovery evident in emerging markets following a long-awaited pick up in global trade and investment activity. World economic growth recorded 3.8% during 2017/2018 with growth expected to remain strong in 2019.

GDP growth across emerging market economies as a whole appears to indicate positive signs for the future too. Latin America is set to see the strongest acceleration, to 2.0% in 2018 and 2.9% in 2019, while eastern Europe is expected to see some momentum easing from 3.0% this year to 2.5% next year. Although Asia is expected to enjoy the strongest growth, a gradual slowdown in Chinese economic growth would likely be a drag on the regional growth, bringing it down to the still respectable 5.8% in 2018 and 5.5% in 2019.

In Sri Lanka, a complex political environment and the impact of natural disasters, such as floods in May and prolonged drought in several districts, made 2017 a challenging year for the country. As a result, Sri Lanka's macroeconomic performance slowed down, with the growth rate declining to a 16 year low of 3.1% in 2017 – the lowest since 2001. However, economic reforms in Sri Lanka have made notable effort to build a self-sustainable economy by focusing on increase in government revenue via effective tax imposition and collection system while maintaining public capital investment on infrastructure. These factors are expected to pave the way for stronger economic growth in short to medium term.

Despite challenges however, the country's tourist arrivals continues to improve year on year. As indicated by the Sri Lanka Tourism Development Authority, 2017 recorded the highest number of tourist arrivals with 2,116,407 arrivals, an increase of 3.2% from 2016. Throughout the year, the country's tourism industry went through several ups and downs due to the disastrous floods in the southern half of the country and the dengue epidemic surrounding Colombo which lasted several months. Affected by these factors, tourist arrivals declined over the first and second quarters of 2017, but rose in the third

quarter and continued to grow from thereon. Growth in the arrivals has ensured the tourism industry continues to make a solid contribution towards the country's fortunes. According to The Travel & Tourism Economic Impact 2017 Sri Lanka report, constructed by the World Travel & Tourism Council, the direct contribution of the tourism sector towards the country's GDP in 2016 was USD 4.4Bn, 5.1% of total GDP. The sector further contributes to economic growth of the country in ways such as drawing foreign investments, infrastructural developments, and job creation.

Revenue Analysis

Group

The Consolidated group revenue for the financial year ending 31st March 2018 was Rs. 900Mn with a 67% YoY increase from the Rs. 539 mn reported in the previous year, it is noteworthy that the revenue for the previous financial year includes proceeds of Rs. 114mn from the disposal of Group's shares in quoted investments in subsidiary.

The Consolidated revenue for the current financial year consists of the revenue from disposal of non-quoted investments and leisure sector.

Company

ACAP's revenue increased by 95% from Rs. 486Mn in 2016/2017 to Rs. 947Mn in 2017/2018, mainly on account of the gain made on the disposal of Non-quoted investments. During the period ACAP disposed 14.66% of Asia Leisure Holdings (Pvt) Ltd stake for Rs. 438Mn and 21% of Galle Beach CC Trust (Pvt) Ltd shares for Rs. 459Mn as part of our strategy.

Costs Analysis

ACAP's cost declined due to the strict cost containment strategies introduced by the management, along with steps taken to align costs directly to revenue and eliminate non-essential expenses. Significant decline in provision made on impairment on receivable balances has also contributed to decrease in overall costs of the company.

Leisure sector costs on the other hand, registered an increase in direct proportion to the increase in business volumes and revenue expansion recorded by all properties in the Asia Leisure portfolio.

The Group operating cost has decreased by 24% to Rs. 869Mn in 2017/18 from Rs. 1.14Bn in 2016/17 mainly led by 74% decrease in other operating expenses and 39% decrease in finance cost. The decrease is primarily due to the decline in

GROUP FINANCIAL REVIEW

impairment charges on movie stock and decrease in finance cost due to the retirement of foreign borrowings in the investment sector.

EBIT

ACAP reported an EBIT of Rs. 675Mn for the year under review, in contrast to the loss of Rs. 217Mn tabled in the previous year, signaling a complete turnaround in performance of the company. Apart from the increase in revenue, increasing sundry income and reduction in impairment provisions has also contributed to this turnaround.

Net Finance Costs

Group Net finance cost decreased from Rs. 195Mn in the previous financial year to Rs. 117Mn for the year under review. This was due to the 62% decrease in ACAP's Net Finance cost from Rs. 151Mn in 2016/17 to Rs. 57Mn in 2017/18 as a result of the repayment of foreign debt obtained to finance its long term projects.

Profit After Tax

The Group recorded a consolidated profit of Rs. 122Mn for the year ended 31st march 2018, a significant improvement from the loss of the Rs 763Mn reported for the previous financial year.

Meanwhile, thanks to the gain on disposal of shares and higher operating income derived through Projects, ACAP registered a profit after tax of Rs. 569Mn for the year compared to the loss of Rs. 370Mn reported for the previous financial year.

Assets

The Group's total asset base rose to Rs. 3.75Bn as at 31st March 2018, compared to Rs. 3.7Bn reported at the end of the previous financial year. Project advances given by ACAP as well as investments in new leisure properties were mainly responsible for this.

Debt

Group debt decreased from Rs. 1.1Bn in 2016/17 to Rs. 668Mn in 2017/18. The 20% reduction is the result of steps taken by ACAP to redeem foreign loans, which saw ACAP's debt burden decline from Rs. 437Mn in the previous year to Rs. 866Mn as at 31st March 2018.

Equity

ACAP's total equity increased by 76% YoY, supported by the reduction of accumulated losses due to Rs. 569Mn profit reported during the period.



PEOPLE & PLANET

Sustainability Report

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SUSTAINABILITY REPORT

“
AS A RESPONSIBLE CORPORATE STEWARD THE ACAP GROUP REMAINS COMMITTED TO MINIMIZE THE IMPACT OF ITS OPERATIONS ON THE ENVIRONMENT... ”

At ACAP, we believe sustainability is critical to ensuring our competitiveness and achieving long-term business objectives. Sustainability is therefore not just a series of stand-alone activities but rather a philosophy that is woven into the very fabric of our business. It is embedded into our core business strategy and explicitly articulated across all aspects of our business.

We are of the view that doing so enhances shareholder value, helps us recruit and retain the best talent and improves relationships with clients and business partners, in turn safeguarding our business interests in the long term.

Our sustainability model is driven by three key pillars; Putting our people first, Environmental stewardship and Community services.

Putting Our People First

Our people give us our competitive edge. Their individual talent is the collective expertise that helps ACAP to exceed client expectations and meet strategic objectives.

Hence, we greatly value our employees and look to ensure they have what is needed to build great careers. We endeavour to provide them with work that is both challenging and rewarding in order that they may continue to grow and thrive personally and professionally.

Further, we provide mentorship, and encourage innovation to pave the way for new leaders who would take ownership for the Group's success in the years ahead.

In doing so, we strive to create a diverse and inclusive culture in which differences are not only recognized but highly valued. By bringing together people from diverse backgrounds and

giving each person the opportunity to contribute their skills, experience and perspectives, we believe we can generate the best possible outcomes for the Group and in turn our shareholders. Relevant policies are in place to ensure this commitment to diversity is implemented from the point of recruitment and continues throughout an individual's employment cycle.

Employee Benefits

Our employees' health and financial well-being is the primary focus behind ACAP's competitive, flexible benefits plans. Our aim is to provide an overall compensation package based on an employee's performance, skill level, industry experience, and respective job role within the Group. In addition to their salary and any business-specific incentives, all Group employees are entitled to comprehensive medical insurance cover.

We regularly review industry and available competitive third-party salary survey data to help reorient our benefit plans to ensure we remain competitive within the industry in which we operate.

Career Development

Career development at ACAP begins at the point of recruitment, starting with an extensive onboarding programme that covers information about benefits and corporate culture, and includes training on values, ethics, health, safety, security, and the environment. While a standard onboarding programme is in place for all ACAP employees, the leisure sector uses its own structured orientation programme entitled "We welcome you" to induct new hires into Asia Leisure chain. The purpose of this programme is to introduce new associates to the Asia Leisure culture and brand and give them an insight into policies and procedures while helping them to cultivate inter-personal skills that would enable them to succeed.

Upon completing their orientation, each ACAP employee is assigned to various career streams, based on their skills and preferences. This helps define their career paths within the Group. Employees then go on to benefit from on-the-job training and cross training opportunities that promote personal and professional development.

Performance Management

All employees receive an annual performance review, which provides a fair and transparent assessment of their performance against pre-agreed KPI's and evaluate their contribution towards corporate objectives. Salary increments and annual bonuses are determined by the results of these performance appraisals. The performance appraisal mechanism also serves as a conduit for the Group's succession planning programme, where potential leaders are groomed through coaching and mentoring to take on leadership roles within the Group.

Here too, Asia Leisure differs from the ACAP Group practices by taking a more structured approach towards succession planning vis-à-vis its "People Manifesto", an initiative that facilitates individual career mapping coupled with targeted training activities to develop identified high-performing employees for future leadership roles.

Training and Development

While each ACAP employee is responsible for keeping themselves abreast of developments in their own field or area of work, it is the Group's responsibility to identify potential training gaps and provide adequate resources to meet the training requirements of each employee.

At Asia Leisure, training is a continuous and ongoing process, with all employees receiving regular training on certain key aspects of the business such as culinary skills, F&B operation, housekeeping, front office and engineering/maintenance operations. However having understood that training alone is insufficient, staff have the opportunity to gain practical 'on-job' experience on rotation across various properties within the Asia Leisure chain.

We have found that these efforts have led to a consistent improvement in guest satisfaction levels at all properties as illustrated below;

Asia Leisure

Asia Leisure				
Training hours and Guest Satisfaction levels (2017/18)				
	Shinagawa	Tamarind	Taprobana	River
	Hill			House
Avg Training Hours per Employee	3.8	4.1	5.0	3.5
Guest Satisfaction Level	75%	94%	81%	72%
Good	21%	5%	17%	22%
Average	4%	1%	2%	2%
Poor	-	-	-	4%

Employee Relations

At ACAP we strive to ensure a direct, honest and open relationship with our employees for it is our belief that relationships with employees should be built on mutual trust, and respect for the dignity and worth of each individual. This approach supports the Group's core values and culture, which allows employees to confidently raise any concerns regarding their work, work environment, terms and conditions of employment or any other matter related to their employment directly with their immediate manager.

Employees are provided with various mechanisms to resolve any concerns arising from their employment, including an open door policy to enable each employee to freely access not only their immediate supervisor, but also any member of the corporate management team.

Where employees raise concerns relating to their employment with the Company, these will be dealt with in a timely and fair manner and in complete confidentiality.

Moreover, we believe that a work environment which embodies a consultative and participative approach to engage employees is vital to not only retaining seasoned professionals but also critical to the attraction of new employees who join the workforce with expectations that they too will be consulted on key issues and company decisions. Accordingly, ACAP readily welcomes employee contributions towards the strategic planning and decision-making process through monthly team briefings and quarterly forums that are made available to facilitate the bottom-up idea generation process.

SUSTAINABILITY REPORT

Health and Safety

ACAP is committed to providing and maintaining a healthy and safe workplace, and for making sure that all employees return home injury-free at the end of each workday. The Group has in place strict policies, and practices that strengthen and uphold our safety culture, with each employee receiving regular training on health, safety, and security aspects.

Meanwhile at Asia Leisure periodic preventive maintenance schedules are followed to ensure the safety of all equipment and machinery, while maintenance logs kept for future reference. Each property has a trained safety team consisting of 6-8 employees, with two of these trained safety officers present at the property at any given time. Additionally, all other staff receives regular training on specialised areas related to safety including fire training, emergency evacuation and the importance of using proper safety equipment.

Employee Engagement

As part of our effort to create an enabling environment for employees, ACAP has a robust annual activity calendar that creates a platform for employees to engage with each others outside the workplace to foster camaraderie and team spirit.

Environmental Stewardship

As a responsible corporate steward the ACAP Group remains committed to minimize the impact of its operations on the environment. Among the Group's activities, the most significant environmental impact arises from the properties under the Asia Leisure umbrella. To address the key environmental concerns, Asia Leisure focuses on three key areas;

Energy Efficiency

Each year all properties are required to commit to certain energy efficiency targets. These are achieved through ongoing investments in LED lighting solutions, solar energy hot water systems and inverter air-conditioning units.

Managing Waste and Effluents

To minimize the volume of solid waste generated each day, the use of plastic, polythene and PVC is discouraged at all hotels. As a policy all properties are prohibited from using polythene bags as laundry bags, amenity covers and takeaway bags. They are also expected to reduce the use of plastic bottles or cups in the restaurant for service food and beverage and instead opt for more eco-friendly solutions.

Furthermore, all properties are required to follow strict waste disposal guidelines, where food waste is composted and solid waste is sent for recycling. A very clear arrangement is in place for the segregation of solid waste prior to being sent for recycling to a CEA approved third party service provider.

Sewage treatment plants are in operation in Shinagawa Beach and Taprobana, Wadduwa, collectively generating approximately 8,000 litres of treated water per month, which is then used for irrigating the hotel gardens. This has enabled each property to cut the water drawn from municipal sources.

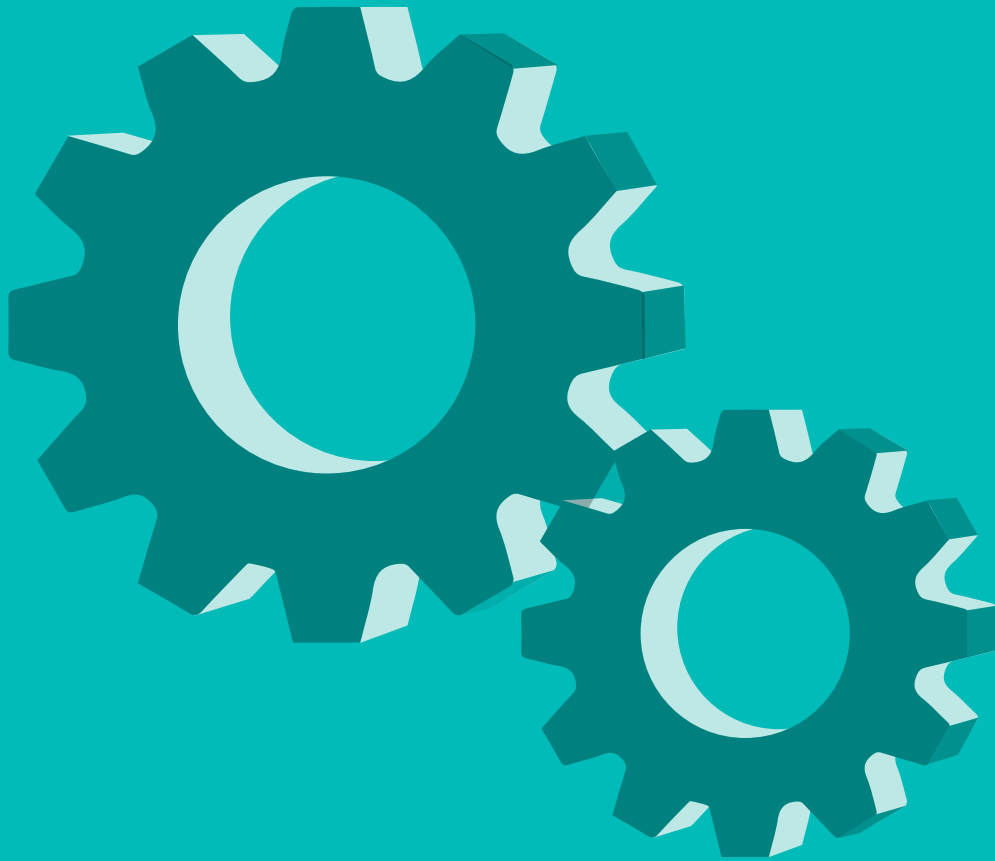
Environmental CSR

All coastal properties under the Asia Leisure chain undertake to preserve the surrounding beaches and conduct regular beach cleanups with the participation of employees, guests and neighbouring communities.

Community Service

At ACAP, we believe in sharing our success with the community. The Group provides direct assistance to under-served communities and also supports various community-based religious and cultural initiatives.

Moreover, Asia Leisure has a local hiring policy which creates a framework for community youth to join the Group. Additionally, many local craftsmen in and around Asia Leisure properties benefit from the opportunity to retail their products to hotel guests.



GOVERNANCE REPORT

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RISK MANAGEMENT

A number of internal and external elements if not addressed could culminate to cause a severe threat to the stability and survival of any organisation. As a proactive organisation in the forefront of the financial and services sectors in Sri Lanka, Asia Capital PLC is impacted with a portfolio of multi-dimensional risk challenges. Pre-emptive measures are constantly initiated within the Group in order to anticipate all potential risk aspects that prove to be a distraction from the core business focus. In addition, preventive mechanisms are in place to focus on mitigating risk elements and safeguarding the Group.

Risk Management System

The ACAP risk management system has been structured on sound principles and best practices. The risks faced by the Company are managed by assessing the Company's vulnerability to each risk element. The ideal risk/return formula is then derived in cognisance with the goal of fulfilling short term objectives and ensuring sustainable long term corporate growth. The clear, comprehensive risk control systems in place have enabled the Group to successfully safeguard its stakeholder wealth from a multitude of internal and external risk elements in the face of an ever changing business paradigm. The ACAP risk management system comprises the following key components.

Risk Policy Manual

The ACAP Risk Policy Manual seeks to comprehensively document the critical effects of all risk elements that define the performance of the Group. In addition the manual provides strict guidelines to combat all material risk elements. The Risk Policy Manual is revised annually to incorporate any new risk assessment criterias and to remove invalid data, thus ensuring relevance and accuracy of risk policies to meet the challenges of the evolving business climate.

Internal Control System

A key aspect of the ACAP risk management methodology is the Group's internal control system. The primary focus of the system is to mitigate internal management risks by acting as a deterrent against fraud and malpractices.

Risk Management Committee

The ACAP risk management committee consists of a high profile team including members of the Board, Heads of Departments and senior staff that encapsulates the diversity of the Group. The scope of activities carried out by the committee include:

- Determining the risks faced by the ACAP Group based on various criteria set out in the Risk Policy Manual
- Reviewing the risk profile of the company
- Assessing the risk appetite towards specific risks or risk management practices
- Formulating and implementation of control measures to achieve the Group's short term and long term objectives

ACAP Risk Management Process

PHASE 1 - Risk Identification

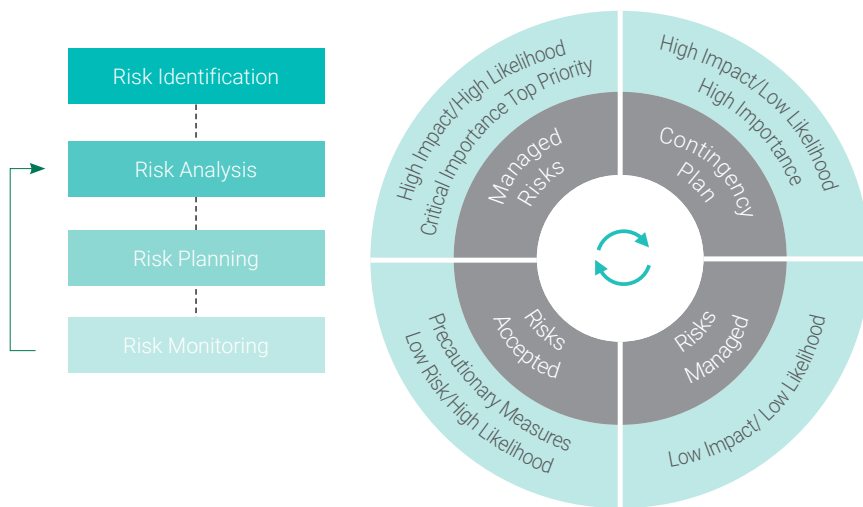
Risk identification at ACAP is a detailed procedure which includes brainstorming sessions, surveys, questionnaires, team meetings and other reliable techniques used to identify internal risks to the Group. In-depth market study, competitor analysis, technology evaluation and customer studies are some of the techniques carried out to identify pertinent external risk factors. The entire risk identification process is conducted under the supervision of the ACAP Risk Management Committee. The process is diligently repeated every quarter to ensure relevance and timeliness and to provide the committee with a starting point to address any renewed risks that the Group may encounter.

PHASE 2 - Risk Analysis

The risks identified by the Risk Management Committee are analysed and prioritised based on the Risk Assessment Matrix. The matrix assists in quantifying risk elements in tandem with its impact on the activities of the Group. This enables the committee to formulate necessary strategies to manage the risks faced by the company.

PHASE 3 - Risk Planning

The process of risk planning provides guidance and strategic direction to the risk management and control process as tabled below.



Risk Category	Elements of Risk	Risk Control Strategy
BUSINESS RISK	<ul style="list-style-type: none"> • Inability to implement selected strategies or plans • Not achieving business objectives • Inappropriate or adverse decision making • Lack of responsiveness to industry changes • Ill-timed investments in capital ventures • Failure to optimise risk/return formula through business strategies 	<ul style="list-style-type: none"> • The Risk Management Committee has recommended a 5 year strategic plan, revised annually. • Comprehensive budgeting and variance analysis done at company and SBU level
COMPETITION RISK	<ul style="list-style-type: none"> • Over reliance on existing services • Inability to introduce new services and deviate from the market • Introduction of new services by competitors • Lack of promotional campaigns 	<ul style="list-style-type: none"> • Direct competitor analysis is carried out on a quarterly basis and Key Performance Indicators are analysed and compared industry wide • Strategic diversification • Leverage on service assurance and brand strength
LIQUIDITY RISK	<ul style="list-style-type: none"> • Non-availability of adequate working capital funds • Lack of liquid resources to secure a viable business opportunity • Inability to meet regulatory cash reserves 	<ul style="list-style-type: none"> • Continuous review of group working capital requirements • Strict management and control of funding • Continuous monitoring and control of debtors and creditors mismatch

RISK MANAGEMENT

Risk Category	Elements of Risk	Risk Control Strategy
MARKET RISK	<ul style="list-style-type: none"> Adverse financial impact on the Company resulting from the fluctuation of interest rates Currency fluctuations Variations in equity and commodity prices Volatile property values 	<ul style="list-style-type: none"> In accordance with the risk management committee recommendations, the research division monitors economic indicators Findings are presented to the strategic planning committee along with recommendations on strategies that negate any adverse effects
CREDIT RISK	<ul style="list-style-type: none"> Partial or full default of obligations by Asia Capital counterparties 	<ul style="list-style-type: none"> Regular review of counterparty exposure limits and eliminates excessive exposure to one party Formulation of solid legally binding agreements for all contracts with third parties Ensure proper security/collateral/back ground checks prior to granting loans to third parties Maintaining strong relationships with creditors
IT RISK	<ul style="list-style-type: none"> System failures System errors and breakdowns Unauthorised system access Improper use of information Non-availability of required IT platforms or inadequate IT support 	<ul style="list-style-type: none"> The comprehensive group IT policy is outlined in the IT security policy manual Asia Capital has appointed an IT security, risk and infrastructure manager to overlook the IT risk management function
SOCIAL AND POLITICAL RISK	<ul style="list-style-type: none"> Impact of political uncertainties that affect the day-to-day operations 	-
HR RISK	<ul style="list-style-type: none"> Improper recruitment procedures due to failures in providing adequate compensation and benefits to the right employee Occupational health and safety issues Unethical employee conduct and high employee turnover 	<ul style="list-style-type: none"> Each employee is allocated with clearly defined job descriptions where each employee is aware of their duties and responsibilities. This has enabled ACAP to carry out a smooth HR function with less employee disputes A comprehensive orientation programme for new recruits Ongoing training programs conducted regularly for existing employees Provision of a safe work environment for all employees by carrying out regular safety checks Increasing employee awareness of group HR policies and procedures Motivational programmes are organised for all staff Comprehensive performance reviews are conducted periodically Availability of detailed HR manuals

Risk Category	Elements of Risk	Risk Control Strategy
FRAUD RISK	<ul style="list-style-type: none"> • Malpractices • Money laundering • Fraudulent actions and mismanagement of assets 	<ul style="list-style-type: none"> • The controls are reviewed periodically and internal auditors conduct regular reviews of areas which are susceptible to fraud. • The Company has implemented a strong control environment with appropriate internal controls and an employee code of conduct to be adopted by all employees at the relevant level. • Effective internal control system (Fraud management system) to prevent fraud
REPUTATION RISK	<ul style="list-style-type: none"> • Actions which affect the credibility and goodwill of the Group 	<ul style="list-style-type: none"> • PR campaigns are organised in order to enhance brand image

PHASE 4 - Risk Monitoring

The risk management committee is tasked with ensuring that the risk management system continues to be reviewed periodically. Further, proper controls need to be placed with regard to all the strategic initiatives undertaken in order to manage risk. Consistent monitoring will ensure efficiency of the risk management system that would lead to the achievement of pre-determined risk management objectives.

CORPORATE GOVERNANCE

	Reference to SEC & ICASL Code, CSE Listing Rules	Compliance	Details of Compliance
1. COMPANY			
A. DIRECTORS			
A.1 Directors (The Board)	A.1/7.10.1(a), 7.10.2(a) and 7.10.3(c-d)	Complied	<p>The Board of Directors currently consists of eight (08) members including the Chairman.</p> <p>The day to day monitoring of operations of the organisation has been delegated to the CEO and the Executive Committee governed by policies, procedures and authority by the Board of Directors.</p> <p>The Board is accountable to the stakeholders of the Group to ensure that the business is conducted in an appropriate manner based on an approved business plan and the financial and non-financial targets of the Group are achieved. The Board's Terms of Reference stipulate the specific duties of the Board and the following are some key matters which come under the Board's review and approval:</p> <ul style="list-style-type: none"> I Group strategy and business plan II Financial reporting and internal controls III Financial performance IV Dividend policy V Changes to capital structure VI Constitution and performance of the Board Committees VII Regulatory compliance
Company Board Meetings	A.1.1	Complied	Although ideally, more regular Board Meetings should have been held, a limited number of Board meetings were held due to Directors being abroad from time to time. However, regular discussions took place among the Directors on important matters and resolutions were given effect to in writing.
Responsibilities of the Board	A.1.2	Complied	The Board is collectively responsible for formulation, implementation and monitoring of business strategies. In order to do so, the Board appoints sub committees of the main Board to assist the main Board in fulfilling its stewardship function by reviewing systems of internal control, internal and external audit, risk management, IT system and financial reporting to shareholders.
Compliance with laws and access to independent professional advice	A.1.3	Complied	The Board Members are permitted to obtain independent professional advice from third parties as deemed necessary which includes the Company's external lawyers and auditors at the expense of the Company.

	Reference to SEC & ICASL Code, CSE Listing Rules	Compliance	Details of Compliance
Company Secretary	A.1.4	Complied	The Company Secretary possesses the required qualifications and expertise, and advises the Board on matters concerning the Companies Act and other relevant rules, regulations and regulatory guidelines.
Independent judgement of the Directors	A.1.5	Complied	All the Board Members actively participate in the Board meetings by bringing up their own independent judgement.
Dedicating adequate time and effort	A.1.6	Complied	The Board Members dedicate adequate time for the affairs of the Company by attending Board meetings, Board sub-committee meetings and by making decisions via circular resolutions.
Training for new and existing Directors	A.1.7	Complied	The Directors are provided with training as and when required.

A.2. Chairman and Chief Executive Officer

There is a clear demarcation of the responsibilities between our Chairman and our CEO. The functions performed by the Chairman and our CEO are distinct and separate, ensuring the balance of power and authority within the organisation, so that no person has unfettered powers of decision-making and implementation.

A.3 Chairman's Role

The Chairman is responsible for the leadership of the Board, managing Board Meetings and the business undertaken thereat. The Chairman, is responsible to ensure all relevant issues are on the Board Agenda and Directors receive all appropriate information and documentation in a timely manner, thus facilitating the Directors to contribute at the deliberations.

Role of Chairman	A.3.1	Complied	The Chairman should ensure Board proceedings are conducted in a proper manner.
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A.4 Financial Acumen

Financial acumen	A.4	Complied	Our Directors with their academic and/or entrepreneurial financial skills, business acumen and wide practical wisdom contribute substantial value, knowledge and independent judgment to decision making on matter concerning finance and investment.
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A.5 Board Balance

Presence of Non-Executive Directors	A.5.1 7.10.1(a),7.10.2(a) and 7.10..3(a)	Complied	Seven (07) of the eight (08) Directors on the Board hold office in a non-executive capacity.
Independence of Non-Executive Directors	A.5.2 & A.5.3 5.5, 7.10.2(a-b) and 7.10.3 (a-b)	Complied	The Board comprises of three (03) independent Non-Executive Directors.

CORPORATE GOVERNANCE

	Reference to SEC & ICASL Code, CSE Listing Rules	Compliance	Details of Compliance
Annual Declaration of Non-Executive Directors	A.5.4 7.10.2(b)	Complied	Each Non-Executive Director has submitted his/her 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).
Requirement to appoint a 'Senior Non-Executive Director'	A.5.6 and A.5.7	Not applicable	This is not relevant to the Group as the Chairman and CEO roles are segregated.
Chairman conducting meetings with the Non-Executive Directors	A.5.9	Complied	The Chairman meets with the Independent Non-Executive Directors as and when necessary.
Recording of concerns in the Board minutes	A.5.10	Complied	Where Directors have concerns about the matters of the Group which cannot be unanimously resolved, their concerns are recorded in the Board minutes.
A.6 Supply Information			
Obligation of the Management to provide appropriate and timely information	A.6.1	Complied	The Group has a state-of-the-art management information system to process and monitor the performance of the Group and appropriate and timely information is made available to the Board members who make further inquiries when necessary.
Adequate time for circulation at respective Board documents	A.6.2	Complied	Board papers, agenda and previous board minutes are tabled one week prior to the Board Meeting.
A.7 Appointment to the Board			
Nomination Committee and the assessment of composition of the Board	A.7.1 and A.7.2	Complied	The names of the members of the Committee are on page 53 and on the inner back cover of this Annual Report.
Disclosure to Shareholders	A.7.3	Complied	New Directors' details are disclosed to the relevant authorities at the time of appointment. The existing as well as new Directors to the Board are disclosed in the Directors' Report on pages 51-55 of this Annual Report.
A.8 Re-election			
Re-election of Directors	A.8.1 and A.8.2	Complied	To comply with the Articles of Association, the Directors who have been appointed to the Board during the year hold office until the next AGM, and are required to retire and a new Director to be re-elected by the shareholders.

	Reference to SEC & ICASL Code, CSE Listing Rules	Compliance	Details of Compliance
A.9 Appraisal of Board Performance			
Appraisals of the Board and the subcommittees	A.9.1,A.9.2 and A.9.3	Complied	The Board annually appraises itself on its performance in the discharge of its key responsibilities. The Board also undertakes an annual self evaluation of its own performance and that of its committees and the Board states how such performance evaluations have been conducted.
A.10 Disclosure of information in respect of Directors			
Directors' disclosures	A.10.1 7.10.3(c-d)	Complied	The names of the Directors of the Board, their leadership expertise, skills and their profiles are disclosed on pages 6 to 7 of this Annual Report. Director's interests in contracts are indicated in Note 32 of the Financial Statements of this Annual Report. Names of the Chairman and the members of the Board Committees are provided on pages 51 to 55 and in the inner back cover of this Annual Report.
A.11 Appraisal of Chief Executive Officer (CEO)			
Setting of the annual targets and the appraisal of the CEO	A.11.1 and A.11.2	Complied	The CEOs performance is reviewed annually.
B. DIRECTORS' REMUNERATION			
B.1/ 7.10.5 Remuneration Procedure			
Establishment of a remuneration and its composition	B.1.1, B.1.2 and B.1.3 7.10.5(a) and 7.10(b)	Complied	The Remuneration Committee comprises of Three (3) Independent Non-Executive Directors. Mr. R. J. Wickramasinghe is the Chairman of the Committee. The details of the Remuneration Committee's composition, policies and responsibilities are set out on page 58 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.

CORPORATE GOVERNANCE

	Reference to SEC & ICASL Code, CSE Listing Rules	Compliance	Details of Compliance
B.2 Level and Makeup of Remuneration			
Level and makeup of the remuneration of Directors and comparison of remuneration with other companies	B.2.1, B.2.2 and B.2.3	Complied	The remuneration scheme for Executive Directors 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 Directors 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.
B.3 / 7.10.5 Disclosure of Remuneration			
Disclosure of remuneration policy and aggregate remuneration	B.3.1	Complied	Please refer Remuneration Committee Report on page 58 of this annual report
C. RELATIONS WITH SHAREHOLDERS			
C.1 Constructive use of Annual General Meeting and conduct of general meetings			
Use of Proxy	C.1.1	Complied	We ensure that all proxy votes are counted and the quantum of proxies lodged on each resolution is conveyed to our Chairman.
Separate resolution for substantially separate issues	C.1.2	Complied	Separate resolutions are proposed at an Annual General Meeting on each substantially issue.
Chairman of Board Committees to be present	C.1.3	Complied	At an AGM, the respective Chairmen of the Remuneration, Audit and Nomination Committees are present to provide any clarification to shareholders as necessary.
Adequate notice of Annual General Meeting and summary of procedure	C.1.4 and C.1.5	Complied	The notice and the agenda of the AGM together with the Annual Report of the Company containing the relevant documents are sent to the shareholders giving 15 working days notice prior to the date of the AGM.

	Reference to SEC & ICASL Code, CSE Listing Rules	Compliance	Details of Compliance
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C.2 Communication with Shareholders

Effective communication with the shareholders	C.2.1, C.2.2, C.2.3 and C.2.4	Complied	The Board maintains a two-way communication with all investors providing an opportunity to seek non-price sensitive information throughout the year by conducting meetings and discussions and answering queries through our Company Secretarial Division and/or Communications Teams.
Contact person in relation to shareholder matters.	C.2.4 and C.2.6	Complied	Shareholders may, at any time, direct questions, request for publicly available information and provide suggestions to Directors or management of the Group. Such questions, requests and suggestions should be addressed to the Company Secretary.
Process to make all Directors aware of major issues and concerns of shareholders	C.2.5	Complied	The Company Secretary maintains records of all correspondence received and will deliver as soon as practical such correspondence to the Board or individual Director/s as applicable and the Board or individual Director/s will respond to the shareholders and will direct the Company Secretary to send the response to the shareholder.
The process of responding to shareholder matters	C.2.7	Complied	Refer above.

C.3 Major and material transactions

As per the requirement of the Companies Act, Directors should disclose to shareholders, all proposed material transactions which would materially alter/vary the Company's net asset base.

Major and material transactions	C.3.1	Complied	In terms of Listing Rules pertaining to immediate disclosures, the Company always notifies the Colombo Stock Exchange about the relevant transactions as soon as they are approved by the Board of Directors in order to ensure dissemination of information to the public. All major transaction are disclosed where necessary.
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D. ACCOUNTABILITY AND AUDIT

D.1 Financial Reporting

Board responsibility to present the financial statements	D.1.1	Complied	The Board presents a balanced and understandable assessment which extends to interim and other price-sensitive public reports to regulators, as well as to information required to be presented by statutory requirements complying with regulatory deadlines.
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CORPORATE GOVERNANCE

	Reference to SEC & ICASL Code, CSE Listing Rules	Compliance	Details of Compliance
Annual Report of the Directors	D.1.2	Complied	Declaration by the Directors that the company has not engaged in any activities, which contravene laws and regulations, declaration of all material interests in contracts, equitable treatment of shareholders and going concern with supporting assumptions or qualifications as necessary. Please refer to the Annual Report of the Directors on pages 51 to 55.
Statement by the Directors and the Auditors	D.1.3	Complied	Please refer the Statement of Directors Responsibility on page 56.
Management Discussion and Analysis	D.1.4	Complied	Please refer Business Review on pages 23 to 32.
Declaration by the Board as to whether the business is a going concern	D.1.5	Complied	Please refer to the Annual Report of the Directors on page 52.
Requirement for an Extraordinary General meeting in a situation of serious loss of capital	D.1.6	Not Applicable	
Related party transactions	D.1.7	Complied	Process for identifying, recording and disclosure of related party transactions is in place. All related party transactions as defined in Sri Lanka Accounting Standard 24 - 'Related Party Transactions' is disclosed in Note 32 to the financial statements. A related party transaction review subcommittee is in place. Refer report of the related party transactions review committee on page 59.
D.2 Internal Control			
Directors to review Internal Controls	D.2.1	Complied	The Board is responsible for establishing a sound framework of risk management and internal controls and monitoring its effectiveness on a continuous basis.
Requirement to review the need for an Internal Audit function	D.2.2	Not Applicable	
Board responsibility for the disclosure on internal control	D.2.3	Complied	

	Reference to SEC & ICASL Code, CSE Listing Rules	Compliance	Details of Compliance
Directors' responsibility in maintaining a sound system of internal control	D.2.4	Complied	Audit Committee Report on page 57 and Risk Management Report on page 38 of this Annual Report is given to review the effectiveness of Group's system of internal controls to safeguard shareholders' investment and company's' assets.
D.3/7.10.6 Audit Committee			
Composition of the Audit Committee and its duties	D.3.1 and D.3.2/ 7.10.6(a) and 7.10.6(b)	Complied	Please refer to the Audit Committee Report on page 57.
Terms of Reference of the Audit Committee	D.3.3	Complied	Please refer to the Audit Committee Report on page 57.
Disclosure of names of the members of the Audit Committee	D.3.4 7.10.6(c)	Complied	Please refer to the Audit Committee Report on page 57.
D.4 Code of Business Conduct and Ethics			
We are committed to carrying out all business activities to the highest standards of integrity, ethical values and professionalism, whilst following the laws of the country, international laws and compliance as per our stakeholders' expectations.			
Disclosure on a presence of code of business conduct and ethics	D.4.1	Complied	As per our Chairman's Statement on Pages 10-11 of this Annual Report, we affirm our adherence to good business conduct and ethics.
Affirmation of the code of conduct and ethics	D.4.2	Complied	
D.5 Corporate Governance Disclosures			
Disclosures of Corporate Governance	D.5.1	Complied	We aim to achieve greater year-on-year growth and value creation, improve stakeholder satisfaction and relationships in all our business activities, whilst adhering to the highest standards of corporate governance as is evident in this Annual Report on pages 42 to 50.

CORPORATE GOVERNANCE

	Reference to SEC & ICASL Code, CSE Listing Rules	Compliance	Details of Compliance
2. SHAREHOLDERS			
E. INSTITUTIONAL INVESTORS			
Shareholder voting	E.1.1	Complied	We conduct regular and structured dialogue with shareholders based on a mutual understanding of objectives.
E.2 Evaluation of governance initiatives			
When evaluating the Company's governance arrangements, institutional investors should be encouraged to give due weight to all relevant factors drawn to their attention			
Evaluation of governance initiatives	E.2	Complied	Institution investors are encouraged to provide any feedback on the governance related issues.
F. OTHER INVESTORS			
F.1 Investing and divesting decision			
Investing and divesting decision	F.1	Complied	Individual shareholders, investing directly in shares of companies are encouraged to carry out adequate analysis or seek independent advice in investing or divesting decisions.
F.2 Shareholders Voting			
Individual shareholders' voting	F.2	Complied	Notice of meeting is sent to all shareholders on time to encourage their participation at the Annual General Meeting and exercise their voting rights. In case of appointing proxy form and instructions are given in the annual report.

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

The Directors of Asia Capital PLC have pleasure in submitting their Report together with the audited Financial Statements of the Company and the audited Consolidated Financial Statements of the Group for the year ended 31st March 2018.

Principal Activities

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

Review of Operations

The Chairman's Review on pages 10 to 11 of this report provides an overall assessment of the financial performance and financial position of the Company and describes in detail its affairs and important events for the year. A detailed analysis of the operations and financial results is contained in the Business Review on pages 23 to 32 in this report.

Financial Statements

The Directors are of the view that the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, Significant Accounting Policies, and Notes thereto appearing on pages 66 to 118 have been prepared in conformity with the Sri Lanka Accounting Standards and the requirements of the Companies Act No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange.

Auditors Report

The Auditor's Report on the Financial Statements is given in pages 62 to 65.

Accounting Policies

The accounting policies adopted in the preparation of Financial Statements are given in pages 70 to 82.

Financial Results

For the year ended 31st March	Group		Company	
	2018	2017	2018	2017
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Profit/(Loss) for the year before tax	175,001	(761,990)	618,512	(369,380)
Income Tax	(52,368)	(1,343)	(49,871)	(834)
Profit/(Loss) for the year after tax	122,633	(763,333)	568,641	(370,214)
Non-Controlling Interest	(85,460)	(50,045)	-	-
Profit/(Loss) Attributable to Equity Holders of the Parent Company	208,093	(713,288)	568,641	(370,214)

Dividends

No dividends were declared as at 31st March 2018

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 86 to 89.

Stated Capital

The Stated Capital of the Company as at 31st March 2018 was Rs. 1,498,498,000/-.

Donations

There were no donations made during the year.

Capital Commitments

There is no Capital Expenditure Commitments as at 31 March 2018

Liabilities and Provisions

The Board of Directors have taken all steps to ensure adequate provisioning has been made for unearned premiums, unexpired risks and claims, including claims incurred but not reported and not enough reserved.

The basis adopted for provisioning is disclosed on page 78 to the Financial Statements.

As at the date of the Report, the Directors are not aware of any circumstances, which would render inadequate the amounts provided for in the Financial Statements.

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

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 56.

Contingent Liabilities

There were no material contingent liabilities outstanding as at 31st March 2018.

Events after the reporting period

There have been no material events occurring after the reporting date, that require adjustments to or disclosure in the Financial Statements

Risk Management and Internal Control

The Board confirms that there is an ongoing process for identifying, evaluating and managing any significant risk faced by the Company. The Directors review this process through the Audit Committee.

Going Concern

The Board of Directors are satisfied that the Company has adequate resources to continue its operation in the foreseeable future. Accordingly, the Financial Statements are prepared based on the going concern concept.

Directors who held office during the Year

The Directors of the Company during the year were as follows.

Mr. J.H.P. Ratnayeke	Chairman
Mr. S.A. Abeyesinhe	Executive Director
Mr. A. D. Ross	Independent Non-Executive Director
Mr. V. Siva Jr.	Independent Non-Executive Director
Mr. R.J. Wickramasinghe	Independent Non-Executive Director
Mr. T. Tanaka	Non Executive Director
Mr. Z. Merchant	Non Executive Director
Mr. Y. Watanabe	Non Executive Director

Mr. S.A. Abeyesinhe (Alternate Director to Mr. V. Siva Jr, appointed with effect from 6th June, 2011)

Mr. S.A. Abeyesinhe (Alternate Director to Mr. J.H.P. Ratnayeke, appointed with effect from 29th August, 2011)

Mr. T. Tanaka (Alternate Director to Mr. Y. Watanabe, appointed with effect from 01st March 2016)

Appointments during the year

No directors were appointed during the year.

Resignations during the year

No resignations were made during the financial year

Appointments after the conclusion of the year

No appointments were made after the conclusion of the financial year

Directors who held office as at the end of the Accounting period 31st March 2018

Mr. J.H.P. Ratnayeke - Chairman

Mr. S.A. Abeyesinhe

Mr. A. D. Ross

Mr. V. Siva Jr.

Mr. R.J. Wickramasinghe

Mr. T. Tanaka

Mr. Z. Merchant

Mr. Y. Watanabe

Mr. S.A. Abeyesinhe

[Alternate Director to Mr. V. Siva Jr.]

Mr. S.A. Abeyesinhe

[Alternate Director to Mr. J.H.P. Ratnayeke]

Mr. T. Tanaka

[Alternate Director to Mr. Y. Watanabe]

of the Eight (08) Directors, Mr.A. D. Ross, Mr.V. Siva Jr and Mr.R. J. Wickramasinghe are Non-executive Independent Directors.

Directors retiring (at the Annual General Meeting)

Mr. Zaheer Merchant retires by rotation in accordance with Article 98 of the Articles of Association of the Company and being eligible, offers himself for re-election under Article 99 of the Articles of Association.

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 Related Party Transactions Review Committee function as Board sub committees with Directors who possess the requisite qualifications and experience. The composition of the said committees is as follows

Audit Committee

Mr. R.J. Wickramasinghe
(Independent Non - Executive Director)

Mr. A. D. Ross
(Independent Non - Executive Director)

Mr. V. Siva Jr
(Independent Non - Executive Director)

Remuneration Committee

Mr. R.J. Wickramasinghe
(Independent Non - Executive Director)

Mr. V. Siva Jr.
(Independent Non - Executive Director)

Mr. A. D. Ross
(Independent Non - Executive Director)

Nominations Committee

Mr. R.J. Wickramasinghe
(Independent Non - Executive Director)

Mr. V. Siva Jr.
(Independent Non - Executive Director)

Mr. A. D. Ross
(Independent Non - Executive Director)

Related Party Transactions Review Committee

Mr. R.J. Wickramasinghe
(Independent Non - Executive Director)

Mr. V. Siva Jr.
(Independent Non - Executive Director)

Mr. A. D. Ross
(Independent Non - Executive Director)

Shareholders Information

The distribution and analysis of shareholdings were as follows;

	As at 31st March 2018			As at 31st March 2017		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1 - 1,000	5,326	769,170	0.59	5,373	786,166	0.60
1,001 - 10,000	687	2,041,471	1.55	720	2,090,641	1.59
10,001 - 100,000	134	3,494,840	2.66	117	2,838,034	2.17
100,001 - 1,000,000	12	2,860,652	2.18	7	1,425,852	1.08
1,000,001 & over	4	122,163,862	93.02	5	124,189,302	94.56
Total	6,163	131,329,995	100.00	6,222	131,329,995	100.00

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 pages 84 of the Financial Statements.

Directors' Interest In Shares

Name	No. of Shares as at 31st March 2018	No. of Shares as at 31st March 2017
Mr. J.H.P. Ratnayake	101,272	30
Mr. A.D. Ross	-	-
Mr. V. Siva Jr.	-	-
Mr. R.J. Wickramasinghe	50,636	-
Mr. S.A. Abeyesinhe	536,077	-
Mr. T. Tanaka	450,636	400,000
Mr. Z. Merchant	-	-
Mr. Y. Watanabe	11,539,353	11,539,353

Directors' Interest In Contracts

None of the Directors had a direct or indirect interest in any contracts or proposed contracts with the Company other than as disclosed in Note 32 on pages 104 to 108 of the Financial Statements.

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

	As at 31st March 2018			As at 31st March 2017		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
Resident	6,125	8,542,387	6.50	6,178	8,469,444	6
Non-Resident	38	122,787,608	93.50	44	122,860,551	94
Total	6,163	131,329,995	100.00	6,222	131,329,995	100

Name	As at 31st March 2018			As at 31st March 2017		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
Individual	6,024	123,390,523	93.95	6,084	121,325,344	92.39
Institutional	139	7,939,472	6.05	138	10,004,651	7.61
Total	6,163	131,329,995	100.00	6,222	131,329,995	100.00

20 Largest Shareholders of equity

Name	As at 31st March 2018		As at 31st March 2017	
	No. of Shares	%	No. of Shares	%
1 Mr. V.S. Vijayaratham	94,039,467	71.61	94,039,467	71.61
2 Mr. Y.Watanabe	11,539,353	8.79	11,539,353	8.79
3 Mr. E. Watanabe	9,790,642	7.45	9,790,642	7.45
4 Fast Gain International Ltd	6,794,400	5.17	6,794,400	5.17
5 Mr. S.A. Abeyesinhe	536,077	0.41	-	-
6 Mr. T. Tanaka	450,636	0.34	400,000	0.30
7 Asha Financial Services Ltd/ Mr. C.N. Pakianathan	341,400	0.26	279,529	0.21
8 Mr. P.N. Jansen	268,266	0.20	-	-
9 Mr. H.P.C.R. Priyadarshana	261,006	0.20	185,756	0.14
10 Mr. R.A.T.P. Perera	198,550	0.15	-	-
11 DFCC Bank PLC / Mr. C.R. Perera	170,000	0.13	170,000	0.13
12 Mr. H.A.V. Starrex	149,320	0.11	163,009	0.12
13 Mr. H.D.S. Thushara	147,591	0.11	-	-
14 Mr. D. Rathnayake	134,083	0.10	-	-
15 Seylan Bank Ltd./ Ruwan Prasanna Sugathadasa	102,451	0.08	123,039	0.09
16 Mr. J.H.P. Rathnayake	101,272	0.08	30	-
17 Mrs. C.A.D.S. Woodwara	98,300	0.07	-	-
18 Miss. S.R. Samaranayake	96,836	0.07	-	-
19 Mr. C.W. Vandort	84,116	0.06	50,625	0.04
20 Mr. A. Lukmanjee	71,542	0.05	71,542	-

Public Shareholding

The percentage of public shareholding as at the 31st of March 2018 was 13.21%.

Annual General Meeting

The notice of the 26th Annual General Meeting is on page 122.

Auditors

The Financial Statements for the year ended on 31st March 2018 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. 825,000/- as Audit fees by the Company.

A resolution relating to their reappointment and authorising the Directors to determine their remuneration will be proposed at the Annual General Meeting.

By Order of the Board



J. H.P. Ratnayake
Chairman/Director



S. A. Abeyesinhe
Director/Group CEO



P. R. Secretarial Service (Private) Limited
Secretaries

17th August 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Board of Directors of Asia Capital PLC is responsible for ensuring that the Company maintains proper books of accounts of all transaction and prepares financial statements for each financial year which give a true and fair view of the state of affairs of the Company and its subsidiaries, associates for that period. The Companies Act No. 07 of 2007 requires that the Directors prepare Financial Statements for each year, giving a true and fair view and the state of affairs of the Company and the Group as at the end of the financial year and the profit and loss the Company and the Group for that financial year.

In the circumstances, the Directors of the Company state below their responsibilities in relation of the Financial Statements of the Company and its subsidiaries and associates for the year ended 31st March 2018. These differ from the Auditors responsibilities, which are set out in their report given on page 62. The Board of Directors have a responsibility to ensure that the Company and its subsidiary and associates are maintaining sufficient accounting policies to ensure the accuracy and reliability of financial statements. The Directors have a general responsibility to take steps to safeguard the assets of the Company.

The Directors confirm that suitable accounting policies have been used and applied consistently and that all applicable accounting standards have been followed in the preparation of the Financial Statements. Furthermore, reasonable and prudent judgments and estimates have been made in the preparation of these Financial Statements.

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

The overall responsibility of the Company's internal control systems lies with the Directors. Whilst recognising the fact that there is no single system of internal control that could provide absolute assurance against material misstatements

and fraud, the Directors confirm that the prevalent internal control systems instituted by them and which comprise internal checks, internal audit and financial and other controls are so designated that there is reasonable assurance that all assets are safeguarded and transactions properly authorised and recorded, so that material misstatements and irregularities are either prevented or detected within a reasonable period of time.

The Directors are responsible for providing the auditors with every opportunity to carry out the necessary audit work in enabling them to present their report. The Directors have adopted the 'going concern basis' in preparing the Financial Statements. Having reviewed the Group's business plans, the Directors are satisfied that the Company has adequate resources to continue in operation. The Directors confirm that to the best of their knowledge all taxes and levies payable by the Group, all contributions, levies and taxes payable on behalf of and in respect of the employees and all other statutory obligations including retirement gratuities as were due as at the Reporting date have been either duly paid or appropriately provided for in the financial statements.



S.A. Abeyesinhe

Director/Group Chief Executive Officer



R.J. Wickramasinghe

Director

17th August 2018

AUDIT COMMITTEE REPORT

The Terms of Reference of the Audit Committee comply with the listing rules of the Colombo Stock Exchange. The Audit Committee comprises of the following.

- 1 Mr. R.J. Wickramasinghe (Chairman)
Independent Non-Executive Director
- 2 Mr. V. Siva Jr.
Independent Non-Executive Director
- 3 Mr. A.D. Ross
Independent Non-Executive Director

Mr. R.J. Wickramasinghe, FCMA, CGMA, FCCA, ACC. Dir. SL, has over thirty years of experience in the fields of Finance, Operations and General management both internationally and locally.

Mr. V. Siva Jr. is a Certified Public Accountant (CPA) from the Malaysian Institute of Certified Public Accountants. He has vast experience in corporate finance, strategy, performance management and capital markets.

Mr. A.D. Ross is a Chartered Accountant of the Institute of Chartered Accountants, England and Wales. He is a partner of Baker Tilley, Hong Kong.

The Company's management is responsible for the financial statements and for maintaining effective internal controls over financial reporting. The main purpose is to provide assistance to the Board of Directors of Asia Capital PLC in fulfilling their responsibility to the shareholders and stakeholders.

The Committee meets as and when required including to review the quarterly and annual Financial statements. The Committee reviewed and recommended the letter of engagement of the External Auditors and recommended their appointment to the Board of Directors.

The Group Chief Executive Officer and the Group Chief Finance Officer attended meetings at the invitation of the Committee.

Financial Reporting

The Committee as a part of its responsibility to oversee the Asia Capital Group's financial reporting process on behalf of the Board of Directors has reviewed the reporting process including compliance with Accounting Standards. The Company is compliant with the SLFRS and LKAS.

Conclusion

The Audit Committee is satisfied that control environment prevailing in the organisation provides reasonable assurance regarding the reliability of the financial reporting of the Group, the assets are safeguarded and the listing rules of the Colombo Stock Exchange have been met.



R.J. Wickramasinghe

Chairman - Audit Committee

17th August 2018

REMUNERATION COMMITTEE REPORT

The Remuneration Committee consists of the following Directors:

- 1 Mr. R.J. Wickramasinghe (Chairman)
Independent Non-Executive Director
- 2 Mr. V. Siva Jr.
Independent Non-Executive Director
- 3 Mr. A.D. Ross
Independent Non-Executive Director

The Group Chairman and the Group Chief Executive Officer attend meetings of the remuneration Committee by invitation.

The purview of the Committee is to assist the Board of Directors in setting Policies with regard to aligning the remuneration of staff with the skills, expertise and quality demanded off them. This is to ensure that the Company is able to attract, motivate and retain high quality management in a competitive environment and is well placed to meet the challenges the Company faces. The Committee is responsible for ensuring that the total compensation package is competitive and can attract the best talent in the market place.

The Committee meets as often as necessary and makes recommendations on compensation structures and bonuses.



R.J. Wickramasinghe

Chairman - Remuneration Committee

17th August 2018

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

The related party transaction review committee (RPTRC) of the Company was formed by the Board on 7th March 2014, in accordance with Section 09 of the Listing Rules of Colombo Stock Exchange to ensure compliance with those Rules facilitating independent review, approval and oversight of Related Party Transactions of the Company.

Composition of the Committee

The Related Party Transactions Review Committee of the Company comprises the following Non-Executive Directors;

1. Mr. R.J Wickramasinghe (Chairman)
(Independent Non-Executive Director)
2. Mr.V.Siva Jr.
(Independent Non-Executive Director)
3. Mr. A.D Ross
(Independent Non-Executive Director)

The Group Chief Executive Officer and, Group Chief Financial Officer attends the meetings by invitation.

M/s PR Secretarial Services (Pvt) Ltd who are the Secretaries of the Company acts as the Secretaries to the Committee.

Policies and Procedures

- The charter of the Committee was adopted by the Board on 07th March 2014. It includes a Related Party Transactions (RPT) policy whereby the categories of persons/entities who shall be considered as "related parties" have been identified.
- In accordance with the RPT policy, self-declarations are obtained from each Director for the purpose of identifying parties related to them.
- RPTRC reviews all the RPTs of the Company, and all RPTs which were carried out during the year was on arm's length basis as per the guidelines issued in that respect such review did not necessitate seeking approval of the RPTRC/ Directors.
- In its review of RPTRC/RPTs, RPTRC considers the terms and conditions of the RPT, value and the aggregate value of transactions with the said related party during the financial year, in order to determine whether they are carried out on arm's length basis, the disclosure requirements as per the Listing Rules of the CSE and the level of approval required for the respective RPTs.

- The RPTRC ensures that all transactions with Related Parties were in the best interests of all shareholders; adequate transparency is maintained and is in compliance with the Listing Rules.
- The Committee also ensures that immediate market disclosure, shareholder approval and annual report disclosure of any related party transactions are made in accordance with the applicable rules of the Colombo Stock Exchange.
- The committee has established guidelines in respect of Recurrent RPTs to be followed by the Management of the Company, in the Company's dealing with Related Parties.

Related Party Transactions during the year under review.

Details of the RPTs entered into by the Company during the year is disclosed in Note 32 of the Financial Statements.

Committee Meetings

The Committee met four (04) times during the financial year under review.

Declaration

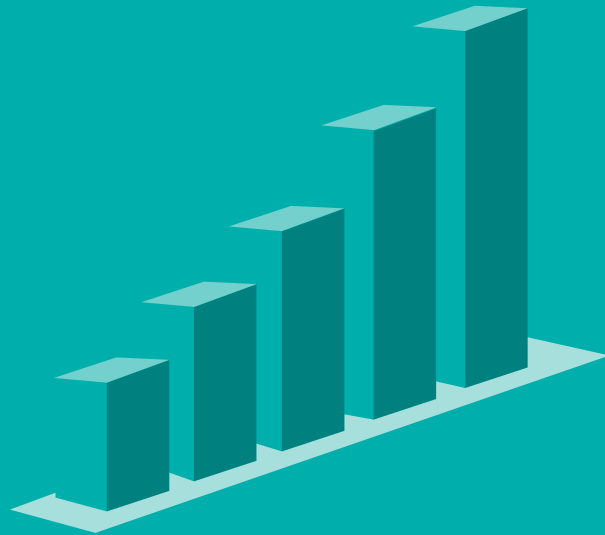
During the year the Company did not have any related party transactions which required the approval of the shareholders or immediate market disclosure under rules and Company has complied with the requirements of the Listing Rules of the Colombo Stock Exchange on Related Party Transactions.



R.J. Wickramasinghe

Chairman - Related Party Transactions Review Committee

17th August 2018



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INDEPENDENT AUDITOR'S 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 2018, and the statement of 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 in pages 70 to 118.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31st March 2018, 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.

Emphasis of Matter

We draw attention to the Note 35 to the financial statements which more fully describes the existence of doubt on the going concern of certain subsidiaries of the group and the mitigating steps taken by the management. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

1 Measurement of Property, Plant and Equipment of the Group

Property, plant and equipment of Rs.2.1Bn as at 31st March 2018 represent a significant part of total assets recorded in the statement of financial position. The evaluation of the recoverable amount of property, plant and equipment requires significant judgement, in particular, in assessing the reasonability of future cash flows used and key assumptions applied.

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

- Reviewed the deeds and other correspondence to validate the existence of property, plant and equipment and also physically verified the existence and physical condition of those assets, on a sample basis;
- Evaluated the approved group's cash flow forecasts and the process by which they were developed, including considering the mathematical accuracy of the underlying calculations. Also assessed the reasonableness of key assumptions including the discount rate, terminal growth rates and forecast growth assumptions;
- On a selective basis, reviewed recent market prices of lands to ensure that land values have not been declined since the last revaluation;
- Ensured that revaluation of land and building are in compliance with the group's accounting policies and requirements of accounting standards. Also, ensured that adequate disclosures have been made in the financial statements on same.

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

Partners : Sujeewa Rajapakse FCA, FCMA, MBA. H.Sasanka Rathnaweera FCA, ACMA. Ashane J.W. Jayasekara FCA, FCMA (UK), MBA. Hasanthi D.Amarakoon ACA, ACMA. R. Vasanthakumar Bsc (Acc), ACA

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 2018, the carrying values of investment in subsidiaries and associates is Rs. 878Mn and Rs.399Mn, respectively. Given the changing nature of the industry in which the subsidiaries and associates operate and due to varying levels of financial results during the year, there is a risk that the carrying values of investment in subsidiaries and associates may not be stated at their recoverable amount.

We focused on the above due to the size of the reported balances, and because of the Company's assessment of the value in use and/or net assets of the related subsidiaries and associates involve judgements, in particular, regarding the future cash flows of the business and the discount rates applied.

Among the other procedures, we have performed the following key audit procedures to address the above:

- Evaluated the group's cash flow forecasts and the process by which they were developed, including considering the mathematical accuracy of the underlying calculations;
- Compared cash flow forecasts to the latest Board approved budgets and also ensured that the underlying cash flow forecasts, assumptions used and conclusions reached have been reviewed and approved by the Board;
- 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 reasonableness of key assumptions including the discount rate, terminal growth rates and forecast growth assumptions. Also performed sensitivity analysis for the cash flow forecasts and assumptions, where necessary.

The Company's accounting policies and other related disclosures regarding investment in subsidiaries and associates are included in notes 3.1 and 14 of the financial statements.

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

INDEPENDENT AUDITOR'S REPORT



Those charged with governance are responsible for overseeing the Company's 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 judgement 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's 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 content 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 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 were of 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 3730.

BDO Partners

CHARTERED ACCOUNTANTS

Colombo

17th August, 2018

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March	Note	Group		Company	
		2018 Rs.'000	2017 Rs.'000	2018 Rs.'000	2017 Rs.'000
Revenue	5	900,013	539,884	947,124	486,796
Cost of Sales		(248,820)	(248,646)	(358,448)	(211,045)
Gross Profit		651,193	291,238	588,676	275,751
Other Operating Income	6	392,435	83,130	370,114	126,806
Selling and Distribution Expenses		(106,872)	(91,084)	(44,102)	(40,760)
Administrative Expenses		(565,702)	(558,165)	(155,788)	(176,317)
Other Operating Expenses		(78,077)	(295,871)	(73,244)	(90,882)
(Provision for)/Reversal of Impairment of Receivables, net	7	-	1,334	(10,034)	(312,099)
Net Finance Income/(Costs)	8	(117,920)	(195,584)	(57,110)	(151,879)
Share of Profit / (Loss) of Equity - Accounted Investees, net of Tax		(56)	3,012	-	-
Profit / (Loss) Before Taxation	9	175,001	(761,990)	618,512	(369,380)
Income Tax Expense	10	(52,368)	(1,343)	(49,871)	(834)
Profit / (Loss) for the Year		122,633	(763,333)	568,641	(370,214)
Other Comprehensive Income /(Expense)					
Items that may be Reclassified Subsequently to Profit or Loss					
Actuarial Gain / (Loss) on Defined Benefit Obligations, net of tax	25	(3,636)	4,922	(3,821)	2,264
Other Comprehensive Income /(Loss) for the Year, net of tax		(3,636)	4,922	(3,821)	2,264
Total Comprehensive Income/(Loss) for the Year, net of tax		118,997	(758,411)	564,820	(367,950)
Profit/(Loss) Attributable to					
Equity Holders of the Parent Company		208,093	(713,288)	568,641	(370,214)
Non-Controlling Interests		(85,460)	(50,045)	-	-
		122,633	(763,333)	568,641	(370,214)
Total Comprehensive Income /(Loss) Attributable to					
Equity Holders of the Parent Company		204,255	(708,366)	564,820	(367,950)
Non-Controlling Interests		(85,258)	(50,045)	-	-
Total Comprehensive Income for the Year		118,997	(758,411)	564,820	(367,950)
Basic Earning /(Loss) Per Share (Rs.)	11	1.58	(5.43)	4.33	(2.82)

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 70 to 118

STATEMENT OF FINANCIAL POSITION

As at 31st March	Note	Group		Company	
		2018 Rs.'000	2017 Rs.'000	2018 Rs.'000	2017 Rs.'000
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	12	2,142,240	3,117,197	18,350	24,033
Intangible Assets	13	115,306	115,682	-	165
Investments in Subsidiaries	14.1	-	-	878,264	1,097,205
Investments in Joint Venture	14.2	-	38,130	-	33,520
Investments in Associates	14.3	174,656	-	398,839	-
Financial Assets - Available for Sale	15	114,853	114,853	114,853	114,853
Long Term Deposits and Advances	16	14,019	11,913	171,805	11,913
Total Non-Current Assets		2,561,074	3,397,775	1,582,111	1,281,689
Current Assets					
Inventories	17	12,614	12,530	-	-
Financial Assets - Held to Maturity	18	59,334	51,657	59,718	35,831
Short Term Lendings	19	-	-	-	-
Income Tax Receivable		1,449	1,315	-	-
Trade and Other Receivables	20	281,295	231,606	9,126	2,955
Amounts due from Related Parties	21	507,021	-	974,226	547,503
Cash and Cash Equivalents	22	201,518	15,230	9,414	6,717
Total Current Assets		1,063,231	312,338	1,052,484	593,006
Assets Classified as Held for Sale	14.4	126,666	-	285,970	-
		1,189,897	312,338	1,338,454	593,006
Total Assets		3,750,971	3,710,113	2,920,565	1,874,695
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	23	1,498,498	1,498,498	1,498,498	1,498,498
Revaluation Reserve		852,694	1,197,364	5,905	5,905
Accumulated Losses		(1,411,333)	(1,325,293)	(203,400)	(768,220)
Shareholders' Fund		939,859	1,370,569	1,301,003	736,183
Non-Controlling Interests		663,645	677,705	-	-
Total Equity		1,603,504	2,048,274	1,301,003	736,183
Non-Current Liabilities					
Retirement Benefit Obligations	25	35,954	24,610	22,738	14,706
Interest Bearing Borrowings - Due after one year	27	383,197	326,600	210,322	85,082
Total Non-Current Liabilities		419,151	351,210	233,060	99,788
Current Liabilities					
Non - Interest Bearing Borrowings- Due within one year	26	866,406	87,485	866,406	87,485
Interest Bearing Borrowings - Due within one year	27	285,112	828,537	227,114	781,414
Deferred Income	28	11,485	11,485	11,485	11,485
Trade and Other Payables	29	236,276	171,074	40,895	41,771
Amounts due to Related Parties	30	-	-	39,117	1,610
Income Tax Payable		69,024	20,573	69,264	20,570
Bank Overdraft	22	260,013	191,475	132,221	94,389
Total Current Liabilities		1,728,316	1,310,629	1,386,502	1,038,724
Total Liabilities		2,147,467	1,661,839	1,619,562	1,138,512
Total Equity and Liabilities		3,750,971	3,710,113	2,920,565	1,874,695
Net Assets Per Share (Rs.)		7.16	10.44	9.91	5.61

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 70 to 118.

The Independent Auditors' Report is given on page 62.

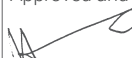
I certify that the above financial statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007



R. A. T. P. Perera
Group Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Approved and signed for and on behalf of the Board of Directors,



J. H.P. Ratnayake
Chairman
17th August 2018



S. A. Abeyesinhe
Director/Group CEO

STATEMENT OF CASH FLOW

For the year ended 31st March	Note	Group		Company	
		2018 Rs:'000	2017 Rs:'000	2018 Rs:'000	2017 Rs:'000
CASH FLOW FROM OPERATING ACTIVITIES					
Profit/(Loss) before Income Tax Expense		175,001	(761,990)	618,512	(369,380)
Adjustments for:					
Provision for Retiring Benefit Obligation	25	9,040	8,044	4,361	4,063
Depreciation on Property, Plant and Equipment	12	147,105	143,732	7,649	7,385
Amortisation on Intangible Assets		376	5,778	165	5,485
(Gain)/Loss on Translation of Foreign Currencies		3,163	-	1,863	-
(Gain)/Loss on Financial Assets Fair Value Through Profit or Loss		-	(18,234)	-	(18,234)
(Gain)/Loss on Disposal of Shares in Subsidiaries		(357,376)	-	(584,527)	(257,517)
(Gain)/Loss on Disposal Property, Plant and Equipment		310	(17,995)	-	(40)
Share of profit of Equity-Accounted Investees net of tax		56	(3,012)	-	-
Provision for Inventories		-	195,852	-	-
Provision for Impairment of Receivable		-	(1,334)	10,034	233,358
Bad Debts write off		-	-	11,154	-
Interest Income	8	(11,777)	(4,548)	(11,404)	(4,579)
Interest Expenses	8	129,697	200,132	68,514	156,458
Operating Profit Before Working Capital Changes		95,595	(253,575)	126,321	(243,001)
Changes in					
Inventories		(84)	(1,142)	-	-
Financial Assets Held to Maturity		(7,677)	(18,918)	(23,887)	(2,785)
Trade and Other Receivables		(49,689)	(5,286)	(27,361)	30,120
Amount due from Related Parties		(259,042)	-	(426,719)	(118,400)
Trade and Other Payables		65,202	(22,651)	(873)	(4,377)
Amount due to Related Parties		-	-	37,506	(18,985)
Cash used in operations		(155,695)	(301,572)	(315,014)	(357,428)
Gratuity Paid	25	(1,332)	(1,374)	(150)	(937)
Income Tax Paid		(4,054)	(4,406)	(1,176)	(3,620)
Net cash from (used in) Operating Activities		(161,081)	(307,352)	(316,340)	(361,985)
CASH FLOW FROM INVESTING ACTIVITIES					
Acquisition of Property, Plant & Equipment		(55,960)	(43,265)	(1,966)	(1,270)
Acquisition of Subsidiaries		-	-	-	(117,793)
Net Proceeds from Disposal of Subsidiary		942,975	372,392	942,975	372,392
Proceeds from Disposal of Property, Plant and Equipment		-	52,320	-	40
Proceeds from Disposal of Long Term Investments		-	114,404	-	114,404
Interest Received		11,777	4,548	8,142	4,579
Long Term Advances	16	(2,106)	34	(156,631)	34
Net cash flows from (used in) Investing Activities		896,686	500,433	792,520	372,386
CASH FLOW FROM FINANCING ACTIVITIES					
Net Proceeds from /Repayment of Other Loans		(213,958)	(219,169)	(170,741)	(1,274)
Net Proceeds from /Repayment of Amounts Payable under Re-purchase Agreement		2	6	2	6
Net Proceeds from /Repayment of Commercial Papers		(274,203)	62,783	(272,062)	63,479
Interest Paid		(129,697)	(200,132)	(68,514)	(156,458)
Net cash flows from/(used in) financing activities		(617,856)	(356,512)	(511,315)	(94,247)
Net increase/(decrease) in cash & cash equivalents		117,750	(163,431)	(35,135)	(83,846)
Cash and cash equivalents at the beginning of the year	22	(176,245)	(12,814)	(87,672)	(3,826)
Cash and cash equivalents at the end of the year	22	(58,495)	(176,245)	(122,807)	(87,672)

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 70 to 118

STATEMENT OF CHANGE IN EQUITY

GROUP	Stated Capital	Revaluation Reserve	Accumulated Losses	Total Attributable to Equity Holders	Non-Controlling Interest	Total
For the year ended 31st March	Rs:'000	Rs:'000	Rs:'000	Rs:'000	Rs:'000	Rs:'000
Balance as at 01st April 2016	1,498,498	1,226,812	(732,683)	1,992,627	471,114	2,463,741
Adjustment on Acquisition, Disposal and Change in Holding of Subsidiary	-	-	115,756	115,756	256,636	372,392
Loss for the year	-	-	(713,288)	(713,288)	(50,045)	(763,333)
Other Comprehensive Income for the year (Net of tax)	-	-	4,922	4,922	-	4,922
Transferred To Reserves on disposal of PPE	-	(29,448)	-	(29,448)	-	(29,448)
Balance as at 31st March 2017	1,498,498	1,197,364	(1,325,293)	1,370,569	677,705	2,048,274
Adjustment on Acquisition, Disposal and Change in Holding of Subsidiary	-	(344,670)	(290,295)	(634,965)	71,198	(563,767)
Profit/(Loss) for the year	-	-	208,093	208,093	(85,460)	122,633
Other Comprehensive Income for the year (Net of tax)	-	-	(3,838)	(3,838)	202	(3,636)
Balance as at 31st March 2018	1,498,498	852,694	(1,411,333)	939,859	663,645	1,603,504

COMPANY	Stated Capital	Revaluation Reserve	Retained Profits/ Accumulated (Losses)	Total
For the year ended 31st March	Rs:'000	Rs:'000	Rs:'000	Rs:'000
Balance as at 01st April 2016	1,498,498	5,905	(400,270)	1,104,133
Loss for the year	-	-	(370,214)	(370,214)
Other Comprehensive Income for the year (Net of tax)	-	-	2,264	2,264
Balance as at 31st March 2017	1,498,498	5,905	(768,220)	736,183
Profit for the year	-	-	568,641	568,641
Other Comprehensive Income for the year (Net of tax)	-	-	(3,821)	(3,821)
Balance as at 31st March 2018	1,498,498	5,905	(203,400)	1,301,003

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 70 to 118

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

1.1. General

Asia Capital PLC ('the Company') is a public quoted Company incorporated and domiciled in Sri Lanka. The registered office of the Company and the principal place of business are both situated at Level 21, West Tower, World Trade Center, Colombo 01.

The consolidated financial statements of the Company as at and for the year ended 31st March, 2018 comprise of the Company and its Subsidiaries (together referred to as the "group" and individually as "group entities") and the group's interest in jointly controlled entities.

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

1.2. Principle Activities and Nature of Operations

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.

During the year primary activity of the Company was to act as an investment holding Company.

1.3. 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 authorized for issue by the Board of directors on 17th August, 2018.

2.2. Basis of Measurement

The financial statements of the group has been prepared on the historical cost basis with no adjustments being made for inflationary factors affecting the financial statements, except for the following material items in the statement of financial position.

- Financial instruments at fair value through profit or loss are measured at fair value
- Available-for-sale financial assets are measured at fair value
- The liability for defined benefit obligations are measured at the present value
- Property, plant and equipment are stated at its revalued amounts

2.3. 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.

2.4. Use of Estimates and Judgements

In preparing these financial statements in conformity with SLFRSs/LKAS's, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underline assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in note 3.17 to the Financial Statements.

2.5. 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.

2.6. 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.

2.7. Going Concern

The Directors have made an assessment of Company's and the Group's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the

Board is not aware of any material uncertainties that may cast significant doubt upon the Company's and the Group's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of the Company and the Group. Therefore, the financial statements continue to be prepared on the going concern basis.

2.8. 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

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 recognized 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 recognized 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 recognized in profit or loss.

3.1.2. Subsidiaries

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

Investment in Subsidiaries are stated at cost, net of any impairment losses which are changed to the statement of profit or loss and it is in accordance with Sri Lanka Accounting Standards (LKAS) 27 - Separate Financial Statements.

3.1.3. Non-Controlling Interests (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a Subsidiary that do not result in a loss of control are accounted for as equity transactions.

3.1.4. Loss of Control

When the group loses control over a Subsidiary, it derecognises the assets and liabilities of the Subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

3.1.5. Investment in Joint Venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Company's investments in its joint venture is accounted for using the equity method.

Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying

NOTES TO THE FINANCIAL STATEMENTS

amount of the investment is adjusted to recognise changes in the Company's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Company's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Company's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Company recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Company and the joint venture are eliminated to the extent of the interest in the joint venture.

Upon loss of significant influence over the joint control over the joint venture, the Company measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

3.1.6 Investment in Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The group's share of its associates' post-acquisition profits or losses is recognised in the statement of profit or loss, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

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

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

3.1.7 Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized 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 recognized 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. Recognition and Measurement

Items of property, plant and equipment are stated at revalued amounts.

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.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

3.3.2. Subsequent Expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the group.

3.3.3. Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the group will obtain ownership by the end of the lease term. Land is not depreciated.

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.

3.4. Intangible Assets and Goodwill

3.4.1. Recognition and Measurement

Goodwill	Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.
Research and development	Expenditure on research activities is recognized in profit or loss as incurred. Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortization and any accumulated impairment losses.
Other intangible assets	Other intangible assets, including customer relationships, patents and trademarks that are acquired by the group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

3.4.2. Subsequent Expenditure

Subsequent expenditure is capitalized 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 recognized in profit or loss as incurred.

3.4.3. Amortization

Amortization 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 recognized in profit or loss. Goodwill is not amortized.

The estimated useful lives for current and comparative periods are as follows:

Computer Software	05 years
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NOTES TO THE FINANCIAL STATEMENTS

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.5 *Non-Current Assets Held for Sale*

The group classifies non-current assets (and disposal groups) as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Non-current assets (and disposal groups) classified as held for sale are measured, with certain exceptions, at the lower of carrying amount and fair value less costs to sell.

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for such a sale and the sale is highly probable. The sale of the asset (or disposal group) must be expected to be completed within one year from the date of classification, except in the circumstances where sale is delayed by events or circumstances outside the group's control and the group remains committed to a sale.

3.6. *Financial Instruments - Initial Recognition and Subsequent Measurement*

3.6.1. *Financial Assets*

a) Initial Recognition and Measurement

Financial assets within the scope of LKAS 39 are classified as loans and receivables, available for sale financial assets and financial assets at fair value through profit and loss. The group determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) is recognized on the trade date, i.e., the date on which the group commits to purchase or sell the asset.

b) Subsequent Measurement

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

i. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method (EIR), less impairment. Amortized 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 amortization is included in finance income in the consolidated statement of comprehensive income. The losses arising from impairment are recognized in the consolidated statement of comprehensive income in selling and distribution expenses.

The loans and receivables of the group includes cash in hand and at bank and trade and other receivables, which have been explained under notes 20 and 22 to the financial statements.

ii. Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. 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 presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of profit or loss.

Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

iii. Available for Sale Financial Assets (AFS)

AFS financial assets include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited to the AFS reserve until the investment is derecognised, at which time, the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss in finance costs. Interest earned whilst holding AFS financial assets is reported as interest income using the EIR method.

The group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the group is unable to trade these financial assets due to inactive markets, the group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity. For a financial asset reclassified from the AFS category, the fair value at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

The available for sale financial assets of the group includes investment in equity shares which has been explained under note 18 to the financial statements.

c) De-recognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is de-recognized when:

- i) the rights to receive cash flows from the asset have expired,
- ii) the group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement; and either the group has transferred substantially all the risks and rewards of the asset, or the group has neither

transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the group has transferred its rights to receive cash flows from an asset or has entered into a 'pass-through' arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognized to the extent of the group continuing involvement in it. In that case, the group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company/group could be required to repay.

d) Impairment of Financial Assets

The group assesses at each reporting date to determine whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

i) Financial Assets Carried at Amortized Cost

For financial assets carried at amortized cost, the group first assesses to determine whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the group determines that no objective evidence of

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impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss will be the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the consolidated statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of ensuring the impairment loss. The interest income is recorded as part of finance income in the statement of comprehensive income. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collaterals have been realized. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss would be increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery will be credited to finance costs in the statement of comprehensive income.

ii) Available for Sale Financial Assets (AFS)

For AFS financial assets, the group assesses at each reporting date whether there is objective evidence that an investment or a Group of investments is impaired. In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'significant' is evaluated against the

original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from OCI and recognised in the statement of profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in OCI.

The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost. In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of profit or loss, the impairment loss is reversed through the statement of profit or loss.

3.6.2. Financial Liabilities

a) Initial Recognition and Measurement

Financial liabilities within the scope of LKAS 39 are classified as loans and borrowings. The group determines the classification of its financial liabilities at initial recognition.

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

b) Subsequent Measurement

The measurement of financial liabilities depends on their classifications as follows:

i. Loans and Borrowings

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

Amortized 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 amortization is included in finance costs in the statement of comprehensive income.

The loans and borrowings of the Group includes interest/Non-interest bearing borrowings (including bank overdraft) and trade and other payables which have been explained under notes 26, 27 to the financial statements.

c) De-Recognition

A financial liability is de-recognized when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified. Such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability and the difference in the respective carrying amount is recognized 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 recognized amounts and intent to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

e) Fair Value of Financial Instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions;
- Reference to the current fair value of another instrument that is substantially the same;
- A discounted cash flow analysis or other valuation models.

SLFRS 7 requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement. The fair value hierarchy has the following levels:

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

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

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

The level in the fair value hierarchy within which the financial asset or financial liability is categorized 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

Trade and other receivables are recognized at the amounts they are estimated to realize net of provisions for impairment. Other receivables and dues from related parties are recognized at fair value less provision for impairment. The amount of the provision is recognized in the statement of profit or loss. Trade receivables are initially recognized at fair value and subsequently at amortized cost using the effective interest method, less provision for impairment.

3.8 Cash and Cash Equivalents

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

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For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts.

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

3.9 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
- Finished goods - at the cost of direct materials, direct labour and an appropriate proportion of manufacturing overheads based on normal operating capacity.

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 recognized 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 recognized 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 creditors and other payables are stated at amortized cost.

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 recognized for the amount expected to be paid if the group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.12.2. Defined Contribution Plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

All employees of the Group are members of the Employees' Provident Fund and Employees' Trust Fund to which the group contributes 12% and 3% respectively of such employee's qualifying salary.

3.12.3. Defined Benefits Plans

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

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

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

The Group recognizes 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 recognized as personnel expenses in profit or loss.

The calculation is performed annually using the projected unit credit method.

3.13. Revenue

3.13.1. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the group, and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and value added taxes, net of sales within the group.

a) Corporate and Government Securities Income

Interest income and capital gains on sale of securities are recognized on an accrual basis.

b) Income from Fee Based Activities

Income from consultancy fees is recognized in the period which such transactions were effected.

c) Room Revenue

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

d) Food and Beverage

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

e) Dividend Income

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

f) Rendering of Services

Revenue from services rendered is recognized in the income statement in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

3.14. Expenses

3.14.1. Expenses Recognition

Expenses are recognized 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

NOTES TO THE FINANCIAL STATEMENTS

equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

For the presentation of the statement of profit and loss the Directors are of the opinion that the function of the expenses method present fairly the elements of the group performance, and hence such a presentation method is adopted.

Preliminary and pre-operational expenditure is recognized 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 recognized in the statement of profit or loss as it accrues.

Finance costs comprise interest expense on borrowings and impairment losses recognized on financial assets (other than trade receivables), are recognized 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 recognized 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 recognized in the statement of profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

3.15.1. Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

3.15.2. Deferred Tax

Deferred tax is recognized 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 recognized 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 recognized 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 realized; such reductions are reversed when the probability of future taxable profits improves.

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

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

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

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

3.16. Statement of Cash Flows

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

Cash and cash equivalents comprise of cash in hand and cash at banks and other highly liquid financial assets which are held for the purpose of meeting short-term cash commitments with original maturities of less than three months which are subject to insignificant risk of changes in their fair value.

3.17 Critical Accounting Estimates and Judgements

The company and the group make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

a) Income Tax and Deferred Tax

Judgement is involved in determining the company and the group provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The company and the group recognize liabilities for tax matters based on the estimates of whether additional taxes will be due. If the final outcome of these tax matters results in a difference in the amounts initially recognized, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made.

Deferred tax assets are recognized on deductible temporary differences and for all tax losses to the extent it is probable that taxable profits will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely level of future taxable profits together with future planning strategies. The directors'

and management's assessment of taxable profit forecast involves making a judgement, at the particular point in time, about inherent uncertain future outcomes of events or conditions. Accordingly, subsequent events may result in outcomes that are significantly different from assessment.

Deferred tax liabilities are recognised on taxable temporary differences over accounting and tax carrying amounts in respect of property, plant and equipment. The management's decision in recording its deferred tax liabilities require significant judgement about inherent uncertain future outcomes of events or conditions. Accordingly, subsequent events may result in outcomes that may be different from the assessment.

b) Impairment of Property, Plant and Equipment

The group assesses whether there are any indicators of impairment of all property, plant and equipment at each reporting date. Property, plant and equipment are tested for impairment and when there are indicators that the carrying amount may not be recoverable, a reasonable allowance for impairment is created. The directors' and management's assessment of recoverable amount involves making a judgement, at the particular point in time, about inherent uncertain future outcomes of events or conditions. Accordingly, subsequent events may result in outcomes that are significantly different from assessment.

c) Defined Benefit Plan – Gratuity

The present value of the defined benefit plan depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for defined benefit plan include the discount rate, future salary increase rate, mortality rate, withdrawal and disability rates and retirement age. Any changes in these assumptions will impact the carrying amount of defined benefit plan. The company and the group determine the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows, expected to be required to settle the defined benefit plan. In determining the appropriate discount rate, the company and the group consider the interest yield of long-term government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the

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related defined benefit plan. Other key assumptions for defined benefit plan are based in part on current market conditions.

4. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS THAT HAVE BEEN ISSUED BUT ARE NOT MANDATORILY EFFECTIVE AS AT 31ST MARCH, 2018

The following are some relevant new standards, interpretations and amendments, which are not yet mandatorily effective and have not been adopted early in these financial statements, will or may have an effect on the group's future financial statements. The group intends to adopt these standards, interpretations and amendments, if applicable, when they become effective.

SLFRS 9 - Financial Instruments

The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. SLFRS 9 is effective for annual periods beginning on or after 01st January, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of SLFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 01st February, 2015. The adoption of SLFRS 9 is expected to have an effect on the classification and measurement of the group's financial assets.

SLFRS 15 - Revenue from Contracts with Customers

Under SLFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in SLFRS 15 provide a more structured approach to measuring and recognising revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under SLFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1st January 2018 with early adoption permitted. The group is currently assessing the impact of SLFRS 15 and plans to adopt the new standard on the required effective date.

SLFRS 16 – Leases

SLFRS 16 eliminates the classification by a lessee of leases as either operating or finance. Instead all leases are treated in a similar way to finance leases in accordance with LKAS 17. Under SLFRS 16, leases are recorded on the balance sheet by recognising a liability for the present value of its obligation to make future lease payments with an asset (comprised of the amount of the lease liability plus certain other amounts) either being disclosed separately in the statement of financial position (within right-of-use assets) or together with property, plant and equipment. The most significant effect of the new requirements will be an increase in recognised lease assets and financial liabilities.

SLFRS 16 applies to annual periods commencing on or after 01st January, 2019. Earlier adoption is permitted, but only SLFRS 15 Revenue from Contracts with Customers is also adopted. The group is currently assessing the impact of SLFRS 16 and plans to adopt the new standard on the required effective date.

For the year ended 31st March		Group		Company	
		2018 Rs.'000	2017 Rs.'000	2018 Rs.'000	2017 Rs.'000
5	REVENUE				
5.1	Summary				
	Gross Revenue	1,385,459	913,641	947,124	486,796
	Less: Intra Group Transactions	(485,446)	(373,757)	-	-
		900,013	539,884	947,124	486,796
5.2	Segments				
	Investments	463,249	114,404	947,124	486,796
	Leisure	436,764	424,179	-	-
	Services	-	1,301	-	-
		900,013	539,884	947,124	486,796
6	OTHER OPERATING INCOME				
	Gain on Disposal of Property, Plant and Equipment	-	17,995	-	40
	Reversal of Over Provision	-	-	-	78,741
	Sundry Income	392,435	65,135	370,114	48,025
		392,435	83,130	370,114	126,806
7	(PROVISION)/REVERSAL FOR IMPAIRMENT OF RECEIVABLES				
	Balance at the beginning of the Year	526,428	527,762	966,071	732,713
	Provision made by during the Year	-	(1,334)	10,034	312,099
	Bad Debt Write offs	(464,073)	-	(458,604)	-
	Reversal of over Provision	-	-	-	(78,741)
	Balance at the end of the Year (Note 7.1)	62,355	526,428	517,501	966,071
7.1	Provision for Impairment of Receivables reflected in,				
	Financial Assets Held to Maturity (Note 18)	-	18,860	-	18,860
	Short Term Lendings (Note 19)	-	336,837	-	336,837
	Trade Receivables (Note 20)	1,199	12,942	-	11,743
	Other Receivables (Note 20)	61,156	134,223	43,076	116,142
	Amounts due from Related Parties (Note 21)	-	23,566	474,425	482,489
	Balance at the end of the Year	62,355	526,428	517,501	966,071
8	NET FINANCE INCOME/(COSTS)				
	Financing Income				
	Interest Income - Related Parties	-	-	3,262	-
	- Others	11,777	4,548	8,142	4,579
		11,777	4,548	11,404	4,579
	Financing Cost				
	Interest on Overdraft	(26,028)	(36,351)	(15,874)	(18,759)
	Interest on Other Borrowings - Related Parties	-	-	-	(42,397)
	- Others	(103,669)	(163,781)	(52,640)	(95,302)
		(129,697)	(200,132)	(68,514)	(156,458)
	Net Finance Costs	(117,920)	(195,584)	(57,110)	(151,879)

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For the year ended 31st March	Group		Company	
	2018 Rs.'000	2017 Rs.'000	2018 Rs.'000	2017 Rs.'000
9	PROFIT / (LOSS) BEFORE TAXATION			
	Profit / (Loss) Before Tax is Stated After Charging All Expenses Including the Following :			
	Administrative Expenses Includes;			
Auditors' Remuneration - Audit fees & Expenses	1,498	1,368	825	750
- Non Audit Services	92	595	92	595
Directors' Emoluments	42,058	42,783	42,058	42,783
Directors' Fees	11,580	12,180	11,580	12,180
Secretarial Fees	1,967	1,673	1,278	733
Depreciation on Property Plant & Equipment	147,105	143,732	7,649	7,385
Amortisation of Intangible Assets	376	5,778	165	5,485
Legal Fees	8,773	6,897	1,073	440
	Personnel Costs Includes;			
Defined Benefit Plan - Gratuity	9,040	8,044	4,361	4,063
Defined Contribution Plan Costs - EPF and ETF	22,329	24,796	8,210	10,786
Staff Incentives	6,741	11,771	1,432	7,348
Other Staff Costs	191,182	196,408	67,060	84,438
	Other Operating Expenses Includes;			
Exchange Loss	3,163	18,706	1,863	18,706
Number of Employees	291	285	44	44
10	INCOME TAX EXPENSES			
Current Tax Expenses - Company	49,064	834	49,064	834
Current Tax Expenses- Subsidiaries (Note 10.2)	2,497	509	-	-
Current Tax Expenses- Total	51,561	1,343	49,064	834
Under/(Over) Provision in Respect of Prior Years	807	-	807	-
	52,368	1,343	49,871	834
10.1	Reconciliation of Accounting Profit/(Loss) & Taxable Income			
Accounting Profit / (Loss) Before Tax	175,001	(761,990)	618,512	(369,380)
Aggregate Disallowed Items	987,252	514,498	45,323	370,404
Aggregate Allowable Items	(897,187)	(153,846)	(5,765)	(4,259)
Income not Subject to Tax	-	(24,888)	(399,662)	(1,332)
Tax Profit/(Loss) on Trade or Business	265,066	(426,226)	258,408	(4,567)
Other Taxable Income	15,207	7,392	11,173	4,580
Tax Losses Set off under Section 32	(96,127)	(2,596)	(94,353)	(1,603)
Taxable Income/(Loss)	184,146	4,796	175,228	2,977
Income Tax @ 28%	51,561	1,343	49,064	834
Current Tax Expense	51,561	1,343	49,064	834

For the year ended 31st March	Group		Company	
	2018 Rs.'000	2017 Rs.'000	2018 Rs.'000	2017 Rs.'000
10.1.1 Reconciliation of Accumulated Tax Losses				
Opening Balance	2,419,410	2,064,143	564,875	528,752
Under/(Over) Provision in Respect of Prior Years	(35,671)	37,726	(187)	37,726
Loss for the Year	-	320,137	-	-
Loss Utilised during the year	(96,127)	(2,596)	(94,353)	(1,603)
	2,287,612	2,419,410	470,335	564,875
10.2 Subsidiary Companies				
Asia Leisure Holdings (Private) Limited	346	266	-	-
Asia Leisure (Private) Limited	31	19	-	-
Shinagawa Beach Resorts (Private) Limited	-	1	-	-
Wadduwa Resorts (Private) Limited	1	2	-	-
Strider Capital Asia (Private) Limited	1,803	-	-	-
Asia Fort Sri Lanka Direct Investment Fund Limited	316	221	-	-
	2,497	509	-	-

10.3 Summary

Asia Leisure Holdings (Private) Limited

The Company is liable to taxation on Hotel Profit & Income at the rate of 28%. The income tax liability for the current year was Rs 345,588/- (2017- Rs. 266,017/-). The accumulated tax loss carried forward to the year of assessment 2018/2019 was Rs. 181,504,656 (2017/2018-Rs. 160,661,525/-).

Asia Leisure (Private) Limited

The Company is liable to taxation at the rate of 28% on its taxable profit. The income tax liability for the current year was Rs. 30,622/- (2017 - Rs. 19,035/-) Tax losses carried forward to the year of assessment in 2018/2019 is Rs. 308,108,738/- (2017/2018 - Rs. 292,952,430/-)

Wadduwa Resorts (Private) Limited

The Company is liable to taxation on Hotel Profit & Income at the rate of 28%. The income tax liability for the current year was Rs 1,729/(2017-Rs.2,486/-) The accumulated tax loss carried forward to year of assessment 2018/2019 is Rs.408,002,473/- (2017/2018-Rs.332,364,733/-)

Strider Capital Asia (Private) Limited

The company is liable to taxation at the rate of 28% on its taxable profits. The income tax liability for current year was Rs. 1,803,155/- (2017 - Rs. 2,562,629/-).

Shinagawa Beach Resorts (Private) Limited

The company is liable to taxation at the rate of 28% on its taxable profit. However, no provision has been made due to tax losses.

NOTES TO THE FINANCIAL STATEMENTS

11 BASIC EARNING/(LOSS) PER SHARE

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

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

For the year ended 31st March	Group		Company	
	2018 Rs:'000	2017 Rs:'000	2018 Rs:'000	2017 Rs:'000
Profit/(Loss) after tax attributable to Equity holders of the Company	208,093	(713,288)	568,641	(370,214)
Weighted Average number of Ordinary Shares outstanding during the Year	131,330	131,330	131,330	131,330
Basic Earnings/(Loss) Per Share (Rs.)	1.58	(5.43)	4.33	(2.82)

12 PROPERTY, PLANT AND EQUIPMENT

12.1 Group

Cost / Valuation	Balance As at 01.04.2017 Rs:'000	Additions Rs:'000	Disposals / Transfers Rs:'000	Balance As at 31.03.2018 Rs:'000
Freehold Assets				
Land	1,939,455	-	(779,058)	1,160,397
Buildings and Improvements	915,246	7,191	-	922,437
Motor Vehicles	1,060	-	-	1,060
Office Equipment	34,121	2,733	-	36,854
Fixtures and Fittings	18,383	31	-	18,414
Furniture and Fittings	96,900	1,308	-	98,208
Computer Equipments	23,193	5,292	-	28,485
Plant and Machinery	62,913	526	-	63,439
Hotel Equipment	101,050	2,585	-	103,635
Leasehold Assets				
Motor Vehicles	68,129	11,346	(907)	78,568
Computer Equipments	-	2,897	-	2,897
Total	3,260,450	33,909	(779,965)	2,514,394

Transfer of lands include the land belongs to Galle Beach CC Trust (Private) Limited amounting to Rs.442,000,000/- which was eliminated on deconsolidation of Galle Beach CC Trust (Private) Limited.

12.1.1 In the Course of Construction

	Balance As at 01.04.2017 Rs:'000	Incurred during the year Rs:'000	Deconsolidation of Subsidiary Rs:'000	Balance As at 31.03.2018 Rs:'000
Building work-in-progress	104,444	438,852	(521,245)	22,051

12.1.2 Accumulated Depreciation

	Balance As at 01.04.2017 Rs.'000	Charge for the year Rs.'000	On disposals/ transfers Rs.'000	Balance As at 31.03.2018 Rs.'000
Freehold Assets				
Buildings and Improvements	85,184	54,881	-	140,065
Motor Vehicles	480	-	-	480
Office Equipment	11,565	7,157	-	18,722
Fixtures and Fittings	6,158	3,034	-	9,192
Furniture and Fittings	36,602	19,017	-	55,619
Computer Equipment	13,319	7,657	-	20,976
Plant and Machinery	22,485	14,507	-	36,992
Hotel Equipment	40,267	25,000	-	65,267
Leasehold Assets				
Motor Vehicles	31,637	15,501	(597)	46,541
Computer Equipments	-	351	-	351
Total Depreciation	247,697	147,105	(597)	394,205
Net Carrying Value as at 31.03.2017				3,117,197
Net Carrying Value as at 31.03.2018				2,142,240

12.2 Company

Cost / Valuation	Balance As at 01.04.2017 Rs.'000	Additions Rs.'000	Balance As at 31.03.2018 Rs.'000
Freehold Assets			
Motor Vehicles	321	-	321
Office Equipment	2,888	887	3,775
Fixtures and Fittings	9,390	-	9,390
Furniture and Fittings	11,601	135	11,736
Computer Equipment	11,265	944	12,209
Leasehold Assets			
Motor Vehicles	14,800	-	14,800
Total	50,265	1,966	52,231

NOTES TO THE FINANCIAL STATEMENTS

12.2.1 Accumulated Depreciation

	Balance As at 01.04.2017 Rs.'000	Charge for the year Rs.'000	Disposals / Transfers Rs.'000	Balance As at 31.03.2018 Rs.'000
Freehold Assets				
Motor Vehicles	321	-	-	321
Office Equipment	1,064	372	-	1,436
Fixtures and Fittings	3,310	1,233	-	4,543
Furniture and Fittings	4,318	1,328	-	5,646
Computer Equipment	7,974	1,016	-	8,990
Leasehold Assets				
Motor Vehicles	9,245	3,700	-	12,945
Total Depreciation	26,232	7,649	-	33,881
Net Carrying Value as at 31.03.2017				24,033
Net Carrying Value as at 31.03.2018				18,350

12.3 Group Freehold Land and Buildings

Value of Lands & Ownership

Company	Location	Land Extent in Acres/ Perches & Roads	Number of Buildings	Carrying Value of Land As at 31st March 2018 Rs.	Carrying Value of Building As at 31st March 2018 Rs.
Shinagawa Beach Resorts (Pvt) Ltd	No 30, Old Guruniwasa Road, Welithara, Balapitiya	1A, 10P	2	161,500,000	209,596,432
Wadduwa Resorts (Pvt) Ltd	No 352/16c, Ratnayaka Road, Talpitiya, Wadduwa	3 A, 1 R, 36.22 P	3	417,165,000	352,400,938
Asia Leisure Holdings (Pvt) Ltd	No 70, Uththamagana Mawatha, Welagedara, Balapitiya	1 R	1	5,400,000	20,000,000
Asia Leisure (Pvt) Ltd	No 288, Galle Road, Dadalla, Galle	1A, 3R,9P	1	64,926,000	49,633,464
Nuwara Eliya Hotels & Resorts (Pvt) Ltd	Misty Hills Badulla Road, Katumana, Nuwaraeliya	63.8P	1	38,280,000	53,354,450
River House Estate (Pvt) Ltd	Robert De Soysa Mawatha, Walagedara, Balapitiya	05A,01R,26P	-	162,000,000	-

Company	Location	Land Extent in Acres/ Perches & Roods	Number of Buildings	Carrying Value of Land As at 31st March 2018 Rs.	Carrying Value of Building As at 31st March 2018 Rs.
River House (Pvt) Ltd	No 70, Uththamagana Mawatha, Welagedara, Balapitiya	06A 01R 36P	3	311,125,000	97,386,600
				1,160,396,000	782,371,884

All above revaluations are based on Market value and were carried out by Deshabandu Professor (Dr.) Gamini Haegoda J.P, Incorporated Valuer & Assessor A.I.V (Sri Lanka),S.C.V.(U.S.A),D.I.P.F.M.(U.K) & Mr D .Jayawardene-A.I.V (Sri Lanka),B.sc Estate & Valuation

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;

Group	Cumulative Depreciation If assets were Cost carried at cost Rs.'000	Cumulative Depreciation If assets were Cost carried at cost Rs.'000	Net Carrying Amount 2018 Rs.'000	Net Carrying Amount 2017 Rs.'000
Freehold Assets				
Buildings and Improvements	747,491	245,167	502,324	553,807
Motor Vehicles	1,060	480	580	580
Office Equipment	46,774	30,362	16,412	21,394
Fixtures and Fittings	18,499	11,392	7,107	9,789
Furniture and Fittings	112,914	92,977	19,937	41,154
Computer Equipment	31,184	28,684	2,500	4,853
Plant and Machinery	73,910	61,346	12,564	27,779
Hotel Equipment	1,001,630	100,114	901,516	924,437
Leasehold Assets				
Motor Vehicles	78,568	46,541	32,027	36,492
Computer Equipments	2,897	351	2,546	-
Total	2,114,927	617,414	1,497,513	1,620,285

NOTES TO THE FINANCIAL STATEMENTS

13 INTANGIBLE ASSETS

For the year ended 31st March	Group		Company	
	2018 Rs:'000	2017 Rs:'000	2018 Rs:'000	2017 Rs:'000
13.1 Computer Software				
Cost				
Balance at the beginning of the year	66,374	66,374	30,471	30,471
Balance at the end of the year	66,374	66,374	30,471	30,471
13.1.1 Amortisation				
Balance at the beginning of the year	56,060	50,282	30,306	24,821
Amortisation for the year	376	5,778	165	5,485
Balance at the end of the year	56,436	56,060	30,471	30,306
Net carrying value	9,938	10,314	-	165
13.2 Goodwill				
Balance at the beginning of the year	105,368	105,368	-	-
Balance at end of the year	105,368	105,368	-	-
Total net carrying value	115,306	115,682	-	165

13.2.1 Summary of Goodwill - Group

	2018 Rs:'000	2017 Rs:'000
Wadduwa Resorts (Pvt) Ltd	100,347	100,347
Asia Leisure (Pvt) Ltd	5,021	5,021
	105,368	105,368

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

For the year ended 31st March	Group		Company	
	2018 Rs.'000	2017 Rs.'000	2018 Rs.'000	2017 Rs.'000
14 LONG TERM INVESTMENTS				
Investments in Subsidiaries (Note 14.1)	-	-	878,264	1,097,205
Investments in Joint Ventures (Note 14.2)	-	38,130	-	33,520
Investments in Associates (Note 14.3)	174,656	-	398,839	-
Total Investments	174,656	38,130	1,277,103	1,130,725

For the year ended 31st March	Company		Company	
	2018 Effective Holding %	Rs.'000	2017 Effective Holding %	Rs.'000
14.1 Investments in Subsidiaries				
Non-Quoted				
Asia Growth Fund 1 (Private) Limited	100%	10,050	100%	10,050
Asia Fort Sri Lanka Direct Investment Fund Limited	100%	5,001	100%	5,001
Asia Apparel Trading (Private) Limited (Note 14.1.2)	100%	-	100%	4,000
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	89%	875,428
Asia Leisure (Private) Limited	98%	109,494	98%	109,494
Galle Beach CC Trust (Private) Limited		-	49%	107,282
Strider Capital Asia (Private) Limited	100%	33,520		-
		1,036,189		1,259,130
Less-Provision for fall in value of investments (Note 14.1.1)		(157,925)		(161,925)
Total Investments in Subsidiaries		878,264		1,097,205

For the year ended 31st March	Company	
	2018 Rs.'000	2017 Rs.'000
14.1.1 Provision for fall in value of Investments		
Asia Growth Fund 1 (Private) Limited	(10,050)	(10,050)
Asia Apparel Trading (Private) Limited	-	(4,000)
Asia Capital Projects (Private) Limited	(25,000)	(25,000)
Asia Digital Entertainment (Private) Limited	(4,088)	(4,088)
Asia Tea Packaging (Private) Limited	(86,787)	(86,787)
Asia Capital Technologies (Private) Limited	(32,000)	(32,000)
	(157,925)	(161,925)

14.1.2 During the year, investment in Asia Apparel Trading (Pvt) Limited has been fully written off to the value of Rs. 4,000,000/-.

NOTES TO THE FINANCIAL STATEMENTS

14.1.3 During the year, CC Trust Pte Ltd, a shareholder of Galle Beach CC Trust (Private) Limited transferred its investment in Galle Beach CC Trust (Private) Limited to Asia Capital PLC (ACAP), amounting to Rs.790,795,387/-. ACAP entered in to a share disposal agreement with Fast Gain International Limited, a shareholder related entity to dispose 50% shareholding of ACAP holding in Galle Beach CC Trust (Private) Limited . As per the agreement, the disposal will be fully completed in October 2018 and 21.37% out of 50% has been disposed as at 31st March 2018, resulting a gain on disposal to the company and to the group amounting to Rs. 245,830,981/-and Rs. 367,376,450/-, respectively.

Due to above, the remaining shareholding of 68.56% has been recognised as follows as at 31st March 2018.

Assets classified as held for sale (Note 14.4) 28.63%

Investments in associate (Note 14.3) 39.93%

For the year ended 31st March	Group			Company		
	Effective Holding %	2018 Rs.'000	2017 Rs.'000	Effective Holding %	2018 Rs.'000	2017 Rs.'000
14.2 Investment In Joint Venture						
Strider Capital Asia (Private) Limited	50%	-	38,130	50%	-	33,520
		-	38,130		-	33,520

The Company entered into a Joint venture agreement with Striders Corporation, a Company incorporated under the Laws of Japan on 30th April 2015. The venture named Strider Capital Asia (Private) Limited and registered office of the venture and place of business are located at Level 21st, West Tower, World Trade Centre, Colombo 01. However, there was no operations since incorporation of the venture and it was ceased during the year.

For the year ended 31st March	Group			Company		
	Effective Holding %	2018 Rs.'000	2017 Rs.'000	Effective Holding %	2018 Rs.'000	2017 Rs.'000
14.3 Investment in Associates						
493 Talpe Lands (Private) Limited	49%	(56)	-	49%	-	-
Galle Beach CC Trust (Private) Limited	40%	174,712	-	40%	398,839	-
		174,656	-		398,839	-

14.3.1 Summarized Financial Information - Associate

Galle Beach CC Trust (Private) Limited

The group has 39.93% interest in Galle Beach CC Trust (Private) Limited which is mainly engaged in hotel operations. Currently the Company is engaged in the construction of the hotel. The following table illustrates summarised financial information of the group's investment in Galle Beach CC Trust (Private) Limited.

Share of the associate's statement of financial position	2018 Rs.'000
Non current assets	963,245
Current assets	1,101
Total assets	964,346
Non current liabilities	250,000
Current liabilities	277,567
Total liabilities	527,567
Net assets	436,779
Carrying amount of the investment	174,712
Share of the associate's revenue and profit/(loss)	
Revenue	-
Loss	1,390

14.4 ASSETS CLASSIFIED AS HELD FOR SALE

14.4.1 Group

For the year ended 31st March	2018		2017	
	Fair Value Rs.'000	Cost Rs.'000	Fair Value Rs.'000	Cost Rs.'000
Galle Beach CC Trust (Private) Limited	614,941	126,666	-	-
	614,941	126,666	-	-

As explained in note 14.1.3, 28.63% of investment in Galle Beach CC Trust (Private) Limited has been classified as assets held for sale in the Financial Statements as of 31st March 2018. The carrying amount of assets and liabilities in the disposal may be analysed as follows,

Assets	Rs.'000	Liabilities	Rs.'000
Property, plant and equipment	963,245	Interest bearing borrowing	250,000
Other receivables	1,059	Amount due to related parties	247,979
Cash and cash equivalents	42	Other payables	17,842
		Bank overdraft	11,746
Total assets	964,346	Total liabilities	527,567
Assets directly associated with assets held for sale			964,346
Liabilities directly associated with assets held for sale			527,567
Net assets of the subsidiary before classification of the held for sale			436,779
Net assets attributable to the parent			126,666

NOTES TO THE FINANCIAL STATEMENTS

14.4.2 Company

For the year ended 31st March	2018		2017	
	Fair Value Rs.'000	Cost Rs.'000	Fair Value Rs.'000	Cost Rs.'000
Galle Beach CC Trust (Private) Limited	614,941	285,970	-	-
	614,941	285,970	-	-

For the year ended 31st March	Group		Company	
	2018 Rs.'000	2017 Rs.'000	2018 Rs.'000	2017 Rs.'000
15 FINANCIAL ASSETS AVAILABLE FOR SALE				
Non current				
Investment in Equity Securities-Non Quoted (Note 15.1)	114,853	114,853	114,853	114,853
	114,853	114,853	114,853	114,853
15.1 Investments in Equity Securities - Non Quoted				
For the year ended 31st March	No. of Shares	Carrying Value 2018 Rs. '000	No. of Shares	Carrying Value 2017 Rs. '000
Investment in Galle Heritage Lanka (Private) Limited	20	74,506	20	74,506
Investment in Marine Drive Hotels (Private) Limited	10	40,347	10	40,347
Total	30	114,853	30	114,853

For the year ended 31st March	Group		Company	
	2018 Rs.'000	2017 Rs.'000	2018 Rs.'000	2017 Rs.'000
16 LONG TERM DEPOSITS AND ADVANCES				
Rent Deposit	14,019	11,913	14,019	11,913
Advances Paid	-	1,241	157,786	1,241
	14,019	13,154	171,805	13,154
Less: Provision for Impairment	-	(1,241)	-	(1,241)
	14,019	11,913	171,805	11,913
Maturity Analysis of Long Term Deposits				
Within 2-3 Years	7,231	11,406	165,017	11,406
Within 3-5 Years	6,281	-	6,281	-
After 5 Years	507	507	507	507
	14,019	11,913	171,805	11,913

For the year ended 31st March	Group		Company	
	2018 Rs:'000	2017 Rs:'000	2018 Rs:'000	2017 Rs:'000
17 INVENTORIES				
Food and Beverages	12,614	12,530	-	-
Films Stock	267,224	267,224	-	-
	279,838	279,754	-	-
Less: Provision for Inventories	(267,224)	(267,224)	-	-
	12,614	12,530	-	-

For the year ended 31st March	Group		Company	
	2018 Rs:'000	2017 Rs:'000	2018 Rs:'000	2017 Rs:'000
18 FINANCIAL ASSETS - HELD TO MATURITY				
Commercial Papers - Asia Fort Asset Management (Private) Limited	-	18,860	-	18,860
Investments in Fixed Deposits	58,950	51,305	39,187	35,479
Investments in Reverse Repurchase Agreements	384	352	384	352
Investment in Overnight Repo	-	-	20,147	-
	59,334	70,517	59,718	54,691
Less-Provision for Fall in Value of Investment	-	(18,860)	-	(18,860)
	59,334	51,657	59,718	35,831

During the year, Company has fully written off the investment in Commercial Papers with Asia Fort Asset Management (Private) Limited.

For the year ended 31st March	Group		Company	
	2018 Rs:'000	2017 Rs:'000	2018 Rs:'000	2017 Rs:'000
19 SHORT TERM LENDINGS				
Asia Couture (Private) Limited	-	336,837	-	336,837
Less: Provision for Bad & Doubtful Debts	-	(336,837)	-	(336,837)
	-	-	-	-

During the year, short term lending made to Asia Couture (Private) Limited has been fully written off.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March	Group		Company	
	2018 Rs.'000	2017 Rs.'000	2018 Rs.'000	2017 Rs.'000
20 TRADE AND OTHER RECEIVABLES				
Trade Debtors	209,606	222,716	-	11,743
Less: Provision for Bad & Doubtful Debts	(1,199)	(12,942)	-	(11,743)
	208,407	209,774	-	-
Staff Loan (Note 20.1)	-	276	-	276
Advances and Prepayments	82,006	29,021	5,655	4,147
Other Debtors	52,038	75,212	46,547	63,128
Receivable from Asia Fort Asset Management (Private) Limited	-	51,546	-	51,546
	342,451	365,829	52,202	119,097
Less: Provision for Bad & Doubtful Debts	(61,156)	(134,223)	(43,076)	(116,142)
	281,295	231,606	9,126	2,955
20.1 Staff Loan				
Balance at the beginning of the year	276	286	276	286
Loans granted during the year	185	-	185	-
Less: Repayments	(194)	(10)	(194)	(10)
Bad Debt Written off	(267)	-	(267)	-
Balance at the end of the year	-	276	-	276

- 20.2** During the year, trade debtors amounting to Rs.11,743,064/- and receivable from Asia Fort Asset Management (Private) Limited amounting to Rs. 51,545,475/- have been fully written off.

For the year ended 31st March		Group		Company		
		2018 Rs.'000	2017 Rs.'000	2018 Rs.'000	2017 Rs.'000	
Relationship						
21	AMOUNTS DUE FROM RELATED PARTIES					
	Asia Growth Fund 1 (Private) Limited	Subsidiary	-	-	420	247
	Asia Fort Sri Lanka Direct Investment Fund Limited	Subsidiary	-	-	1,685	1,469
	Asia Capital Technologies (Private) Limited	Subsidiary	-	-	32,964	27,439
	Asia Capital Projects (Private) Limited	Subsidiary	-	-	20,292	16,869
	Asia Leisure Holdings (Private) Limited	Subsidiary	-	-	73,905	41
	Asia Digital Entertainment (Private) Limited	Subsidiary	-	-	378,067	377,229
	Asia Leisure (Private) Limited	Subsidiary	-	-	6,091	-
	Asia Tea Packaging (Private) Limited	Subsidiary	-	-	10,731	10,688
	Asia Capital Private Equity (Private) Limited	Subsidiary	-	-	31,636	31,543
	Wadduwa Resorts (Private) Limited	Sub - Subsidiary	-	-	173,059	74,212
	Shinagawa Beach Resorts (Private) Limited	Sub - Subsidiary	-	-	154,980	141,448
	River House (Private) Limited	Sub - Subsidiary	-	-	5,521	5,448
	River House Estate (Private) Limited	Sub - Subsidiary	-	-	69,952	57,322
	Asia Leisure Travels (Private) Limited	Sub - Subsidiary	-	-	17,775	3,074
	Galle Beach (Private) Limited	Subsidiary	-	-	315	299
	Galle Beach CC Trust (Private) Limited	Associate	247,979	-	212,216	53,920
	493 Talpe Lands (Private) Limited	Associate	40,703	-	40,703	-
	Asia Apparel Trading (Private) Limited	Affiliate	-	4,710	-	4,710
	Asia Couture (Private) Limited	Affiliate	-	18,856	-	18,856
	Katumankelle Hill Estate (Private) Limited	Affiliate	218,339	-	218,339	205,178
			507,021	23,566	1,448,651	1,029,992
	Less: Provision for Bad & Doubtful Debts					
	Asia Apparel Trading (Private) Limited		-	(4,710)	-	(4,710)
	Asia Growth Fund 1 (Private) Limited		-	-	(420)	(247)
	Asia Couture (Private) Limited		-	(18,856)	-	(18,856)
	Asia Capital Projects (Private) Limited		-	-	(20,292)	(14,379)
	Asia Tea Packaging (Private) Limited		-	-	(10,731)	(8,308)
	Asia Capital Technologies (Private) Limited		-	-	(32,964)	(27,439)
	Asia Digital Entertainment (Private) Limited		-	-	(378,067)	(377,180)
	Asia Capital Private Equity (Private) Limited		-	-	(31,636)	(31,370)
	Galle Beach (Private) Limited		-	-	(315)	-
			-	(23,566)	(474,425)	(482,489)
			507,021	-	974,226	547,503

During the year, amounts due from Asia Apparel Trading (Private) Limited and Asia Couture (Private) Limited have been fully written off.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March	Group		Company	
	2018 Rs.'000	2017 Rs.'000	2018 Rs.'000	2017 Rs.'000
22 CASH AND CASH EQUIVALENTS				
Favourable Balances				
Cash in Hand & at Bank	201,518	15,230	9,414	6,717
	201,518	15,230	9,414	6,717
Unfavourable Balances				
Bank Overdrafts	(260,013)	(191,475)	(132,221)	(94,389)
Cash and Cash Equivalents for the Cash Flow Purpose	(58,495)	(176,245)	(122,807)	(87,672)
23 STATED CAPITAL				
	Company			
	2018		2017	
	No. of Shares	Value Rs.'000	No. of Shares	Value Rs.'000
Ordinary Shares	131,329,995	1,498,498	131,329,995	1,498,498
	131,329,995	1,498,498	131,329,995	1,498,498

24 DEFERRED TAXATION	Group			
	2018		2017	
	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	(395,134)	(55,551)	(414,221)	(115,982)
On Retirement Benefit Obligation	35,758	7,879	24,610	6,891
On Tax Losses Carried Forward	2,287,612	291,352	2,419,410	677,435
	1,928,236	243,680	2,029,799	568,344
	Company			
	2018		2017	
	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	(9,419)	(2,637)	(6,305)	(1,765)
On Retirement Benefit Obligation	22,737	6,366	14,706	4,117
On Tax Losses Carried Forward	470,335	131,694	564,875	158,165
	483,653	135,423	573,276	160,517

Group

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

The Inland Revenue Act No 24 of 2017 and new tax rates including capital gains taxes are effective from 1st April 2018. Accordingly the income tax charge for the year ended 31 March, 2018 has been computed on rates applicable in the year of assessment 2017/2018. The provision for deferred tax at 31 March, 2018 has been calculated at rates and on capital gains applicable post 1st April, 2018.

Due to uncertainties that exist on the interpretation of the new law relating to freehold land for tax purposes, significant judgement was exercised to determine the provision required for deferred taxes on capital gains applicable to freehold land.

Having sought independent professional tax advice, the group is of the view that the freehold land used in the business falls under the category of "Investment Assets" and has also determined that fair values of freehold lands have not been changed significantly from 30th September 2017. Accordingly, no deferred tax liability is required to be recognised. The Inland Revenue Act No 24 of 2017, cost of land for tax purpose (which is considered as investment asset) is the fair value of such lands as at 30th September 2017.

In the event it is deemed that freehold land be considered as "Capital Assets used in the business", the net deferred tax charge in the statement of other comprehensive income would be Rs. 47Mn with a consequential increase in the deferred tax liability on the statement of financial position.

Company

Due to uncertainty of availability of future taxable profit for utilisation of tax losses, the recognition of deferred tax asset has been limited only upto deferred tax liability as at the reporting date. Therefore, the unrecognised deferred tax asset of the Company is Rs.135Mn (2017 - Rs.160Mn).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March	Group		Company	
	2018 Rs.'000	2017 Rs.'000	2018 Rs.'000	2017 Rs.'000
25 RETIREMENT BENEFIT OBLIGATIONS				
Balance at the beginning of the Year	24,610	22,862	14,706	13,844
Interest for the Year	2,498	2,622	1,511	1,635
Provision made during the Year	6,542	5,422	2,850	2,428
Acturial (Gain)/Loss recognised in OCI	3,636	(4,922)	3,821	(2,264)
Payments made during the Year	(1,332)	(1,374)	(150)	(937)
Balance at the end of the Year	35,954	24,610	22,738	14,706

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 are as follows:

	2018	2017
Rate of Interest	10.6%	12.55%
Rate of Salary Increase	10%	10%
Labour Turnover	5.5%	5%
Retirement Age	60	60

25.1 Sensitivity of Assumption Employed in the Valuation

Sensitivity analysis on discounting rate and salary increment rate to Statement of Financial Position and Statement of Profit and Loss is as follows;

	Sensitivity Effect on	
	Total Comprehensive Income Increase /(Reduction)	Employment Benefit Obligation Increase/(Reduction) in the Liability
Group		
Increase in Discounts Rate (1%)	(2,291)	(3,285)
Decrease in Discount Rate (1%)	2,585	3,924
Increase in Salary Increment Rate (1%)	2,475	4,181
Decrease in salary Increment Rate (1%)	(2,225)	(2,718)
Company		
Increase in Discounts Rate (1%)	(1,997)	(2,138)
Decrease in Discount Rate (1%)	(2,237)	2,416
Increase in Salary Increment Rate (1%)	2,087	2,407
Decrease in salary Increment Rate (1%)	(1,880)	(2,167)

For the year ended 31st March	Group		Company	
	2018 Rs.'000	2017 Rs.'000	2018 Rs.'000	2017 Rs.'000
26 NON - INTEREST BEARING BORROWINGS				
Balance at the beginning of the year	87,485	96,050	87,485	96,050
Loan obtained during the year	790,795	2,000	790,795	2,000
Payment made during the year	(11,874)	(10,565)	(11,874)	(10,565)
Balance at the end of the year	866,406	87,485	866,406	87,485
26.1 Summary				
Questnet Limited (Note 26.1.1)	75,611	87,485	75,611	87,485
CC Trust Pte.Ltd	790,795	-	790,795	-
	866,406	87,485	866,406	87,485

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

For the year ended 31st March	Group		Company	
	2018 Rs.'000	2017 Rs.'000	2018 Rs.'000	2017 Rs.'000
27 INTEREST BEARING BORROWINGS				
Direct Borrowing	389	341	389	341
Preference Facility Loan	339,065	469,441	339,065	469,441
Borrowing Under Commercial Papers	12,722	286,925	26,388	298,449
Borrowing Under Repurchase Agreement	794	792	794	792
Other Long Term Loans	315,339	397,638	70,800	97,473
	668,309	1,155,137	437,436	866,496
Amount repayable within one year	285,112	828,537	227,114	781,414
Amount repayable after one year	383,197	326,600	210,322	85,082
	668,309	1,155,137	437,436	866,496

27.1 Assets Pledged

Company	Nature of Facility	Name of the Lender	Facility Limit Rs.	Details of the Assets Pledged	Balance as at 31st March 2018 Rs.	Balance as at 31st March 2017 Rs.
Asia Capital PLC	Long Term Loan	Seylan Bank PLC	100,000,000	Arachchige Watta, Waduwanakadawatta & Ratranhandigeliydda, Temple Mawatha, Kosgoda.	70,800,122	79,761,905
Wadduwa Resorts (Private) Ltd.	Long Term Loan	Seylan Bank PLC	325,000,000	Taprobana Hotel Land and building located at No 325/16, Ratnayaka Road, Thalpitiya, Wadduwa. Corporate guarantee of Asia Capital PLC	195,835,333	250,002,000
Asia Leisure Holdings (Private) Ltd.	Long Term Loan	Seylan Bank PLC	52,000,000	Rs 40Mn cash back guarantee Corporate Guarantee of Asia Capital PLC	6,052,121	20,361,659

NOTES TO THE FINANCIAL STATEMENTS

27.2 Analysis of Current, Non current Portion of Interest Bearing Borrowings

For the year ended 31st March	Payable within One year Rs.'000	Payable after One year Rs.'000
Group		
Direct Borrowing	389	-
Preference Facility Loan	181,708	157,357
Borrowing under Commercial Papers	13,517	-
Other Long Term Loans	89,498	225,840
	285,112	383,197
Company		
Direct Borrowing	389	-
Preference Facility Loan	181,708	157,357
Borrowing under Commercial Papers	26,388	-
Other Long Term Loans	18,629	52,965
	227,114	210,322

Interest bearing borrowings includes Preference Facility Loan amounting to Rs.118,117,500/- (2017 - Rs.115,433,000/-) obtained from Fast Gain International Limited, a Shareholder related entity.

For the year ended 31st March	Group		Company	
	2018 Rs.'000	2017 Rs.'000	2018 Rs.'000	2017 Rs.'000
28 DEFERRED INCOME				
Deferred Income from Investment in Equity Securities	11,485	11,485	11,485	11,485
	11,485	11,485	11,485	11,485

For the year ended 31st March	Group		Company	
	2018 Rs.'000	2017 Rs.'000	2018 Rs.'000	2017 Rs.'000
29 TRADE AND OTHER PAYABLES				
Trade Creditors	18,968	22,035	-	-
Sundry Creditors including Accrued Expenses	206,809	149,039	30,396	41,771
Refundable Deposits	10,499	-	10,499	-
	236,276	171,074	40,895	41,771

For the year ended 31st March		Group		Company	
	Relationship	2018 Rs.'000	2017 Rs.'000	2018 Rs.'000	2017 Rs.'000
30 AMOUNTS DUE TO RELATED PARTIES					
Asia Leisure (Private) Limited	Subsidiary	-	-	-	1,389
Galle Beach Hotel (Private) Limited	Subsidiary	-	-	124	221
Strider Capital Asia (Private) Limited	Subsidiary	-	-	38,993	-
		-	-	39,117	1,610

31 SUMMARISED FINANCIAL INFORMATION OF SUBSIDIARIES

	Assets		Liabilities		Equity		Revenue		Profit after tax		Total Comprehensive Income	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
For the year ended 31st March												
Asia Growth Fund (Pvt) Ltd	22	22	508	325	(486)	(303)	-	-	(184)	23,042	(184)	23,042
Asia Fort Sri Lanka Direct Investment Fund Ltd	14,581	13,186	2,241	2,270	12,340	10,916	1,571	1,365	1,424	841	1,424	841
Asia Capital Private Equity (Pvt) Ltd	26,269	26,269	31,773	31,679	(5,504)	(5,410)	-	-	(95)	(84)	(95)	(84)
Asia Capital Technologies (Pvt) Ltd	12,511	13,103	36,384	30,951	(23,873)	(17,848)	-	1,301	(5,790)	(7,163)	(6,022)	(7,163)
Asia Digital Entertainment (Pvt) Ltd	17,652	17,838	378,199	377,349	(360,547)	(359,511)	-	-	(1,036)	(197,073)	(1,036)	(197,073)
Asia Capital Projects (Pvt) Ltd	159,172	585	178,252	17,023	(19,080)	(16,438)	-	-	(2,643)	(2,056)	(2,643)	(2,056)
Galle Beach Hotel (Pvt) Ltd	36,018	36,111	26	25	35,992	36,086	-	-	(95)	(96)	(95)	(96)
Asia Leisure Holdings (Pvt) Ltd	1,053,451	996,692	135,695	58,539	917,756	938,153	21,205	26,015	(20,175)	(7,301)	(20,398)	(6,594)
Asia Leisure (Pvt) Ltd	237,811	227,552	198,905	158,355	38,906	69,197	72,712	73,042	(30,389)	(17,690)	(30,293)	(16,586)
Shinagawa Beach Resorts (Pvt) Ltd	597,667	602,190	333,084	298,322	264,583	303,868	165,506	158,484	(39,766)	(33,117)	(39,284)	(33,217)
Wadduwa Resorts (Pvt) Ltd	919,457	957,612	514,742	428,681	404,715	528,931	118,081	105,216	(124,137)	(98,664)	(124,216)	(98,318)
Asia Tea Packaging (Pvt) Ltd	3,901	5,195	11,275	11,232	(7,374)	(6,037)	-	-	(1,337)	12,711	(1,337)	12,711
River House (Pvt) Ltd	410,563	410,563	7,670	7,597	402,893	402,966	-	-	(73)	(41)	(73)	(41)
River House Estate (Pvt) Ltd	188,733	184,981	95,257	78,890	93,476	106,091	-	-	(12,615)	(9,962)	(12,615)	(9,962)
Asia Leisure Travels (Pvt) Ltd	37,277	27,237	52,631	31,850	(15,354)	(4,613)	59,260	61,422	(10,883)	(7,924)	(10,742)	(7,916)
Nuwara Eliya Hotel & Resorts (Pvt) Ltd	80,000	80,000	80,020	80,010	(20)	(10)	-	-	(10)	(10)	(10)	(10)
Strider Capital Asia (Pvt) Ltd	39,409	-	1,246	-	38,163	-	-	-	(254)	-	(254)	-

31.1 Non Controlling Interest (NCI) in Subsidiaries

	% of Ownership Held by NCI		% of Voting Rights Held By NCI		Share of Loss of NCI for the year ended		Share of Total Comprehensive Income		Non Controlling Interest as at	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
For the year ended 31st March										
Shinagawa Beach Resorts (Pvt) Ltd	50	40	50	40	(19,883)	(13,247)	(19,642)	(13,247)	132,292	121,548
Wadduwa Resorts (Pvt) Ltd	42	31	42	31	(52,137)	(30,586)	(52,170)	(30,586)	169,980	163,969
Asia Leisure Holdings (Pvt) Ltd	26	12	26	12	(5,245)	(847)	(5,245)	(847)	238,617	108,826
Asia Leisure Travels (Pvt) Ltd	41	30	41	30	(4,462)	(2,377)	(4,462)	(2,377)	(6,295)	(1,384)
River House Estate (Pvt) Ltd	26	12	26	12	(3,280)	(1,195)	(3,280)	(1,195)	24,304	12,925
River House (Pvt) Ltd	26	12	26	12	(19)	(5)	(19)	(5)	104,752	48,356
Nuwara Eliya Hotel & Resorts (Pvt) Ltd	26	12	26	12	(3)	(1)	(3)	(1)	(5)	(1)

NOTES TO THE FINANCIAL STATEMENTS

32 RELATED PARTY DISCLOSURE

The Company carried out transactions in the ordinary course of its business with parties who are defined as related parties as per Sri Lanka Accounting Standard - LKAS 24 on 'Related Party Disclosures

32.1 Transactions with Key Management Personnel (KMP)

According to Sri Lanka Accounting Standard - LKAS 24 on 'Related Party Disclosures', Key Management Personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly. Accordingly, the members of the Board of Directors of the Company (Executive and Non-Executive Directors), Chief Executive Officer and Group Chief Financial Officer have been classified as KMP. As the Company is the ultimate Parent of the Subsidiaries, the Board of Directors of the Company has the authority and responsibility for planning or controlling the activities of the Group directly or indirectly.

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

	Group		Company	
	2018 Rs.'000	2017 Rs.'000	2018 Rs.'000	2017 Rs.'000
Short-Term Employment Benefits	76,358	68,937	76,358	68,937
Post-Employment Benefits Paid	Nil	Nil	Nil	Nil
Other Long Term Benefits	Nil	Nil	Nil	Nil
Termination Benefits	Nil	Nil	Nil	Nil

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

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

No loans were granted to KMP of the Company.

ESOP was distributed among the staff during the financial year 2017/2018. The KMP who were eligible were formally allocated their share with the relevant approval from Remuneration Committee and Board of Directors.

32.2 Transactions with Close Family Members (CFM) 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 dealing 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.

32.3 Transactions with Related Companies

Name of the Related Party	Nature of the Relationship	Name of the Common Director	Details of the Transactions/ Balances	Value of the Transactions	
				2018 Rs.000	2017 Rs.000
(a) Transactions with Subsidiaries/Sub-Subsidiaries					
Asia Growth Fund 1 (Private) Limited	Subsidiary	Mr.J.H.P.Ratnayeke	Reimbursement of Expenses (net)	173	318
			Transfer of Investment of ALH held by AGF to ACAP	-	(117,793)
		Mr.S.A.Abeyesinhe	Provision for bad & doubtful debts-Expense during the year	420	-
Asia Fort Sri Lanka Direct Investment Fund Limited	Subsidiary	Mr.J.H.P.Ratnayeke	Interest Expense on Commercial Papers	1,154	-
		Mr.S.A.Abeyesinhe	Reimbursement of Expenses (net)	215	390
Asia Capital Technologies (Private) Limited	Subsidiary	Mr.S.A.Abeyesinhe	Reimbursement of Expenses (net)	5,104	7,533
			Intercompany Fund Transfers	421	-
			Provision for bad & doubtful debts-Expense during the year	5,525	-
Asia Capital Projects (Private) Limited	Subsidiary	Mr.S.A.Abeyesinhe	Intercompany Fund Transfers	3,397	2,518
			Reimbursement of expenses (net)	25	57
			Fund Transferred to Escrow A/C at Asia Capital Projects	154,525	-
			Reimbursement of expenses (net)	3,261	-
			Provision for bad & doubtful debts-Expense during the year	5,913	-
Asia Leisure Holdings (Private) Limited	Subsidiary	Mr.S.A.Abeyesinhe	Intercompany Fund Transfers	67,341	10,117
			Inter Company balance Settlement	(1,595)	(11,200)
			Reimbursement of Expenses (net)	8117	-
Asia Leisure (Private) Limited	Subsidiary	Mr.S.A.Abeyesinhe	Inter Company Fund Transfers	7,480	-
			Reimbursement of Expenses (Net)	-	1,565
			Inter Company balance Settlement	-	(3,030)
Asia Capital Private Equity (Private) Limited	Subsidiary	Mr.S.A.Abeyesinhe	Reimbursement of Expenses (Net)	92	95
			Provision for bad & doubtful debts-Expense during the year	266	-
Asia Digital Entertainment (Private) Limited	Subsidiary	Mr V Siva Jr	Intercompany Fund Transfers(Net)	763	662
			Reimbursement of Expenses	75	381
			Provision for bad & doubtful debts-Expense during the year	887	-
Asia Tea Packaging (Private) Limited	Subsidiary		Intercompany Fund Transfers (Net)	-	(49,035)
			Reimbursement of Expenses	105	(519)
			Provision for bad & doubtful debts-Expense during the year	2,424	-
Shinagawa Beach Resorts (Private) Limited	Sub-Subsidiary	Mr.S.A.Abeyesinhe	Intercompany Fund Transfers (Net)	15,600	218,209
			Reimbursement of Expenses	5,532	-
			Inter Company balance settlement	(7,600)	(76,761)
River House (Private) Limited	Sub-Subsidiary	Mr.S.A.Abeyesinhe	Reimbursement of Expenses	72	42

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		
				2018 Rs.000	2017 Rs.000	
Wadduwa Resorts (Private) Limited	Sub-Subsidiary	Mr.S.A.Abeyesinhe	Intercompany Fund Transfers (Net)	105,347	166,507	
			Mr T.Tanaka	Reimbursement of Expenses	175	-
			Mr Y.Wattanabe	Inter Company balance settlement	(6,675)	(92,295)
River House Estate (Private) Limited	Sub-Subsidiary	Mr.S.A.Abeyesinhe	Intercompany Fund Transfers (Net)	11,838	8,239	
			Mr V Siva Jr	Reimbursement of Expenses	793	28
Galle Beach Hotel (Private) Limited	Sub-Subsidiary	Mr.S.A.Abeyesinhe	Reimbursement of Expenses	87	(12)	
			Mr V Siva Jr	Intercompany Fund Transfers	10	-
Asia Leisure Travels (Private) Limited	Sub-Subsidiary	Mr.S.A.Abeyesinhe	Reimbursement of Expenses	963	-	
			Intercompany Fund Transfers (Net)	14,020	(1,999)	
			Inter Company balance settlement	(282)	-	
Stider Capital Asia (Private) Limited	Subsidiary	Mr.S.A.Abeyesinhe	Intercompany Fund Transfers (Net)	39,000	-	
			Mr T.Tanaka	Reimbursement of Expenses	6	-
(b) Transactions with Associates						
493 Talape Lands (Private) Limited	Associate		Payment for acquisition of Thalpe Land	40,599	-	
			Reimbursement of Expenses	130	-	
Galle Beah CC Trust (Private) Limited	Associate	Mr.S.A.Abeyesinhe	Fund Transferred for Construction of the Hotel	180,000	38,320	
			Fund Transferred for repayment of Bank Loan interest	14,575	-	
			Reimbursement of Expenses	21	1,253	
			Intercompany Fund Transfers (Net)	(36,300)	1,910	
(c) Transactions with Affiliates						
Katumanakele Hill Estate (Private) Limited	Affiliate	Mr.S.A.Abeyesinhe	Interest paid by ACAP for loan obtain to purchase kosgoda land	12,630	11925	
			Inter company fund transfers	430	208	
			Reimbursement of expenses	101	664	
Amount receivable and payable to related parties are disclosed in the Note 21 and 30 to the financial statements.						
Closing Balance of the provision for bad & doubtful debts are disclosed under respective related party balances.						
Outstanding balances at the year end are unsecured, non 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 the Note no 33.						
(d) Transactions with Other Related Parties						
P.R. Secretarial Services (Private) Limited	Common Directors	Mr. J.H.P. Ratnayeke	Secretarial Fees	436	301	
P.R Corporate Services (Private) Limited	Common Directors	Mr. J.H.P. Ratnayeke	Secretarial Fees	643	-	
			Lawyers fee	73	-	

32.4 Non-Recurrent Related Party Transactions

There were no other 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 2018 audited financial statements, which required additional disclosures in the 2017/2018 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.

Name of the Related Party	Relationship	Nature of Transactions	Value of the Related Party Transactions entered into during the financial year Rs.'000	Value of Related Transactions as a % of equity and as a % of Total Assets	Terms and Conditions of the Related Transactions	The rationale for entering into the Transactions
Galle Beach CC Trust (Pvt) Ltd	Associate	Repurchase of Shares	790,795	57.7% and 22%	Nil	The sum of Rs. 790,795,000 held as and liability and options are considered for implement the liability
Fast Gain International Limited	Shareholder related entity	Sale of Shares of Galle Beach CC Trust (Pvt) Ltd	459,100	33.5% and 12.77%	Company has agreed to sell 510 share of Galle Beach CC Trust (Pvt) Ltd (GBCCT) by the share purchase agreement dated 20th December 2017, held by the Company to Fast Gain International Limited for USD 7Mn on piecemeal basis.	
Asia Capital Projects (Pvt) Ltd	Subsidiary	Long Term Advance	154,525	11.27% and 4.1%	Funds will be returned to the investor of Galle Beach company upon settlement of purchase consideration to investor CC Trust Pte Ltd	At the requestor of Investor of Galle Beach CC Trust (Pvt)Ltd, a sum of USD 1Mn equivalent in Sri Lankan rupees has been invested with escrow account opened with Asia Capital Projects (Pvt)Ltd
Asia Leisure Holdings (Pvt) Ltd	Subsidiary	Disposal of shares	483,955	35.31% and 35.31%	Nil	Sale of 14.66% of stake in Asia Leisure Holdings (Pvt) Ltd to Aoba Pte Ltd.

32.5 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, 2018 audited financial statements, which required additional disclosures in the 2017/2018 annual report under Colombo Stock Exchange listing Rule 9.32 and Code of Best Practices on Related Party Transactions under the Security Exchange Commission issued under Section 13(c) of the Security Exchange Commission Act.

NOTES TO THE FINANCIAL STATEMENTS

Name of the Related Party	Relationship	Nature of Transactions	Aggregate Value of the Related Party Transactions entered into during the financial year Rs.'000	Aggregate Value of Related Party Transactions as a % of Net revenue/ Income	Terms and Conditions of the Related Transactions
Asia Leisure Holdings (Pvt) Ltd	Subsidiary	Intercompany Funding	67,341	12.47%	on demand
Wadduwa Resorts (Pvt) Ltd	Sub-Subsidiary	Intercompany Funding	105,347	19.51%	on demand
Galle Beach CC Trust (Pvt)Ltd	Associate	Intercompany Funding	180,000	33.34%	on demand

33 COMMITMENTS AND CONTINGENCIES

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

33.1 Commitments

Company

The company has issued corporate guarantees for the bank borrowings by the subsidiaries as indicated below:

Name of the company	Name of the bank	Purpose	2018 Rs.	2017 Rs.
Asia Leisure Holdings (Private) Ltd	Seylan Bank PLC	Constructions	6,052,121	20,361,659
Wadduwa Resorts (Private) Ltd	Seylan Bank PLC	Constructions	195,835,333	250,002,000

34 EVENTS AFTER THE REPORTING DATE

No circumstances have arisen which would require adjustments to or disclosures in the financial statements.

35 GOING CONCERN

35.1 Subsidiaries

Asia Digital Entertainment (Private) Limited

Asia Digital Entertainment (Private) Limited (ADE) has incurred a net loss of Rs.1,035,458/- (2017: Rs.197,073,306/-) during the financial year ended 31st March 2018 and accumulated losses of Rs. 364,835,046/- (2017: Rs.363,799,587/-) as at that date. ADE's current liabilities exceed its current assets by Rs. 360,674,983/- (2017: Rs. 359,878,575/-) as at the reporting date. These factors raise substantial doubts on ADE's ability to continue as a going concern.

Asia Leisure (Private) Limited

Asia Leisure (Private) Limited (ALP) has incurred a net loss of Rs. 30,388,499/- (2017: Rs.17,690,082/-) during the financial year ended 31st March 2018 and accumulated losses of Rs. 188,224,571/- (2017: Rs.157,932,241/-) as at that date. ALP's current liabilities exceed its current assets by Rs. 95,307,586/- (2017: Rs. 76,942,473/-) as at the reporting date. These factors raise substantial doubts on ALP's ability to continue as a going concern.

Asia Capital Projects (Private) Limited

Asia Capital Projects (Private) Limited (ACP) has incurred a net loss of Rs. 2,643,331/- (2017: Rs. 2,055,512/-) during the financial year ended 31st March 2018 and has recorded accumulated losses of Rs. 44,080,501/- (2017: Rs. 41,437,170/-).

Wadduwa Resorts (Private) Limited

Wadduwa Resorts (Private) Limited (WR) has incurred a net loss of Rs. 124,136,629/- (2017: Rs. 98,664,245/-) during the financial year ended 31st March 2018 and accumulated losses of Rs. 430,667,385/- (2017: Rs. 306,452,017/-) as at that date. WR's current liabilities exceed its current assets by Rs. 284,161,655/- (2017: Rs. 160,693,425/-) as at the reporting date. These factors raise substantial doubts on WR's ability to continue as a going concern.

Shinagawa Beach Resorts (Private) Limited

Shinagawa Beach Resorts (Private) Limited (SBR) has incurred a net loss of Rs. 39,766,867/- (2017: Rs. 33,117,173/-) during the financial year ended 31st March 2018 and accumulated losses of Rs. 204,563,230/- (2017: Rs. 165,278,740/-) as at that date. SBR's current liabilities exceed its current assets by Rs. 163,707,535/- (2017: Rs. 171,160,062/-) as at the reporting date. These factors raise substantial doubts on SBR's ability to continue as a going concern.

Asia Capital Technologies (Private) Limited

Asia Capital Technologies (Private) Limited (ACT) has incurred a net loss of Rs. 5,790,002/- (2017: Rs. 7,755,607/-) during the financial year ended 31st March 2018 and accumulated losses of Rs. 44,242,551/- (2017: Rs. 38,219,825/-) as at that date. ACT's current liabilities exceed its current assets by Rs. 32,379,813/- (2017: Rs. 26,586,611/-) as at the reporting date. These factors raise substantial doubts on ACT's ability to continue as a going concern.

Mitigating Steps taken by the Management

It is noteworthy to mention that, the leisure arm of the Asia Capital PLC group took steps to improve its top line, which in turn was advantageous to the entire group. It is expected overall 22% growth in revenue for entire Leisure group sector Companies.

Asia Leisure Holding (Private) Limited (Asia Leisure) plans to sign Management Contracts with new hotels to be opened in the southern coastal belt of Sri Lanka, which is expected to generate income of LKR 20Mn to LKR 25Mn per year from 2018/2019 onwards.

Further, Asia Leisure has signed agreements with foreign agents in the United Kingdom, Germany, Austria, Sweden Norway, Denmark and Australia, in order to enhance business volumes from foreign operator impacting the business to business segment. This has resulted in more than 50% of the clientele of Asia Leisure comprising of guests from European countries.

% of European client portfolio

Germany	27%
United Kingdom	11%
France	10%
Switzerland	5%
<u>Total</u>	<u>53%</u>

Furthermore, Asia Leisure partnered with a dynamic press representation company in the United Kingdom to enhance awareness amongst the Business to Consumer segment. This will result in an increase in direct booking and enhance the bargaining power of Asia Leisure with its intermediaries.

In order to improve Average Room Revenue (ARR) significantly over the next few years, the company engaged in aggressive digital marketing campaigns as well as the implementation of virtual tours across all hotels which is currently being rolled out which Shinagawa Beach Resorts (Private) Limited & Wadduwa Resorts (Private) Limited being the first to experience the same.

In order to increase incremental revenue for the group, Asia Leisure is focused on enhancing the guest experience as a strategy to overcome competition as well offering authentic Sri Lankan experiences to all guests.

Further more, Asia Capital PLC has confirmed that they will continue to provide financial support to the above group companies to enable to meet their respective obligations as they fall due.

NOTES TO THE FINANCIAL STATEMENTS

36 BUSINESS SEGMENT

For the year ended 31st March	Investments		Leisure	
	2018 Rs:000	2017 Rs:000	2018 Rs:000	2017 Rs:000
Revenue				
Total Gross Sales	948,695	488,161	436,764	424,179
Less : Inter Segment Sales/Dividend	(485,446)	(373,757)	-	-
Net Segment Revenue	463,249	114,404	436,764	424,179
Segmental Operating Profit / (Loss)	77,204	(498,338)	(182,666)	(138,689)
Other Operating Income	375,437	48,562	16,998	16,127
Share of Profit/(Loss) of Associate Companies	(56)	3,012	-	-
Operating Profit / (Loss) before Provision for				
Fall in Value of Investments	452,585	(446,764)	(165,668)	(122,562)
Provision for fall in Value of Investments	15,749	-	-	-
Operating Profit / (Loss)	468,334	(446,764)	(165,668)	(122,562)
Finance Cost	(68,392)	(158,118)	(61,280)	(41,993)
Finance Income	11,368	4,548	409	-
Profit Before Taxation	411,310	(600,334)	(226,539)	(164,555)
Income Taxation	(51,990)	(1,055)	(379)	(288)
Profit After Taxation	359,320	(601,389)	(226,918)	(164,843)
Assets				
Segment Assets	191,258	587,576	3,209,489	3,066,040
Deferred Tax Assets/(Liabilities)	-	-	-	-
Investment in Associates	174,656	38,130	-	-
Total Assets	365,914	625,706	3,209,489	3,066,040
Liabilities				
Segment Liabilities	315,720	192,212	293,755	119,705
Interest/Non-Interest Bearing Borrowings	1,303,842	972,713	230,873	373,923
Total Liabilities	1,619,562	1,164,925	524,628	493,628
Net Assets	(1,253,648)	(539,219)	2,684,861	2,572,412
Capital Expenditure	33,479	-	439,282	43,265
Depreciation	26,451	17,859	119,335	124,758

Manufacturing		Services		Group	
2018	2017	2018	2017	2018	2017
Rs:000	Rs:000	Rs:000	Rs:000	Rs:000	Rs:000
-	-	-	1,301	1,385,459	913,641
-	-	-	-	(485,446)	(373,757)
-	-	-	1,301	900,013	539,884
(1,337)	(5,730)	(8,408)	(9,791)	(115,207)	(652,548)
-	18,441	-	-	392,435	83,130
-	-	-	-	(56)	3,012
(1,337)	12,711	(8,408)	(9,791)	277,172	(566,406)
		-	-	15,749	
(1,337)	12,711	(8,408)	(9,791)	292,921	(566,406)
-	-	(25)	(21)	(129,697)	(200,132)
-	-	-	-	11,777	4,548
(1,337)	12,711	(8,433)	(9,812)	175,001	(761,990)
-	-	-	-	(52,368)	(1,343)
(1,337)	12,711	(8,433)	(9,812)	122,633	(763,333)
3,901	5,195	171,667	13,172	3,576,315	3,671,983
-	-	-	-	-	-
-	-	-	-	174,656	38,130
3,901	5,195	171,667	13,172	3,750,971	3,710,113
544	544	2,733	2,765	612,752	315,227
-	-	-	39	1,534,715	1,346,612
544	544	2,733	2,804	2,147,467	1,661,901
3,357	4,651	168,934	10,368	1,603,504	2,048,274
-	-	-	-	472,761	43,265
1,264	1,115	55	-	147,105	143,732

NOTES TO THE FINANCIAL STATEMENTS

37 FINANCIAL RISK MANAGEMENT

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

Credit risk

Liquidity risk

Market Risk

This note represents qualitative and quantitative information about 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 risk management policies are established to identify and analyse the risk faced by the Group , to set appropriate risk limit and controls, and to monitor risk and adherence to limits. Risk Management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

37.1 Credit Risk

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

Management of credit risk includes the following components

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

Reviewing the recovery on timely basis and assess 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.

	Group		Company	
	31st March	31st March	31st March	31st March
	2018	2017	2018	2017
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Financial Assets -Available for Sale	114,853	114,853	114,853	114,853
Held to Maturity Investments	59,334	51,657	59,718	35,831
Trade and Other Receivables	199,289	202,585	3,471	(1,192)
Amounts due from Related Parties	507,021	-	974,226	547,503
Long Term Deposits	14,019	11,913	171,805	11,913
Cash at Bank	201,518	15,230	9,414	6,717
	1,096,034	396,238	1,333,487	715,625

The financial institutions in which the deposits and cash at bank is existed are guaranteed by local and foreign credit rating agencies as A or better.

Trade and other receivables

Customers credit risk is managed by each business unit subject to the group's established policies and procedures relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with the assessment.

The requirement for an impairment is analysed at each reporting date on an individual basis for major customers. Additionally, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The calculation is based on actual 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
	2018	2017	2018	2017
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Neither past due, not impaired				
Past due but not impaired				
31-60 days	68,630	63,426	-	-
61-90 days	53,218	66,571	-	-
>90 days	87,758	92,719	-	11,743
Total	209,606	222,716	-	11,743

NOTES TO THE FINANCIAL STATEMENTS

37.2 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 assets.

The Group approach to managing liquidity is to ensure, as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed condition, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group objective is to maintain a balance between Continuity of funding & flexibility through the use of bank overdrafts, bank loans and finance lease. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

Management of Liquidity Risk

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed condition, without incurring unacceptable losses or risking damages to the Company's reputation.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding of netting agreements.

	Group		Company	
	31st March 2018 Rs:'000	31st March 2017 Rs:'000	31st March 2018 Rs:'000	31st March 2017 Rs:'000
Financial Assets Held to Maturity	59,334	51,657	59,718	35,831
Amount due from Related Parties	507,021	-	974,226	547,503
Trade and Other Receivables	199,289	202,585	3,471	(1,192)
Cash in Hand and at Bank	201,518	15,230	9,414	6,717
Total Liquidity Assets	967,162	269,472	1,046,829	588,859
Non-Interest Bearing Borrowing	866,407	87,485	866,406	87,485
Interest Bearing Borrowings	668,309	1,155,137	437,436	866,496
Trade and Other Payables	236,276	171,074	40,895	41,771
Bank Overdrafts	260,013	191,475	132,221	94,389
Amount Due to Related Parties	-	-	39,117	1,610
Total Liabilities	2,031,004	1,605,171	1,516,076	1,091,751
Net(debt)/cash	(1,063,842)	(1,335,699)	(469,247)	(502,892)

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 of shares.

	2018	2017	2018	2017
As at 31st March				
Debt/Equity	1.63	0.83	1.00	0.64

37.3 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rate and interest rates will affect the Group income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(a) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has exposure to foreign currency risk where it has cash flow in foreign currency transactions which are affected by foreign exchange movements.

The Group is exposed to currency risk on borrowings that are denominated in a currency other than Sri Lankan Rupees (LKR). The foreign currencies in which these transactions primarily denominated is United States Dollars (USD).

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

	Group		Company	
	31st March 2018 Rs!000	31st March 2017 Rs!000	31st March 2018 Rs!000	31st March 2017 Rs!000
Preference Facility Loan	339,065	469,441	339,065	469,441
Net borrowing	339,065	469,441	339,065	469,441
Closing Exchange rate (Rs.)	157.49	153.91	157.49	153.91
Net Borrowing (Functional Currency)	2,153	3,050	2,153	3,050
Increase Exchange rate in 3% (Rs.)	162.21	158.53	162.21	158.53
Impact to the PBT	(10,172)	(14,083)	(10,172)	(14,083)
Decrease Exchange rate in 3% (Rs.)	152.77	149.29	152.77	149.29
Impact to the PBT	10,172	14,083	10,172	14,083

NOTES TO THE FINANCIAL STATEMENTS

(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 change 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 2018 Rs:'000	31st March 2017 Rs:'000	31st March 2018 Rs:'000	31st March 2017 Rs:'000
Fixed Rate Instruments				
Financial Assets				
Fixed Deposit	58,950	51,305	39,187	35,479
Staff Loan	-	276	-	276
Financial Liabilities				
Other Long Term Loans	(315,339)	(397,638)	(70,800)	(97,473)
Variable Rate Instruments				
Financial Assets				
Reverse Repurchase Agreement	384	352	384	352
Financial Liabilities				
Reverse Repurchase Agreement	(794)	(792)	(794)	(792)
Preference Facility Loan	(339,065)	(469,441)	(339,065)	(469,441)
Commercial Papers	(12,722)	(286,925)	(26,388)	(298,449)
Bank Overdraft	(260,013)	(191,475)	(132,221)	(94,389)
	(868,599)	(1,294,338)	(529,697)	(924,437)

Cash flow sensitivity analysis for variable rate instruments

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

Group	Profit or loss		Equity	
	1% Increase Rs	1% Decrease Rs	1% Increase Rs	1% Decrease Rs
Commercial Papers	(127)	127	(127)	127
Bank Overdrafts	(2,600)	2,600	(2,600)	2,600
Company				
	Profit or loss		Equity	
	1% Increase Rs	1% Decrease Rs	1% Increase Rs	1% Decrease Rs
Commercial Papers	(264)	264	(264)	264
Bank Overdrafts	(1,322)	1,322	(1,322)	1,322

38 FINANCIAL INSTRUMENTS

38.1 Fair Values verses carrying amounts

The fair values of financial assets and liabilities together with the carrying amounts shown in the statement of financial position as at 31st March 2018 are as follows;

	Group		Company	
	Carrying amount	Fair value	Carrying amount	Fair value
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Assets Carried at Amortized Cost				
Trade & Other Receivables	199,289	199,289	3,471	3,471
Held to Maturity Investments	59,334	59,334	59,718	59,718
Long Term Deposits and Advances	14,019	14,019	171,805	171,805
Amount due from Related Parties	507,021	507,021	974,226	974,226
Cash & Cash Equivalents	201,518	201,518	9,414	9,414
Liabilities Carried at Amortized Cost				
Interest Bearing Borrowings	668,309	668,309	437,436	437,436
Non Interest Bearing Borrowings	866,406	866,406	866,406	866,406
Trade and Other Payables	236,276	236,276	40,895	40,895
Amount due to Related Parties	-	-	39,117	39,117
Bank Overdraft	260,013	260,013	132,221	132,221

NOTES TO THE FINANCIAL STATEMENTS

38.2 Fair Value Hierarchy

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

	2018			Total Rs '000
	Level 1 Rs '000	level 2 Rs '000	level 3 Rs '000	
Group				
Available For Sale	-	-	114,853	114,853
	-	-	114,853	114,853
Company				
Available For Sale	-	-	114,853	114,853
	-	-	114,853	114,853

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

	2017			Total Rs '000
	Level 1 Rs '000	level 2 Rs '000	level 3 Rs '000	
Group				
Available For Sale	-	-	114,853	114,853
	-	-	114,853	114,853
Company				
Available For Sale	-	-	114,853	114,853
	-	-	114,853	114,853

39 COMPARATIVE INFORMATION

Comparative figures have been reclassified where necessary in line with the presentation requirements for the current year.

40 STOCK EXCHANGE LISTING

01 Stock Exchange Listing

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

Ticker Symbol -ACAPN 0000

Market Sector -Diversified Holdings

02 Market Price

	31st March 2018	31st March 2017
Last traded	8.60	7.30
Highest	10.40	13.50
Lowest	7.10	5.20

TEN YEAR SUMMARY

Year ended 31st March	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
OPERATING RESULTS										
Revenue	900,013	539,884	498,791	1,651,075	970,321	854,889	1,996,276	2,122,917	1,328,423	1,803,062
Profit/Loss before Taxation	175,001	(761,990)	(433,448)	(380,927)	(615,763)	(747,918)	843,459	1,331,927	288,795	(395,559)
Taxation	(52,368)	(1,343)	29,323	(7,680)	(6,992)	20,262	(146,226)	(180,912)	(66,435)	16,373
Profit/Loss after Taxation	122,633	(763,333)	(404,125)	(388,607)	(622,755)	(727,656)	697,232	1,151,015	222,360	(379,186)
Minority Interest	(85,460)	50,045	27,768	41,439	(2,007)	(4,684)	(158,517)	(162,997)	(12,600)	(65,681)
Profit(Loss) attributable to Shareholders	208,093	(713,288)	(376,357)	(347,168)	(624,762)	(722,972)	538,715	988,018	209,760	(444,867)
ASSETS										
Property, Plant & Equipment	2,142,240	3,117,197	3,281,437	1,492,604	1,290,956	839,044	680,994	680,993	328,038	94,001
Intangible Assets	115,306	115,681	121,460	127,402	147,271	149,539	108,675	-	78,143	55,455
Investment Property	-	-	-	-	98,353	32,935	42,935	-	67,039	12,023
Long Term Investment	-	-	-	-	-	-	-	-	372,210	337,053
Investment in Joint Venture	-	36,532	35,118	-	-	-	-	-	-	-
Investments in Associate	174,656	-	-	-	-	-	-	-	-	-
Financial Assets - Available for Sale	114,853	114,853	114,853	10,000	10,000	-	-	-	-	-
Deferred Taxation	-	-	-	-	88,627	84,860	54,939	-	1,913	17,809
ESOP Loan	-	-	-	-	-	-	-	-	17,491	17,491
Other non Current Assets	14,019	11,913	11,947	29,325	1,482,971	1,086,956	1,066,774	17,402	1,339,611	560,766
Current Assets	1,063,231	313,936	582,532	982,001	3,039,296	3,381,593	2,985,043	2,457,919	3,548,588	3,255,127
Assets Classified as Held for Sale	126,666	-	-	-	-	-	-	-	-	-
Total Assets	3,750,971	3,710,113	4,147,347	2,641,332	6,157,474	5,574,927	4,939,359	3,156,315	5,753,033	4,349,725
EQUITY AND LIABILITIES										
Stated Capital	1,498,498	1,498,498	1,498,498	1,498,498	1,114,558	1,114,558	1,114,558	1,114,558	1,114,558	1,114,558
Revaluation Reserve	852,694	1,197,364	1,226,812	43,634	45,779	45,867	-	27,560	8,709	10,437
Available for Sale Reserve	-	-	-	-	-	-	(4,154)	(6,343)	-	-
Capital Reserve	-	-	-	-	5,922	11,148	6229	5,774	1,790	1,344
General Reserve	-	-	-	-	19,054	16,347	8,425	3,000	3,000	3,000
Accumulated Loss	(1,411,333)	(1,325,293)	(732,683)	(1,192,237)	(880,200)	(410,842)	(92,315)	20,474	(856,779)	(1,080,850)
Shareholders' Fund	939,859	1,370,569	1,992,627	349,895	305,113	777,078	1,032,744	1,165,023	271,278	48,489
Minority Interest	663,645	677,705	471,114	19,852	263,492	138,609	44,096	598,549	248,106	194,959
Non-Current Liabilities	1,603,504	2,048,274	2,463,741	369,747	568,605	915,687	1,076,840	1,763,572	519,384	243,448
Current Liabilities	419,151	351,210	989,698	1,888,863	2,218,270	1,645,804	443,195	172,412	748,778	186,067
Total Liabilities	1,728,316	1,310,629	693,908	382,722	3,370,600	3,013,436	3,419,321	1,220,331	4,484,871	3,920,210
Total Equity & Liabilities	2,147,467	1,661,839	1,683,606	2,271,585	5,588,870	4,659,240	3,862,517	1,392,743	5,233,649	4,106,277
Total Equity & Liabilities	3,750,971	3,710,113	4,147,347	2,641,332	6,157,475	5,574,927	4,939,356	3,156,315	5,753,033	4,349,725

GLOSSARY

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.

Borrowings

All interest and non-interest-bearing liabilities.

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 share holders and others.

Current Ratio

Current assets divided by current liabilities.

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 dividend per share is the total dividends to ordinary shareholders during a specific period divided by the number of ordinary shares outstanding.

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.

Fair Value

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

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.

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.

Key Performance Indicators (KPI)

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

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.

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.

Price Earnings Ratio

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

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.

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

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

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.

Unrealised Gain

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

Working Capital

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

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 26th Annual General Meeting for the year ended 31st March 2018 of Asia Capital PLC will be held on 28th Friday of September 2018 at 9.30 a.m at Orchid Room, BMICH, Bauddhaloka Mawatha, Colombo 07.

AGENDA

- 1) To receive and consider the Report of the Directors and the Audited Financial Statements for the year ended 31st March 2018 and the Report of the Auditors thereon.
- 2) To re – elect Mr. Zaheer Merchant who retires in terms of Article 98 of the Articles of Association of the Company and being eligible, offers himself for re- election as a Director of the Company under Article 99 of the Articles of Association of the Company.
- 3) To re- appoint Messrs. BDO Chartered Accountants as the Auditors to the Company for the ensuing year and to authorize the Directors to determine their remuneration.
- 4) To consider and if thought fit to pass the following as a special resolution
 - A. Article 73 to be deleted in its entirety and substituted therefor with the following;
'73. No business shall be transacted at a general meeting unless a quorum of members is present holding greater than 50% of the issued shares entitled to vote in person or by proxy or in the case of a corporation in terms of Article 84.'
 - B. To delete Article 108 (f) in its entirety.
 - C. Article 116 (a) (i), 4th line to include the words 'or Chief Executive Officer' after the words 'joint Managing Director' and before the words 'on such' and the amended Article 116(a) (i) to read as follows;
'116(a)(i) The directors may from time to time appoint one or more of their body to be the holder of any executive office, including the office of the Chairman or Managing or joint Managing Director or Chief Executive Officer on such terms and for such period as they may determine...'
 - D. Article 120 to be deleted in its entirety and substituted therefor with the following;
'120 The directors may meet together for the dispatch of business, adjourn and otherwise regulate their meeting and proceedings as they may think fit and determine the quorum necessary for the transaction of business except in the case of any adjourned meeting of the Board. A majority of the directors for the time being including either of the Chairman if so elected or any executive director if so appointed shall be a quorum'
 - E. Article 127, 1st line to delete of the words "all the directors" by substituted therefor with the words 'by a majority of the directors for the time being' and should read as follows;
'127 A resolution in writing, signed by atleast such number of directors constituting a quorum shall be as valid and effectual as if it had been passed at a meeting of the Board. Such resolution may be signed in several counterpart and may be evidenced by telex, e mail or other means of communication acceptable to the Board.

RESOLVE as a special resolution that the articles of association be amended to incorporate the following;

BY ORDER OF THE BOARD



Secretaries

Colombo, 17th August 2018

Notes:

- * A member is entitled to appoint a Proxy to attend and vote at this meeting on his/her behalf.
- * A Proxy need not be a member of the Company.
- * A member wishing to vote by Proxy may use the Form of Proxy enclosed.
- * To be valid the completed Form of Proxy must be lodged at the Registered Office Address at Level 21, West Tower, World Trade Centre, Echelon Square, Colombo 01, Sri Lanka not less than 48 hours before the time appointed for the holding of the meeting.
- * Members/ Proxy Holders are kindly requested to bring along with them their National Identity Card or a similar form of accepted identity when attending the meeting.

FORM OF PROXY

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

- | | | | |
|-------------------------|----------------|----------------------------|----------------|
| 2) Mr. J.H.P. Ratnayeke | or failing him | 6) Mr. R.J. Wickramasinghe | or failing him |
| 3) Mr. S.A. Abeyesinhe | or failing him | 7) Mr. T. Tanaka | or failing him |
| 4) Mr. V. Siva Jr. | or failing him | 8) Mr. Z. Merchant | or failing him |
| 5) Mr. A.D. Ross | or failing him | 9) Mr. Y. Watanabe | |

as my/our* Proxy to represent me/us* and vote and speak for me/us* on my/our* behalf at the 26th Annual General Meeting of Asia Capital PLC to be held on 28th Friday of September 2018 at 9.30 a.m at Orchid Room, BMICH, Baudhaloka Mawatha, Colombo 07 and at every poll which may be taken in consequence of the aforesaid meeting and at any adjournment thereof.

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

	For	Against
01) To receive and consider the Report of the Directors and the Audited Financial Statements for the year ended 31st March 2018 and the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
02) To re – elect Mr. Zaheer Merchant who retires in terms of Article 98 of the Articles of Association of the Company and being eligible, offers himself for re- election as a Director of the Company under Article 99 of the Articles of Association of the Company	<input type="checkbox"/>	<input type="checkbox"/>
03) To re- appoint Messrs. BDO Chartered Accountants as the Auditors to the Company for the ensuing year and to authorize the Directors to determine their remuneration.		
04) To consider and if thought fit to pass the following as a special resolution		
RESOLVE as a special resolution that the articles of association be amended to incorporate the following;	<input type="checkbox"/>	<input type="checkbox"/>
A. Article 73 to be deleted in its entirety and substituted therefor with the following;		
‘73. No business shall be transacted at a general meeting unless a quorum of members is present holding greater than 50% of the issued shares entitled to vote in person or by proxy or in the case of a corporation in terms of Article 84.’		
B. To delete Article 108 (f) in its entirety.	<input type="checkbox"/>	<input type="checkbox"/>
C. Article 116 (a) (i), 4th line to include the words ‘or Chief Executive Officer’ after the words ‘joint Managing Director’ and before the words ‘on such’ and the amended Article 116(a) (i) to read as follows;	<input type="checkbox"/>	<input type="checkbox"/>
‘116(a)(i) The directors may from time to time appoint one or more of their body to be the holder of any executive office, including the office of the Chairman or Managing or joint Managing Director or Chief Executive Officer on such terms and for such period as they may determine...’		
D. Article 120 to be deleted in its entirety and substituted therefor with the following;	<input type="checkbox"/>	<input type="checkbox"/>
‘120 The directors may meet together for the dispatch of business, adjourn and otherwise regulate their meeting and proceedings as they may think fit and determine the quorum necessary for the transaction of business except in the case of any adjourned meeting of the Board. A majority of the directors for the time being including either of the Chairman if so elected or any executive director if so appointed shall be a quorum’		
E. Article 127, 1st line to delete of the words “all the directors” by substituted therefor with the words ‘by a majority of the directors for the time being’ and should read as follows;	<input type="checkbox"/>	<input type="checkbox"/>
‘127 A resolution in writing, signed by atleast such number of directors constituting a quorum shall be as valid and effectual as if it had been passed at a meeting of the Board. Such resolution may be signed in several counterpart and may be evidenced by telex, e mail or other means of communication acceptable to the Board.		

Signed thisday of.....2018.

.....
Signature of shareholder

Note:

- Please delete the inappropriate words.
- Instructions for completion of Proxy are noted below.
- A proxy need to be a member of the Company.
- Please mark “X” in appropriate cages, to indicate your instructions as to voting.

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 the Registered Office Address at Level 21, West Tower, World Trade Centre, Echelon Square, Colombo 01, Sri Lanka not less than 48 hours before the time appointed for the holding of the meeting.
4. If you wish to appoint a person other than the Chairman (or failing him, one of the Directors) as your Proxy, please insert the relevant details (1) overleaf and initial against this entry.
5. In the case of a Company/Corporation, the Proxy must be under its Common Seal, which should be affixed and attested in the manner prescribed by Articles of Association/ Act of Incorporation.
6. In the case of a Proxy signed by an Attorney, a certified copy of the Power of Attorney should accompany the completed Form of Proxy for registration, if such Power of Attorney has not already been registered with the Company.

CORPORATE INFORMATION

Name

Asia Capital PLC

Legal Form

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

Company Registration Number

New: No. PQ 119

Old: No. N (PVS) 8282/PBS

Stock Exchange Listing

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

Registered Office

21-01, West Tower, World Trade Center,
Echelon Square, Colombo 1, Sri Lanka.

Telephone : +94 11 5320000

Facsimile : +94 11 2331756

Website : www.asiacapital.lk

Subsidiaries

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

Sub-Subsidiaries

Asia Leisure Travels (Private) Limited
Strider Capital Asia (Private) Limited
Galle Beach (Private) Limited
Galle Beach Hotel (Private) Limited
Nuwara Eliya Hotels and Resorts (Private) Limited
River House (Private) Limited
River House Estate (Private) Limited
Shinagawa Beach Resorts (Private) Limited
Wadduwa Resorts (Private) Limited

Associate

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

Board of Directors

J.H.P. Ratnayeke (Chairman)
S.A. Abeyesinhe (Group Chief Executive Officer)
A.D. Ross
V. Siva Jr.
R.J. Wickramasinghe
Z. Merchant
T. Tanaka
Y. Watanabe

Audit Committee

R.J. Wickramasinghe (Chairman)
A.D. Ross
V. Siva Jr.

Remuneration Committee

R.J. Wickramasinghe (Chairman)
V. Siva Jr.
A.D. Ross

Nomination Committee

R.J. Wickramasinghe (Chairman)
V. Siva Jr.
A.D. Ross

Related Party Transactions Review Committee

R.J. Wickramasinghe
V. Siva Jr.
A.D. Ross

Secretaries

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

Registrar

Business Intelligence Limited
08, Tickell Road
Colombo 08

Auditors

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

Lawyers

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

Bankers

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

Designed & produced by

emagewise

Digital Plates & Printing by Softwave Printing
and Publishing (Pvt) Ltd

ASIA
CAPITAL
PLC

