# P. R. SECRETARIAL SERVICES (PRIVATE) LIMITED

Registration No. PV 2631

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01st September 2026

Ms. Nilupa Perera
Chief Regulatory Officer,
Colombo Stock Exchange,
#04-01, West Block,
World Trade Center,
Echelon Square,
Colombo 01

Dear Madam,

**"MONTHLY ANNOUNCEMENT" - QUALIFIED AUDIT OPINION IN THE AUDITED FS OF THE ANNUAL REPORT FOR THE PERIOD ENDED 31 MARCH 2024 AND 31 MARCH 2025**

We write in accordance with Rule 7.5(d)(ii) of the Listing Rules of the Colombo Stock Exchange.

In terms of Listing Rule 7.5(d)(ii)(A)(4), the Companies securities were initially transferred to the watch list with effect from 15th October 2024, due to a Qualified Opinion in the Independent Auditor's Report on the Annual Report for the year ended 31st March 2024. Subsequently, the presence of a Qualified Opinion in the Independent Auditor's Report on the Annual Report for the year ended 31st March 2025 was added as a reason for remaining on the Watch List with effect from 16th September 2025.

**Basis for Qualified Opinion and Remedial Action**

1. Basis of the qualified opinion issued in respect of the period ended 31st March 2024, is as follows as per Audit opinion of the said Annual Report.

   a. The Group has incurred a net loss of Rs. 533 Mn for the year ended 31st March 2024 (2023: Rs. 759 Mn), with accumulated losses as of that date amounting to Rs. 4,126 Mn (2023: Rs. 3,751 Mn). The Company has also incurred a net loss of Rs. 279 Mn (2023: Rs. 306 Mn), with accumulated losses of Rs. 1,526 Mn (2023: Rs. 1,249 Mn). As of 31st March 2024, the Group's net assets were negative by Rs. 127 Mn (2023: negative by Rs. 144 Mn), and the Company's net assets were negative by Rs. 22 Mn (2023: Rs. 254 Mn), both being below 50% of the stated capital, triggering a serious loss of capital as per section 220 of the Companies Act No. 07 of 2007. We were not provided with any evidence of financial support such as appropriate letter of support from the major shareholder of the Group confirming their intention to support the Group and the Company to continue commercial operations in the foreseeable future. Consequently, we were unable to conclude on the appropriateness of the going concern assumption for the Group and the Company.

b. As of 31st March 2024, the Company holds investment in subsidiaries and associates amounting to Rs. 1.77 Bn and Rs.399 Mn, respectively. Additionally, the Goodwill related to these subsidiaries amounts to Rs. 305 Mn, and related party receivables amounting to Rs. 2.06 Bn. The investment amounting to Rs. 1 Bn out of total investment in subsidiaries has shown indications of potential impairment as they do not generate adequate returns. We were not provided with a reliable cash flow forecast with proper assumptions, the latest budgets approved by the Board and the business proposals, to verify the reasonableness and arithmetical accuracy of the forecasted cashflows. Furthermore, the cash flow forecasts do not appear to be in line with the Group and Company's historical performance. Consequently, we were unable to perform the necessary audit procedures to determine the net realizable value of those related companies which was impacted in the volatile market and the current economic conditions prevailing in the country and any impairment adjustments to these investments are required.

2. Basis of the qualified opinion issued in respect of the period ended 31st March 2025, is as follows as per Audit opinion of the said Annual Report.

a) The Group has accumulated losses as of 31st March 2025 amounting to Rs. 4,352 Mn (2024: Rs. 4,126 Mn). The Company has also recorded accumulated losses of Rs. 1,463 Mn (2024: Rs. 1,527 Mn). As of 31st March 2025, the Group's net assets were negative by Rs. 724 Mn (2024: negative by Rs. 690 Mn) being below 50% of the stated capital, triggering a serious loss of capital as per Section 220 of the Companies Act No. 07 of 2007. We were not provided with any evidence of financial support such as an appropriate letter of support from the major shareholder of the Group confirming their intention to support the Group and Company to continue commercial operations in the foreseeable future. Consequently, we were unable to conclude on the appropriateness of the going concern assumption for the Group and Company.

b) As of 31st March 2025, the Company holds investment in subsidiaries and associates amounting to Rs. 1,615 Mn and Rs. 399 Mn, respectively. Additionally, the Goodwill related to these subsidiaries amounts to Rs. 305 Mn, and related party receivables amount to Rs. 2,412 Mn. The investment amounting to Rs. 1,615 Mn out of the total investment in subsidiaries has shown indications of potential impairment as it does not generate adequate returns. We were not provided with required information to validate and justify the reliability of cash flow forecasts with proper assumptions and the latest budgets approved by the Board and the business proposals. Consequently, we were unable to perform the necessary audit procedures to determine the net recoverable value of those related companies and whether any impairment adjustments to these investments are required.

To resolve the above Basis for Qualified Opinion 1 (a)(b) and 2(a)(b) outlined above, it is noted that company has taken the following steps.

**Remedial Action**

The Board of Directors has initiated several strategic measures aimed at strengthening the financial position of the Company and restoring its capital structure on or before 31st December 2026.

1. **Capital Restructuring Initiative**

The Board deliberated on a proposal concerning the restructuring of a portion of the loan facilities. It is noted that the relevant loan amount will be restructured, modalities of such restructuring will be determined and notified in due course. The loans were previously advanced through an External Borrowing Account. The proposed restructuring initiative is expected to:

- strengthen the Company's balance sheet;
- reduce debt obligations; and
- improve the Company's overall financial position.

2. **Shareholder Engagement**

Discussions and negotiations are currently ongoing with the relevant shareholders to finalize the terms and timelines necessary to implement the proposed restructuring initiative.

3. **Operational Efficiency and Cost Reduction**

The Board has initiated measures to enhance operational efficiency across the Group with the objective of reducing operating costs and improving financial sustainability. These initiatives include the review and rationalization of operational expenditures, improved cost management practices, and the optimization of operational processes within the Group's business units.

4. **Sales Force Restructuring**

In order to strengthen revenue generation and improve market responsiveness, the Group has undertaken a restructuring of its sales and business development functions. This includes the realignment of sales responsibilities, strengthening client engagement initiatives, and the introduction of performance-driven structures aimed at enhancing sales productivity and improving revenue performance across the Group.

5. **Company Valuation**

A valuation exercise is presently being undertaken to determine the appropriate share issue price in connection with the proposed restructuring.

6. **Regulatory Approvals**

The Company intends to seek the necessary approvals from the Colombo Stock Exchange (CSE) and the Securities and Exchange Commission of Sri Lanka (SEC) in order to proceed with the proposed restructuring in compliance with applicable regulatory requirements

In terms of Rule 7.5(d)(ii)(A)(5)(d) of the Listing Rules of the CSE, the Company further announces that,

i. In the event of any deviation from the proposed remedial action, the extent of the deviation shall be communicated to the investors by way of a subsequent announcement to the Market via the Exchange within one (01) Market Day from the date of obtaining the approval of the Board of Directors of the Entity for such deviation;

ii. In the event the matters giving rise to the qualified audit opinion are not resolved within a period of fifteen (15) months from the date of transferring the Securities of the Entity to the Watch List, the trading of Securities of the Listed Entity shall be suspended. Accordingly, securities of the company suspended from with effect from 16th January 2026. In the event the trading suspension continues for a period in excess of twelve (12) months, the securities of the Entity shall be delisted by the Board of Directors of the CSE in terms of Rule 14 of the Listing Rules.

iii. In the event the matters giving rise to the qualified audit opinion are resolved and such fact is independently verified by an auditor during the period the Securities of the Entity are on the Watch List, it shall be announced to the Market via the CSE forthwith.

Accordingly, the Board of Directors is pleased to inform all stakeholders that they are committed to making every possible effort to address the issues highlighted in the qualified audit opinion. Their utmost priority is to ensure that the audit opinion for the financial year ended 31st March 2026 will be unqualified and that the financial statements reflect a true and fair representation of the organization's financial position and performance.

BY ORDER OF THE BOARD OF DIRECTORS
OF ASIA CAPITAL PLC

P. R. SECRETARIAL SERVICES (PRIVATE) LIMITED

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Director

Company Secretaries to Asia Capital PLC