United at heart, our company lives by the ‘family’ values of passion, humility, integrity, and tenacity – tenets that set us apart as a strong, family run business of distinction. Traits shared by all at Jetwing Lighthouse, we are a team of dedicated people who believe in the ethos of caring, and who strive to be better than our best, welcoming discerning travellers from across the globe into our family. Committed to providing a level of warmth and personalized service that cannot be equaled, we are and always will be the home of Sri Lankan hospitality.
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Overview

An Asian icon in the South
About Us

In the heart of historical Galle, surrounded by unparalleled beauty and Sri Lanka’s famed sun and sand experience, The Lighthouse Hotel PLC operates 3 uniquely distinctive properties that capture the majesty of their surroundings and the tropical warmth of Sri Lanka.

When The Lighthouse Hotel PLC first opened its doors in 1997 with the masterpiece that is Jetwing Lighthouse, a South Asian icon was born. Perched atop a rock promontory, set against the pristine magnificence of the Indian Ocean, Jetwing Lighthouse epitomizes the rich colonial past of the Galle Fort. Created by Sri Lanka’s most venerated architect, Geoffrey Bawa, the awe-inspiring landmark seamlessly blends elements of traditional and modern design, elevated by the truly Sri Lankan hospitality Jetwing is renowned for. Within this iconic space, we meticulously built a hospitality ethos that bears Jetwing’s own signature, a signature that is also found in the bespoke seclusion of Jetwing Kurulubedda and the vibrance of Hotel J Unawatuna.
Breathtaking views by the Indian Ocean
Jetwing Lighthouse

Jetwing Lighthouse has a range of accommodation options including five themed suites and 80 rooms with 4 restaurants, 2 bars, a wellness centre, and multiple locations for events and weddings on offer. The work of Sri Lanka’s most revered architect, Geoffrey Bawa, an eclectic blend of Moorish, Oriental and Dutch influences are everywhere to be seen, with the hotel located within striking distance of the historically significant UNESCO World Heritage Site, Galle Fort.

Jetwing Kurulubedda

There are few locations in Sri Lanka that match the all-encompassing privacy, peace, and seclusion of Jetwing Kurulubedda. Located in the village of Mahamodara in Galle this little haven will allow you to leave a frenetic world far behind and relax in your own corner of paradise. The two stilted dwellings with plunge pools, four Deluxe rooms, 15m pool and restaurant that make up Jetwing Kurulubedda overlook lush gardens and surroundings that provide a serene experience.

Hotel J – Unawatuna

Located within touching distance of the turquoise waters of the Indian Ocean, Hotel J - Unawatuna is truly a peaceful retreat to any weary traveller. Hotel J consists of 31 Rooms and 5 dormitories that epitomize the values of select service hospitality to accommodate the growing number of budget conscious travelers to Sri Lanka. The property also runs an efficient restaurant and bar with a fabulous central pool so that guests have everything they need.
## Financial Highlights

### Performance for the year ended 31 March

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>LKR '000</td>
<td>509,568</td>
</tr>
<tr>
<td>Earnings before interest, tax, depreciation &amp; amortisation (EBITDA)</td>
<td>LKR '000</td>
<td>42,666</td>
</tr>
<tr>
<td>Profit/(Loss) before tax (PBT)</td>
<td>LKR '000</td>
<td>(89,492)</td>
</tr>
<tr>
<td>Profit/(Loss) after tax (PAT)</td>
<td>LKR '000</td>
<td>(96,311)</td>
</tr>
<tr>
<td>Earnings/(Loss) per share</td>
<td>Rs</td>
<td>(2.09)</td>
</tr>
<tr>
<td>Return on Equity</td>
<td>%</td>
<td>(3)</td>
</tr>
</tbody>
</table>

### Financial Position as at 31 March

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets</td>
<td>LKR '000</td>
<td>3,836,601</td>
</tr>
<tr>
<td>Total Debt</td>
<td>LKR '000</td>
<td>331,211</td>
</tr>
<tr>
<td>Total Equity</td>
<td>LKR '000</td>
<td>3,192,401</td>
</tr>
<tr>
<td>Number of shares in issue</td>
<td>No. 000s</td>
<td>46,000</td>
</tr>
<tr>
<td>Net Assets per share</td>
<td>LKR</td>
<td>69.40</td>
</tr>
<tr>
<td>Debt/Equity</td>
<td>%</td>
<td>10</td>
</tr>
<tr>
<td>Debt/Total Assets</td>
<td>%</td>
<td>9</td>
</tr>
<tr>
<td>Current Ratio</td>
<td></td>
<td>0.67:1</td>
</tr>
<tr>
<td>Quick Asset Ratio</td>
<td></td>
<td>0.54:1</td>
</tr>
</tbody>
</table>

### Market/Shareholder information

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market price per share as at 31 March</td>
<td>LKR</td>
<td>24.00</td>
</tr>
<tr>
<td>Market Capitalisation</td>
<td>LKR '000</td>
<td>1,104,000</td>
</tr>
</tbody>
</table>

### Value added for the year ended 31 March

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>To Government</td>
<td>LKR '000</td>
<td>6,818</td>
</tr>
<tr>
<td>To Employees</td>
<td>LKR '000</td>
<td>172,070</td>
</tr>
<tr>
<td>To Shareholders</td>
<td>LKR '000</td>
<td>-</td>
</tr>
</tbody>
</table>
Overview

Revenue

Profit after Tax

EBITDA

Room Nights Occupied
Chairman’s Letter

Ayubowan!

To the Shareholders and Well-wishers of The Lighthouse Hotel PLC,

Having survived a very difficult year, we are now faced with an even more challenging year, the likes of which we have not witnessed throughout Jetwing’s history in the tourism industry of Sri Lanka. Ever since my father, the late Herbert Cooray, ventured into the industry in 1973, tourism in Sri Lanka has always had its ups and downs. However, since the end of Sri Lanka’s civil war in 2009, the industry saw continuous year-on-year growth which led to our own expansion, including the investments made by your company in the recent past.

We started the year with a lot of optimism and hoped to achieve great results following the upgrades made to the property during the year. The events that took place 3 weeks into the financial year had an irrevocable impact on our Sri Lankan people. The death, destruction, and overall lack of regard for human life, is something I thought would never resurface in our island. Given such a dismal situation from a humanitarian and economic standpoint, our people emerged stronger and more committed to building a better country. After a few months of hardship, we gradually managed to get back on our feet and were headed towards a quick recovery thanks to our partners and well-wishers around the world. We were heading for another optimistic year, when the whole world was shaken by an unseen threat, something we have never experienced before and a destructive force that single-handedly crippled the biggest economies in the world. In a single financial year, we faced one of the biggest domestic disasters in the recent past, as well as a global pandemic that transcended any previous threat on human life, business and tourism specifically, in the last century or more.

“Location, location, location”- the legendary American hotelier, Conrad Hilton's famous words used when talking of the success of the hospitality giant he founded. Convenient and stunning locations are certainly a key element in the success of any hospitality establishment, but to me there is one crucial element that supersedes all others when it comes to an organization’s success – people. “People, people, people” – in good times and in bad, it is the people engaged in our organization that keeps us going and inspires us to achieve more than what we set out to. Our associates, who stood by us during a difficult period with two consecutive setbacks, continue to stay strong and motivated despite the challenges they now face. Our shareholders and board of directors, you have all given us the greatest gift we could have asked for in these trying times – patience. Your patience and constant support give all of us the confidence to pursue our work with a positive mindset; this is a blessing and I am forever grateful to each one of you. I am also grateful to the government and all the institutions involved in successfully mitigating the risk and spread of COVID-19, including the armed forces, police, medical front liners and everyone else directly or indirectly involved. I truly believe that we have controlled the pandemic exceptionally well, and as a citizen, I am very pleased by the importance our leaders have placed on public health and safety. I must also convey my gratitude to our managing agents, Jetwing Hotels Ltd., for their quick response to control the impact of this crisis. Finally, our partners and customers – it was overwhelming to see the support we received after the tragedy last year, and we saw it once more this year, as soon as it was declared safe for
local residents to travel. Thank you for believing in Jetwing and the values we hold close to our heart. Thank you for always choosing to experience the most authentic Sri Lankan hospitality at our hotels around the island.

Moving on to your company’s performance in the last financial year, we recorded a total group revenue of LKR 510 million, which was a 40% decrease from the previous year. This resulted in a 194% decrease in profit for the year, which amounted to a loss of LKR 96.3 million. The large drop was mainly due to the overall impact on tourism from the events of the last year and the present situation, as well as the closure of the hotel for three months to complete the 1st stage of the planned upgrades.

We proceeded with the planned renovations of Jetwing Lighthouse last year with an investment of roughly LKR 200 million. Due to the situation, we decided to phase out the upgrades and the 2nd half of the work was set to take place in the following financial year. However, due to the current situation, it was decided to put this project on hold. As part of the next stage of renovations, we will be building a new pool overlooking the Indian Ocean, and all the approvals have been received. This will be a great value addition to your company’s primary hotel and will help position it further as the premier resort in the South coast. It also pleases me to inform you that Jetwing Kuruluvedda performed well over the last year and was being positioned as a much sought-after dining location and romantic getaway. Hotel J Unawatuna is also picking up momentum and is gaining more awareness as being the best affordable luxury hotel in the region.

As tourism will likely take a while to return to normalcy, there is an opportunity for us to strategically plan on how we will grow responsibly and sustainably. Sri Lanka as a destination is blessed with hundreds of natural and man-made wonders that have attracted tourists from around the world. However, we have failed to give these monuments the love and care they deserve. The relevant authorities must utilize this time to prepare a practical model of operating these sites once tourist arrivals return to expected numbers. If these are not looked into, there will continue to be negative publicity and permanent damages to natural assets like the Yala national park and man-made cultural sites like Sigiriya. The ‘new-normal’ is a buzzword in many circles and has become ever so important for those of us in tourism. While we continue to follow the guidelines set by the relevant authorities, it is also important that we look at pragmatic solutions that will enable more tourists (both local and foreign) to visit and experience the many destinations within our paradise island, while ensuring the health and safety of both residents and tourists.

As difficult as it may seem to be optimistic during these times, I continue to look at this downturn with an open mind, and ensure you that we will be proactive and patient until the citizens of the world are free to travel again.

May God Bless You all,

Hiran Cooray
Chairman
9th June 2020
Management Discussion and Analysis

Operating Environment

The Global Economy
Global economic growth slowed to a 10-year low of 2.3 percent in 2019 compared to 3.0 percent in 2018. The broad-based growth slowdown in the world economy over the past year has been accompanied by a sharp slowdown in international trade flows and global manufacturing activity. Amid rising tariffs and rapid shifts in trade policies, business confidence has deteriorated, dampening investment growth across most regions according to World Economic Situation and prospects 2020 published by United Nations.

The COVID-19 pandemic has spread with astonishing speed to every part of the world and infected millions. This unprecedented health and economic crisis is expected to result in a 5.2 percent contraction in global GDP in 2020—the deepest global recession in eight decades, despite unprecedented policy support as per World Bank. The uncertainty around the above baseline forecasts remains exceptionally high. Therefore, the World Bank has forecasted the growth for multiple scenarios. According to the downside scenario the global growth is forecasted to contract by 8 percent and the upside scenario the growth is forecasted to contract by 4 percent.

Global Tourism
International tourist arrivals worldwide have increased by 4 percent in 2019 to 1,461 million according to the United Nations World Tourism Organization (UNWTO). However, the growth has slowed down compared to the exceptional rates of 7 percent in 2017 and 6 percent in 2018. The main reasons for the slowdown are uncertainty surrounding the Brexit, geopolitical & trade tensions, global economic slowdown.

The Sri Lankan Economy
The Sri Lankan economy recorded a subdued growth of 2.3 percent in 2019, compared to the growth of 3.3 percent in 2018, as per the provisional estimates of GDP of the Department of Census and Statistics (DCS). According to the Central Bank of Sri Lanka, the Gross Domestic Product (GDP) at current market prices of Sri Lankan economy was estimated at US dollars 84 billion in 2019 compared to US dollars 88.4 billion in 2018. The per capita GDP was recorded at US dollars 3,852 in 2019 compared to US dollars 4,079 in the previous year. The decline in per capita GDP is mainly due to subdued economic growth and sharp depreciation in the Sri Lankan rupee towards end 2019.

The Travel and tourism is among the most affected sectors due to the COVID-19 pandemic with airplanes on the ground, hotels closed and travel restrictions put in place in virtually all countries around the world. In an unprecedented blow to the tourism sector, the COVID-19 pandemic has cut international tourist arrivals in the first quarter of 2020 to a fraction of what they were a year ago, according to data sources from UNWTO.
Operating Environment Contd.

which was the most affected sub-sector, recorded a contraction by 4.6 percent in 2019 compared to the growth of 5.7 percent in 2018.

The agriculture sector recorded a growth of 0.6 per cent in 2019 compared to the growth of 6.5 per cent in 2018. The industry sector recorded a growth of 2.7 per cent in 2019, compared to the growth of 1.2 percent in the previous year.

Sri Lankan Tourism
Tourist arrivals recorded an overall decline of 18.0 per cent to 1,913,702 arrivals in 2019, in comparison to 2,333,796 arrivals recorded in 2018. Earnings from tourism declined by 17.7 per cent to US dollars 3,607 million in 2019, in comparison to US dollars 4,381 million in 2018. A significant decline was observed in tourist arrivals following the issuance of travel advisories by main countries of tourist origins following the Easter Sunday attacks. However, the tourism industry was able to recover faster than expected by end of 2019. Accordingly, tourist arrivals gradually recovered, recording only a 6.5 percent decline on a year-on-year basis in January 2020 from the decline of 70.8 percent in May 2019.

India (19%), United Kingdom (10%), China (9%), Germany (7%) and Australia (5%) were Sri Lanka’s top five international tourist generating markets for the year 2019. Further, Tourist arrivals from all major regions, declined in 2019. Europe was the largest tourist origin recording 46.4 percent of total tourist arrivals.

The year-on-year headline inflation based on CCPI accelerated to 4.8 percent by end 2019 from 3.1 percent at end 2018.

Market interest rates declined during 2019. The Average Weighted Lending Rate (AWLR), which is based on interest rates of all outstanding loans and advances extended by LCBs, declined by 81 basis points to 13.59 percent during 2019. This is mainly due to monetary policy and regulatory measures of the Central Bank.

Sri Lanka was able to contain the spread of COVID 19. Efforts to restrict the mobility of people by enforcing police curfew in the country, the closure of airports from 19 March 2020, and actions to quarantine returnees from abroad helped to largely contain the spread. However, the COVID-19 pandemic will adversely impact the progress of the economy during 2020, contrary to previous expectations of a rebound in economic growth. According to Central Bank of Sri Lanka, real GDP growth is expected to decelerate to around 1.5 percent in 2020.
The tourism sector could suffer a further setback during the period ahead due to COVID-19 pandemic. In March 2020, the tourist arrivals recorded 71,370 in comparison to March 2019 there was a decline of 70.8 percent when the arrivals were 244,328. No tourist arrivals have been recorded for the months of April 2020 and May 2020 due to the termination of all passenger flight & ship arrivals into Sri Lanka from 19th March 2020.
Management Discussion and Analysis

Group Financial Review

REVENUE

The Group recorded total revenue of Rs. 510 million during the financial year under review compared to Rs. 850 million achieved during the previous period. 63 rooms of Jetwing Lighthouse were closed for refurbishment from 1st May 2019 to 31st July 2019. Hotel commenced commercial operations on 1st August 2019 after the refurbishment. Further, the Easter Sunday attacks in April 2019 negatively impacted the group significantly and was showing gradual recovery by December 2019. Also, the outbreak of the COVID-19 pandemic on global and domestic tourism negatively impacted the revenues in final quarter of the financial year as well. Hotel J – Unawatuna operated for the full financial year, which contributed revenue amounting to Rs 38 Mn to the Group. The occupancy of the group stood at 40% for the financial year.

Revenue Composition 2020

<table>
<thead>
<tr>
<th>Revenue Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Room Revenue</td>
<td>55%</td>
</tr>
<tr>
<td>Food &amp; Beverage</td>
<td>42%</td>
</tr>
<tr>
<td>Other Hotel Related Income</td>
<td>4%</td>
</tr>
</tbody>
</table>

Further, foreign exchange rate fluctuations during the year under review had a favourable impact to the Company’s revenue. This is due to the fact that the Company benefited from depreciation in LKR against USD and EURO.

Monthly Average LKR:USD Exchange buying rate

<table>
<thead>
<tr>
<th>Month</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>April</td>
<td></td>
<td></td>
</tr>
<tr>
<td>May</td>
<td></td>
<td></td>
</tr>
<tr>
<td>June</td>
<td></td>
<td></td>
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<tr>
<td>July</td>
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<tr>
<td>August</td>
<td></td>
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<tr>
<td>September</td>
<td></td>
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<tr>
<td>October</td>
<td></td>
<td></td>
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<tr>
<td>November</td>
<td></td>
<td></td>
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<tr>
<td>December</td>
<td></td>
<td></td>
</tr>
<tr>
<td>January</td>
<td></td>
<td></td>
</tr>
<tr>
<td>February</td>
<td></td>
<td></td>
</tr>
<tr>
<td>March</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

EXPENSES

During the period under review total expenses have decreased by 18% to Rs. 577 million from Rs. 703 million in the previous period. The reduction in expenses is mainly due to closure of the hotel for refurbishment for three months, cost saving initiatives implemented aftermath the Easter Sunday attacks and lower business volume. Further exchange loss on conversion of foreign currency loan has amounted to Rs 7 Mn during the period under review.

Depreciation for the year was reported at Rs. 106 million which is an increase of Rs. 10 million compared to previous period. This is mainly due to additional depreciation charge from the capitalization of additions for the year.

Expenses composition 2020

- Depreciation
- Marketing & Promotional Expenses
- Payroll Costs
- Administrative Expenses
- Cost of Sales

Profitability

The Group recorded a Loss before tax of Rs. 89 million during the year under review compared to Profit Before Tax of Rs. 122 million during the previous period. Income tax charge for the year has decreased by 65% to Rs 7 Mn compared to the previous year mainly due to Deferred tax reversal of Rs 3 Mn and reduction in revenue. Loss after tax of the Group amounted to Rs. 96 million compared to Profit After Tax of Rs. 103 million achieved in the previous period.

EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTIZATION (EBITDA)

The Group has reported an EBITDA of Rs. 43 million for the period under review compared to Rs. 253 million achieved during the previous period. The decrease in EBITDA is mainly due to drop in revenue of the Company.

EBITDA

Monthly Average LKR:EUR Exchange buying rate

PROFITABILITY

The Group recorded a Loss before tax of Rs. 89 million during the year under review compared to Profit Before Tax of Rs. 122 million during the previous period. Income tax charge for the year has decreased by 65% to Rs 7 Mn compared to the previous year mainly due to Deferred tax reversal of Rs 3 Mn and reduction in revenue. Loss after tax of the Group amounted to Rs. 96 million compared to Profit After Tax of Rs. 103 million achieved in the previous period.
Management Discussion and Analysis


STATEMENT OF FINANCIAL POSITION
The Group reported a financial position as at 31st March 2020 with Total Assets amounting to Rs. 3,837 million compared to Rs. 3,412 million in the previous period. During the year under review, Property, Plant and Equipment additions amounted to Rs. 236 million.

As at 31st March 2020 the Group gearing level increased to 10%.

SHAREHOLDERS’ FUNDS
Shareholders’ funds as at 31st March 2020 increased to Rs. 3,192 million from Rs. 2,964 million in the previous period. The Group’s net assets per share as at 31st March 2020 stood at Rs. 69.40 per share.

STATEMENT OF CASH FLOW
Cash position of the Group as at 31st March 2020 decreased to positive Rs 0.5 Mn compared to positive Rs 5.6 Mn last year. This is mainly due to reduction in operational and investing activities cash flows during the year.

Profit before Tax

<table>
<thead>
<tr>
<th>Year</th>
<th>Profit before Tax (LKR' Mn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>125</td>
</tr>
<tr>
<td>2017</td>
<td>125</td>
</tr>
<tr>
<td>2018</td>
<td>125</td>
</tr>
<tr>
<td>2019</td>
<td>125</td>
</tr>
<tr>
<td>2020</td>
<td>-25</td>
</tr>
</tbody>
</table>
Management Discussion and Analysis

True to the home of Sri Lankan hospitality

Quintessential dining experiences
**ENVIRONMENT**

Environmental awareness and responsibility lie at the core of the Jetwing ethos. Most importantly, we have taken this from statement to fact across every aspect of business throughout our family of companies. Across all strategy and action, respect for eco-systems around our locations, environmentally friendly processes and care for natural resources are fundamental to Jetwing Hotels.

Our commitment to continuous improvement in impact areas is outlined in Jetwing Hotels’ Sustainability Strategy, with specific measures for maintaining a clean and healthy environment highlighted in the Jetwing Environmental Policy. Mindful of the fact that the long term viability of our business depends on the sustainability of the environment, we are fully-committed to mitigating any adverse effects that arise, diligently tracking the impact our operations have on the environment.

The management systems introduced adhere to all relevant local laws and comply with a range of Jetwing’s own internally developed policies. In addition, Jetwing Lighthouse has obtained external verification as compliant with ISO 14001:2015 standard for environmental management system, ISO 50001:2011 standard for energy management system and gold level in Travelife’s sustainability criteria.

**Energy and Carbon Footprint**

We at Jetwing understand and believe that energy is a valuable commodity and conservation of energy is the need of the hour. In this endeavour, our commitment to continually improve our energy performance via efficient and innovative strategies is outlined in our Energy Management Policy.

As fossil fuel combustion in energy generation is considered to be the largest single source of greenhouse gas (GHG) emissions, in order to reduce the GHG emissions and carbon footprint associated with our operations, the hotels have actively reduced its national grid electricity consumption by both reducing its energy demand via energy conservation and efficiency improvement measures and promoting non-fossil fuel based (renewable) energy generation.

The hotels’ current energy profile and greenhouse gas emissions from operations is presented in the figures below. Aggregate energy and GHG emissions intensity ratios for the year 2019/20 are 437.2 MJ/guest night and 35.6 kg CO$_2$/guest night, respectively.
Sustainability Review Contd.

Water Conservation and Wastewater Management
Recognizing the importance of water conservation, all properties under The Lighthouse Hotel umbrella have implemented strict measures to regulate and manage water consumption. Water consumption is monitored and sub-metered wherever possible. The installation of flow restrictors/water savers with faucets, water-saving shower heads, dual flush toilets etc., have improved the efficiency in water usage.

100% of wastewater generated at Jetwing Lighthouse and Hotel J - Unawatuna is sent to on-site effluent treatment plants, and the treated water used for garden irrigation. Quality of the discharged water is routinely checked by an accredited external company to ensure it meets the required national standards.

Solid Waste Management
By the very nature of business, hotels generate considerable quantities of waste from their diverse areas of operation. Through our comprehensive waste management system practiced, solid waste generated is separated at their sources of origin, stored safely and hygienically, and disposed in the most environmentally-sound manner available.

Dry solid waste collected (such as cardboard, plastic, glass bottles and metal) is inventoried and sold to external parties for recycling or reuse; food waste generated is sent to a local piggery to be (re)used as animal feed or fed to the newly commissioned onsite biogas digester and all garden waste composted in a conventional compost pit and used as organic fertilizer in the hotel gardens. Minimal quantities of mixed waste items which can neither be recycled nor biodegraded, are collected by local authorities for disposal.
Sustainability Review Contd.

EMPLOYEES

Our family is our pride and it is what makes possible the warm and world-class service that every guest who walks through our doors, is treated to. The understanding that our associates are an integral part of our business has inspired us to provide them with an enabling and motivating work environment. Ingrained with the ‘Jetwing spirit’, our associates are humble yet passionate and tenacious, motivated to offer immaculate service which every guest is promised.

Prioritizing local hiring, we welcome those from the immediate locality with the right mindset to be part of our team, while assisting them with opportunities to gain necessary skills. All associates benefit from the Jetwing Health & Safety Policy, the Grievance Policy, and the Jetwing Human Rights Policy, assuring that no discrimination of any form takes place at Jetwing Lighthouse.

During the year under review, there were no material issues, pertaining to employees and industrial relations.

Training and Development

The promise of delivering legendary service would not be a possibility if not for our associates. Thus, as a responsible organisation we are committed to providing our associates with ample opportunities for personal and professional growth, to complement their enthusiasm and motivation, by creating an enabling environment to readily nurture the attributes of exemplary service, which delights our guests.

We provide our associates with technical training as well as career development opportunities to maintain the finest standards of service, while encouraging their personal and professional growth. Our training programmes enhance our associates both personally and professionally, assuring that Jetwing Lighthouse remains an establishment of choice among both our guests and associates, by remaining relevant to the times.

During the year under review, an average of 1938 hours of training were provided per employee. The following graphic details the training hours provided to associates categorised by gender.
Sustainability Review Contd.

COMMUNITY

The Lighthouse Community Pool

Being confident of one’s aquatic skills is of vital importance, especially for those of the coastal communities. Recognizing this communal need, following the unfortunate incident of the tsunami devastation, the Lighthouse Community Pool facility was constructed in 2008. The Lighthouse Community Pool complex consists of a modern swimming pool, changing rooms, an administrative facility and a viewing gallery and is maintained to date by Jetwing Lighthouse.

As a measurement of casualty reduction, the Lighthouse Community Pool works closely with 26 schools in the area to imbue the children with aquatic skills. Every 03 months, over 200 students are coached by the team, extending this opportunity to as many students as possible. The pool is also open to others in the community during the afternoons, where training programmes are conducted at a nominal fee. The team trains over 1000 students from 45 schools in the locality, at a seasonal Swimming Camp held during the school vacation. Ten children with special needs are also coached by the team, paying special attention to each of them.

The community pool continues to serve the local community even after 12 years, facilitating the children from the locality to learn swimming and lifesaving skills. We are confident that a community investment as this facilitates greater social inclusion and contribute to better the quality of life, strengthening a vulnerable community’s survival capacity against water-related disasters.

Jetwing Lighthouse Tuk-Tuk Project

The Tuk-Tuk Project was implemented at Jetwing Lighthouse in 2005 in collaboration with ILO, to provide the guests’ with a quality and affordable mode of travel around the city of Galle, while having a chance to gain knowledge and awareness on the city’s culture, attractions, landmarks, which would in turn provide a revenue for the drivers.

Integrating local service providers in our hotel operations, the project helped remove antagonism that existed between the local trishaw drivers and the hotel. Since its inception this programme has proven successful in the re-establishment of an amicable relationship which continues to this day.

Selected service providers within our locality were registered to work with the hotel and educated through regular training sessions on offering efficient services, the importance of high level of etiquette while acting as informative guides to deliver the best possible service to the guest. The project now includes 45 registered vehicles comprising of tuk-tuks, cars and vans.
Sustainability Review Contd.

Project WE

The cultural plurality of Sri Lanka gives it an edge like no other, and it is this diversity of experiences that sustains the tourism industry. However, volatile climates which occur from time to time upsets the social fabric of the country, threatening the industry at large.

To address this need for social cohesiveness, Project WE — a diversity and inclusion stimulant programme was initiated, creating a platform for opinion sharing, networking, and diversity celebrations. As such several associate awareness programmes were held at Jetwing Lighthouse, encouraging associates to gain a basic understanding of the various cultural and religious practices and thereby respect the plurality of our national identity.

To view our sustainability policies and read more on the sustainability initiatives mentioned above, visit our website:
A stroke of elegance that exhibits old world charm along with modern day comfort.

The Bawa signature
Risk Management

The risk management system of The Lighthouse Hotel PLC, is structured to identify and control the risks specific to the industry in which it operates as well as general risks applicable to all entities. Therefore, appropriate systems, policies and procedures are in place in all areas of management and they are periodically reviewed to ensure adequacy and adherence. In the current business environment, change has become the norm rather than the exception. By managing threats to the business, in a changing environment effectively, particularly the major threats that may affect our business plans and strategic objectives, we are able to protect or enhance our key assets appropriately. The Risk Management Model of Jetwing Lighthouse is shown below:
Risk Management Contd.

The Jetwing Lighthouse Group identifies three main categories of risk:

<table>
<thead>
<tr>
<th>01. Strategic and Market Risks</th>
<th>Risks that threaten the Group’s high-level strategic objectives or risks from the external environment.</th>
</tr>
</thead>
<tbody>
<tr>
<td>02. Operational Risks</td>
<td>Risks that arise from day-to-day operations of the Hotels.</td>
</tr>
<tr>
<td>03. Financial Risks</td>
<td>Risks of losses arising from the adverse movements in market prices, risks that may threaten the Group’s ability to have sufficient funds to meet financial obligations and the failure of a customer to meet its contractual obligations.</td>
</tr>
</tbody>
</table>

The main threats to the business are identified.

Thereafter, each threat is assessed for potential impact and likelihood of occurring to quantify the associated risk. A risk Heat Map is then used to plot the risk associated with each threat based on the above. The horizontal axis shows the likelihood of a given threat occurring, that is, the likelihood that the threat will materialise and become an issue. The vertical axis shows the potential impact that the threat will have on the objective or goal not being achieved should it materialise. The associated risks are then quantified and the colours are risk areas (e.g., green boxes are in the low area; yellow boxes are in the medium area; orange boxes are in the high area, red boxes are in the very high area).

### The Lighthouse Hotel PLC Risk Heat Map

<table>
<thead>
<tr>
<th>Impact</th>
<th>Likelihood</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 Catastrophic</td>
<td>1.1</td>
</tr>
<tr>
<td>4 Major</td>
<td>1.4, 3.2, 3.3, 4</td>
</tr>
<tr>
<td>3 Moderate</td>
<td>2.3, 2.4</td>
</tr>
<tr>
<td>2 Tolerable</td>
<td>2.8</td>
</tr>
<tr>
<td>1 Insignificant</td>
<td>3.1</td>
</tr>
</tbody>
</table>

#### Risk Factors

In this section, we describe the foreseeable risks that could have a material effect on the Group’s business operations, cash flow, financial condition, turnover, profits, asset integrity, liquidity and capital reserves. We provide information on the nature of the risk, an indication of the potential impact and actions taken to mitigate risk exposure. Some risks may not yet be known to Jetwing Lighthouse and some that Jetwing Lighthouse does not currently believe to be material, could later turn out to be material.
Stewardship

Risk Management Contd.

<table>
<thead>
<tr>
<th>Potential Impact</th>
<th>Actions Taken to Mitigate Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. STRATEGIC AND MARKET RISKS</strong></td>
<td></td>
</tr>
<tr>
<td><strong>1.1. Risks relating to Infectious Diseases</strong></td>
<td><strong>Risk Rating</strong></td>
</tr>
<tr>
<td>COVID-19 has had a material detrimental impact on our business, financial results and liquidity, and such impact could worsen and last for an unknown period of time</td>
<td>Very High</td>
</tr>
<tr>
<td>- Reduced travel and demand for hotel rooms thereby reduced revenue, cash flow and profitability</td>
<td>- Evaluate the resilience of its businesses under multiple scenarios: worst case, base case and best case, by considering a wide range of factors</td>
</tr>
<tr>
<td>- Increase in operational expenses due to enhanced health and hygiene requirements</td>
<td>- Take steps to curtail fixed costs whilst continuously enacting stringent protocols to minimize other direct costs.</td>
</tr>
<tr>
<td>- Increase in the level of debt may adversely affect financial and operating activities or ability to incur additional debt.</td>
<td>- Defer non-essential capital expenditure</td>
</tr>
<tr>
<td>In addition, as a result of the risks described above, we may be required to raise additional capital, and our access to and cost of financing will depend on, among other things, global economic conditions, Sri Lanka Economic conditions in the financing markets, the availability of sufficient amounts of financing, our prospects, and the outlook for the hotel industry as a whole.</td>
<td>- The Board to monitor all possible cashflow positions and mitigating factors.</td>
</tr>
</tbody>
</table>

**1.2. Business Risk**

| The inability of the Group to achieve its business objectives | **Risk Rating** |
| - Reduced revenue, cash flow and profitability | Medium |
| - Hinder future growth | - Detailed operational and capital expenditure budgets are formulated on an annual basis and formally approved by the Board. These plans are thereafter monitored and reviewed by the Board to assess actual performance against those planned and take remedial action wherever necessary. |
| | - Project feasibility studies are conducted for all major investments |
| | - Implementation of cost control procedures and innovative cost saving initiatives particularly with regard to energy costs |
| | - Performing Competitor analyses |
## Risk Management Contd.

### 1.3. Political, Economic and Environmental Risks

<table>
<thead>
<tr>
<th>Risk Rating</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medium</td>
<td>Major events affecting either economic or political stability on a global and local level represent a threat to the Group - Reduced revenue, increased operating costs resulting in reduced profitability and cash flows -Control over the ownership of assets - Management regularly reviews political and economic developments and seeks to identify emerging risks at the earliest opportunity. - Being a member of Tourist Hotels Association of Sri Lanka, and working closely with them and other various trade associations, relevant authorities and lobby groups to create a better economic environment at all times. - The Group has in place contingency and recovery plans to enable it to respond to major incidents or crises.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Risk Rating</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medium</td>
<td>Events that adversely impact domestic or international travel - Occupancy and room rates can be adversely affected by events that reduce domestic or international travel. Such events may include acts of terrorism, war or perceived increased risk of armed conflicts, epidemics, natural disasters, increased cost of travel and industrial action. Reduced demand will impact on revenues and operational profitability - Loss of assets - Transferring risks to third parties through insurance policies. The adequacy of insurance covers is regularly reviewed and adjusted when necessary.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Risk Rating</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medium</td>
<td>Risks from natural or man-created disasters - Occupancy and room rates can be adversely affected by events that reduce domestic or international travel. Such events may include acts of terrorism, war or perceived increased risk of armed conflicts, epidemics, natural disasters, increased cost of travel and industrial action. Reduced demand will impact on revenues and operational profitability - Loss of assets - Transferring risks to third parties through insurance policies. The adequacy of insurance covers is regularly reviewed and adjusted when necessary.</td>
</tr>
</tbody>
</table>

### 1.4. Competitive Risk

<table>
<thead>
<tr>
<th>Risk Rating</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>Group is exposed to the risks of the hotel industry supply and demand cycle such as competitive actions from existing hotels and new entrants increasing room supply and home sharing or rental services. - Future operating results could be adversely affected by industry over-capacity of rooms - Reduction in market share (lower occupancies) and rates resulting in reduced revenues, increase in marketing expenses reduced cash flows and profitability - Providing a unique service quality associated with Jetwing brand only - Consistently delivering service quality to influence consumer preference and creating and maintaining value perception - Make timely investments to upgrade the facilities - Maintain the long term relationships with major tour operators</td>
</tr>
</tbody>
</table>

- Providing a unique service quality associated with Jetwing brand only
- Consistently delivering service quality to influence consumer preference and creating and maintaining value perception
- Make timely investments to upgrade the facilities
- Maintain the long term relationships with major tour operators
## 2. OPERATIONAL RISKS

### 2.1. Reputation and Intellectual Property Rights Risk

<table>
<thead>
<tr>
<th>Risk Rating</th>
<th>Medium</th>
</tr>
</thead>
</table>

- Group is reliant on the reputation of its brand and the protection of its intellectual property rights
- Service quality may not be delivered in accordance with the Jetwing standards
- Reduced brand value, market share, revenues, profitability and cash flows
- Increase Group’s exposure to litigation
- Continuous monitoring and review of online customer reviews and ratings
- Investments made in protecting the Group’s brand from misuse and infringement, by way of trade mark registration and domain name protection
- Monitoring adherence to Group safety, operating and quality standards or the significant regulations applicable to hotel operations
- Provide regular training to associates to educate on the quality standards and new developments in the hospitality industry

### 2.2. Demand

<table>
<thead>
<tr>
<th>Risk Rating</th>
<th>Medium</th>
</tr>
</thead>
</table>

- Adverse impact on Group turnover due to shift in demand from traditional source markets to new emerging markets
- Reduce room nights, revenue
- Lower room rates due to lower occupancy
- The Group and hotels are well represented at international trade fairs
- Increase registration with Online Travel Agents
- Increase presence in social media channels
- Maintain the long-term relationships with major tour operators

### 2.3. Employee Risk

<table>
<thead>
<tr>
<th>Risk Rating</th>
<th>Medium</th>
</tr>
</thead>
</table>

- Failure to attract and retain skilled employees may threaten the success of the Group’s operations
- Inability to achieve planned business objectives
- Reduced quality of standards resulting in reduced guest satisfaction
- Development and maintenance of a Group culture, compensation and benefits arrangements, training and development are key activities carried out
- Initiate Jetwing Youth Development Project

### 2.4. Technology Risk

<table>
<thead>
<tr>
<th>Risk Rating</th>
<th>Medium</th>
</tr>
</thead>
</table>

- Failure to embrace emerging technology or implement existing technology correctly
- Inaccurate information
- Reputation and performance of the group will be adversely affected
- Worsening efficiency, loss of competitive advantage
- Regular review of systems and upgrades where appropriate
- Introduction of new technology where possible and appropriate.
Risk Management Contd.

2.5. Project Implementation Risk

<table>
<thead>
<tr>
<th>Risk Rating</th>
<th>Inaccurate assessments of project cost and time.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medium</td>
<td>Cost overruns, Delays in project implementation may cause</td>
</tr>
<tr>
<td></td>
<td>Establish project cost and timelines in consultation with stakeholders. Monitor project progress with budgeted cost and time.</td>
</tr>
</tbody>
</table>

2.6. Safety

<table>
<thead>
<tr>
<th>Risk Rating</th>
<th>The Group could experience significant food safety or allergen related incidents through failings in food preparation, storage or supply chain.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medium</td>
<td>Adverse impact on reputation</td>
</tr>
<tr>
<td></td>
<td>Complying to HACCP food safety standards, Security and fire safety procedures are in place at all of our properties including emergency evacuation plans, Monitoring adherence to Group safety, operating and quality standards.</td>
</tr>
</tbody>
</table>

2.7. Statutory and Legal Risk

<table>
<thead>
<tr>
<th>Risk Rating</th>
<th>Threat of litigation due to legal and statutory requirements not being fulfilled</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medium</td>
<td>Legal fees and penalties resulting in reduced profitability, Adverse impact on reputation, Loss arising from defective contracts</td>
</tr>
<tr>
<td></td>
<td>Group continues to monitor changes in the regulatory environment in which it operates, Statutory declaration is made to Board each quarter, Compliance audits are included in the scope of the internal audit programme, Engage professional consultants to review contracts</td>
</tr>
</tbody>
</table>

2.8. Internal Operational Processes

<table>
<thead>
<tr>
<th>Risk Rating</th>
<th>Threat of financial loss due to breakdown in internal controls</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medium</td>
<td>Internal process failures, Fraud, Loss of data</td>
</tr>
<tr>
<td></td>
<td>Outsource internal audits to reputed Audit Firms to review and report on the adequacy of the financial and operational controls, Defined systems and procedures are in place to ensure compliance with internal controls, Adequate fidelity covers are obtained</td>
</tr>
</tbody>
</table>
### 3. FINANCIAL RISKS

#### 3.1. Credit Risk

<table>
<thead>
<tr>
<th>Risk Rating</th>
<th>Threat arising due to default of payment</th>
<th>Reduce profitability</th>
<th>Increase working capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>Credit is provided only for credit approved agents. Credit approval is granted by the Credit Committee at “Jetwing House” and credit approved list has been prepared</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Actively monitor and review debtors</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

#### 3.2. Exchange Rate Risk

<table>
<thead>
<tr>
<th>Risk Rating</th>
<th>Threat arising due to the volatility in foreign currency exchange rates</th>
<th>Impact on profitability on translation of foreign currency transactions</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>As far as possible, enter into sales contracts with tour operators/agents in USD</td>
<td>- Monitor the exchange rates on a daily basis</td>
</tr>
</tbody>
</table>

#### 3.3. Interest Rate Risk

<table>
<thead>
<tr>
<th>Risk Rating</th>
<th>Threat arising from the volatility of fair value or future cash flows of a financial instrument fluctuating because of changes in market interest rates</th>
<th>Reduced profitability</th>
<th>Reduced cash flows</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>Negotiate favourable terms and conditions with banks for loan facilities obtained</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

#### 3.4. Liquidity Risk

<table>
<thead>
<tr>
<th>Risk Rating</th>
<th>Risk that the Group will not be able to meet its financial obligations as they fall due.</th>
<th>Reduced cash flows</th>
<th>Reduced profitability</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>Preparation of regular cashflow forecasts in line with projected occupancy fluctuations in order to assess the liquidity position of the group in the short term</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Reschedule the capital payments in order to suit the forecasted Cash flows.</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Monitor and review bank balances regularly</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Preparation and review of actual performance against the budget monthly.</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

### Precautionary Approach

The Lighthouse Hotel PLC applies a precautionary principle across all its business and we advocate a risk-based approach to our operations through our management systems.
Stewardship

The home of Sri Lankan hospitality
The Lighthouse Hotel PLC (the ‘Company’) continues to be committed to conducting the Company’s business ethically and in accordance with high standards of good corporate governance.

The Board of Directors (the ‘Board’) has appointed Jetwing Hotels Ltd., as the managing agents of the Company.

We set out below the corporate governance practices adopted and practiced by the Company and compliance with the Rules set out in Section 7 of the Listing Rules of the Colombo Stock Exchange.

**Board of Directors**

**Executive Directors**

Mr. N.J.H.M. Cooray (Chairman),
Mr. R.A.E. Samarasinghe (Managing Director),
Ms. N.T.M.S. Cooray,
Mr. C.S.R.S. Anthony.

**Non-Executive Directors**

Ms. A.M. Ondaatjie.

**Non-Executive Independent Directors**

Mr. N. Wadugodapitiya,
Mr. R. de Silva,
Mr. E.P.A. Cooray,
Dr. C. Pathiraja,
Mr. T. Nadesan,
Mr. A.T.P. Edirisinghe.

The Board meets quarterly as a matter of routine. Ad hoc meetings are held as and when necessary. During the year under review, the Board met on five occasions. The attendance at these meetings was:

<table>
<thead>
<tr>
<th>Name</th>
<th>Role</th>
<th>Attendance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. N.J.H.M. Cooray (Chairman)</td>
<td>Executive</td>
<td>5/5</td>
</tr>
<tr>
<td>Mr. R.A.E. Samarasinghe (Managing Director)</td>
<td>Executive</td>
<td>5/5</td>
</tr>
<tr>
<td>Ms. N.T.M.S. Cooray</td>
<td>Executive</td>
<td>5/5</td>
</tr>
<tr>
<td>Mr. C.S.R.S. Anthony</td>
<td>Executive</td>
<td>5/5</td>
</tr>
<tr>
<td>Ms. A.M. Ondaatjie</td>
<td>Non-Executive</td>
<td>4/5</td>
</tr>
<tr>
<td>Mr. N. Wadugodapitiya</td>
<td>Non-Executive Independent</td>
<td>5/5</td>
</tr>
<tr>
<td>Mr. R. de Silva</td>
<td>Non-Executive Independent</td>
<td>4/5</td>
</tr>
<tr>
<td>Mr. E.P.A. Cooray</td>
<td>Non-Executive Independent</td>
<td>4/5</td>
</tr>
<tr>
<td>Dr. C. Pathiraja</td>
<td>Non-Executive Independent</td>
<td>3/5</td>
</tr>
<tr>
<td>Mr. T. Nadesan</td>
<td>Non-Executive Independent</td>
<td>1/5</td>
</tr>
<tr>
<td>Mr. A.T.P. Edirisinghe</td>
<td>Non-Executive Independent</td>
<td>4/5</td>
</tr>
</tbody>
</table>

**Responsibilities**

The Directors of the Company are responsible for formulation of Company policy and overall business strategy. The implementation of policy and strategy is done in a framework that requires compliance with applicable laws and regulations as well as establishing best practices in dealing with employees, customers, suppliers and the community at large.

The annual capital expenditure budgets, non-budgeted capital expenditure and the annual budgeted operating statements require Board approval. The Board meets regularly to review performance and forecasts against budgets so as to take decisions in the best interest of the Company. The managing agents are represented at these meetings and are responsible for follow-up action. Directors’ interests in contracts are regularly disclosed and such disclosures pertaining to the year ended 31st March, 2020 can be seen on page 47 in the Directors’ Report.

The Board is responsible to ensure that adequate systems of internal controls to safeguard the assets of the Company are in place and proper records are maintained. However, any system can ensure only reasonable but not absolute assurance that errors and irregularities are prevented or detected within a reasonable time frame.
Corporate governance

Chairman’s Role
The Chairman is responsible for the efficient conduct of Board meetings. The Chairman maintains close contact with all Directors and holds informal meetings with Non-Executive Directors as and when necessary.

Board Balance
The composition of the Executive and Non-Executive Directors (the latter are over one-third of the total number of Directors) satisfies the requirements laid down in the Listing Rules of the Colombo Stock Exchange. The Board has determined that six Non-Executive Directors satisfy the criteria for ‘independence’ set out in the Listing Rules of the Colombo Stock Exchange.
Non-Executive Directors’ profiles reflect their calibre and the weight their views carry in Board deliberations.
Chief Executive Authority is vested in the Managing Director of the Company.

Company Secretary
The services and advice of the Company Secretary are made available to Directors as necessary. The Company Secretary keeps the Board informed of new laws, regulations and requirements coming into effect which are relevant to them as individual Directors and collectively to the Board.

Financial Acumen
The Board, includes one Chartered Accountant and three Chartered Management Accountants who possess the necessary knowledge and competence to offer the Board guidance on matters of finance.

Supply of Information
Directors are provided with quarterly reports on performance and such other reports and documents as necessary. The Chairman ensures all Directors are adequately briefed on issues arising at meetings.

Appointments to the Board
The Board as a whole decides on the appointment of Directors, in terms of the Articles of Association of the Company.

Re-election of Directors
The provisions of the Company’s Articles require a Director appointed by the Board to hold office until the next Annual General Meeting and seek reappointment by the shareholders at that meeting.
The Articles call for one-third of the Directors in office to retire at each Annual General Meeting. The Directors who retire are those who have served for the longest period after their appointment/reappointment. Retiring Directors are generally eligible for re-election.
The Managing Director does not retire by rotation.

Remuneration Committee
The Company has its own Remuneration Committee. The Committee consists of three Independent Non-Executive Directors. The Remuneration Committee Report appears on page 44 in this Report.

Constructive Use of the Annual General Meeting
The active participation of shareholders at the Annual General Meeting (AGM) is encouraged. The Board believes, the AGM is a means of continuing effective dialogue with shareholders.
The Board offers clarifications and responds to concerns shareholders have over the content of the Annual Report as well as other matters which are important to them. The AGM is also used to adopt the Financial Statements for the year.

Communication with Shareholders
Shareholders are provided with Quarterly Financial Statements and the Annual Report, which the Company considers as its principal communication with them and other stakeholders. These reports are also provided to the Colombo Stock Exchange.
Shareholders may bring up concerns they have, either with the Chairman, the Managing Director or the Secretaries of the Company as appropriate. The Company maintains an appropriate dialogue with them.
Stewardship

Corporate governance

Accountability and Audit

Financial Reporting

The Board places great emphasis on complete disclosure of financial and non-financial information within the bounds of commercial reality and on the adoption of sound reporting practices. Financial information is disclosed in accordance with the Sri Lanka Accounting Standards comprising SLFRSs and LKASs. Revisions to existing accounting standards and adoption of new standards are carefully monitored.

The Statement of Directors’ Responsibilities for the Financial Statements is given in page 52 of this Report.

Going Concern

In determining the basis of preparing the financial statements for the year ended 31 March 2020, based on available information, the management has assessed the existing and anticipated effects of COVID 19 on the Group Companies and the appropriateness of the use of the going concern basis. The Group evaluated the resilience of its businesses considering a wide range of factors under multiple scenarios, relating to expected revenue, cost management, profitability, ability to defer non-essential capital expenditure, debt repayment reschedulings, and the amount of undrawn borrowing facilities, and potential sources of financing facilities.

Having evaluated each company of The Lighthouse Hotel PLC by the Board of Directors, and after due consideration of the range and likelihood of outcomes, the Directors are satisfied that the Company and its subsidiaries have adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing and presenting these financial statements.

Audit Committee

The Committee reviewed the Financial Statements, internal control procedures and risk management, accounting policies, compliance with accounting standards, emerging accounting issues and other related functions that the Board required. It also reviews the adequacy of systems for compliance with the relevant legal, regulatory and ethical requirements. Significant issues discussed by the Committee at the reviews were communicated by the Managing Director to the Board of Directors for their consideration and action.

The Committee also helps the Company to achieve a balance between conformance and performance.

Further, the Committee recommends the appointment and fees of the External Auditors, having considered their independence and performance.

The Audit Committee Report appears on page 45 of this Report.

Related Party Transactions Review Committee

The Company has its own Related Party Transactions Review Committee. The Committee consists of three Independent Non-Executive Directors and one Executive Director. The committee reviews the related party transactions during the year under review.

The Related Party Transactions Review Committee Report appears on page 46 in this Report.
## Corporate governance

### Level of Compliance with the Listing Rules of the Colombo Stock Exchange

Level of compliance with the Listing Rules of the CSE Section 7, on Corporate Governance are given in the following table:

<table>
<thead>
<tr>
<th>Rule No.</th>
<th>Subject</th>
<th>Applicable Requirement</th>
<th>Level of Compliance</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.10.1</td>
<td>Non-Executive Directors</td>
<td>At least one-third of the total number of Directors should be Non-Executive Directors</td>
<td>Seven out of Eleven Directors are Non-Executive Directors</td>
</tr>
<tr>
<td>7.10.2 (a)</td>
<td>Independent Directors</td>
<td>Two or one-third of Non-Executive Directors, whichever is higher should be Independent</td>
<td>Six out of Seven Non-Executive Directors are Independent</td>
</tr>
<tr>
<td>7.10.2 (b)</td>
<td>Independent Directors</td>
<td>Each Non-Executive Director should submit a declaration of his independence/non-independence in the prescribed format.</td>
<td>Non-Executive Directors have submitted the declaration</td>
</tr>
<tr>
<td>7.10.3 (a)</td>
<td>Disclosure relating to Directors</td>
<td>Names of Independent Directors should be disclosed in the Annual Report</td>
<td>Please refer page 48</td>
</tr>
<tr>
<td>7.10.3 (b)</td>
<td>Disclosure relating to Directors</td>
<td>The basis for Board to determine a Director as independent, if specified criteria for independence is not met</td>
<td>Please refer page 48</td>
</tr>
<tr>
<td>7.10.3 (c)</td>
<td>Disclosure relating to Directors</td>
<td>A brief résumé of each Director should be included in the Annual Report including the areas of Expertise</td>
<td>Please refer pages 41 to 43</td>
</tr>
<tr>
<td>7.10.3 (d)</td>
<td>Disclosure relating to Directors</td>
<td>Forthwith provide a brief résumé of new Directors appointed to the Board with details specified in 7.10.3 (d) to the CSE</td>
<td>A brief résumé provided to the CSE</td>
</tr>
<tr>
<td>7.10.5</td>
<td>Remuneration Committee</td>
<td>A listed company shall have a Remuneration Committee</td>
<td>Company has formed a Remuneration Committee</td>
</tr>
<tr>
<td>7.10.5 (a)</td>
<td>Composition of Remuneration Committee</td>
<td>Shall comprise of Non-Executive Directors a majority of whom will be independent</td>
<td>Remuneration Committee consists three Independent Non-Executive Directors</td>
</tr>
<tr>
<td>7.10.5 (b)</td>
<td>Functions of Remuneration Committee</td>
<td>The Remuneration Committee shall recommend the remuneration of Chief Executive Officer and Executive Directors</td>
<td>Please refer Remuneration Committee Report on page 44</td>
</tr>
<tr>
<td>7.10.5 (c)</td>
<td>Disclosure in the Annual Report relating to Remuneration Committee</td>
<td>The Annual Report should set out: (a) Names of Directors comprising the Remuneration Committee</td>
<td>Names of the members of the Remuneration Committee are stated in this report under the heading of Remuneration Committee on page 123</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(b) Statement of Remuneration Policy</td>
<td>Please refer Remuneration Committee Report on page 44</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(c) Aggregated remuneration paid to Executive Directors and Non-Executive Directors</td>
<td>Given in this Report under the heading of Directors’ Remuneration on page 47</td>
</tr>
</tbody>
</table>
### Corporate governance

<table>
<thead>
<tr>
<th>Rule No.</th>
<th>Subject</th>
<th>Applicable Requirement</th>
<th>Level of Compliance</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.10.6</td>
<td>Audit Committee</td>
<td>The Company shall have an Audit Committee</td>
<td>Company has formed an Audit Committee</td>
</tr>
<tr>
<td>7.10.6 (a)</td>
<td>Composition of Audit Committee</td>
<td>Shall comprise of Non-Executive Directors, a majority of whom will be independent</td>
<td>Audit Committee consists of three Independent Non-Executive Directors</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Non-Executive Director shall be appointed as the Chairman of the Committee</td>
<td>Chairman of the Audit Committee is an Independent Non-Executive Director</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Chief Executive Officer and the Head of Finance shall attend Audit Committee meetings unless otherwise determined</td>
<td>Chairman, Managing Director, Executive Director, General Manager and Head of Finance attend meetings by invitation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The Chairman of the Audit Committee or one member should be a member of a professional accounting body</td>
<td>Chairman of the Audit Committee is a Fellow Member of the Chartered Institute of Management Accountants – UK</td>
</tr>
<tr>
<td>7.10.6 (b)</td>
<td>Audit Committee Functions</td>
<td>Should be as outlined in the Section 7 of the Listing Rules of the Colombo Stock Exchange</td>
<td>The terms of reference of the Audit Committee adopted by the Board is listed on page 45</td>
</tr>
<tr>
<td>7.10.6 (c)</td>
<td>Disclosure in the Annual Report relating to the Audit Committee</td>
<td>(a) Names of Directors comprising the Audit Committee stated in this Report under the heading of Audit Committee</td>
<td>Names of the members of the Audit Committee are stated in this Report under the heading of Audit Committee on page 123</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(b) The Audit Committee shall make a determination of the independence of the Auditors and disclose such determination</td>
<td>Please refer Audit Committee Report on page 45</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(c) The Annual Report shall contain a Report of the Audit Committee setting out the manner of Compliance of the functions</td>
<td>Please refer Audit Committee Report on page 45</td>
</tr>
</tbody>
</table>
Board Of Directors

N. J. H. M. Cooray
Chairman
Hiran Cooray has over 30 years of experience in the hospitality industry. He has represented Sri Lanka on the Board of the Pacific Asia Travel Association (PATA) since 1996 and had the honour of being the organization’s Chairman from 2010 to 2012. In addition to his degree from the University of North Carolina in Business Administration/Marketing, he successfully completed a senior management course in Hotel Management at Cornell University, Ithaca, New York. Whilst holding over 50 directorships in various Hotels and related companies, he has also held the positions of President of The Hotels Association of Sri Lanka (2005-2008 and 2014-2016), and Chairman of PATA Sri Lanka Chapter (2003-04). Hiran has also served as a board member of the Sri Lanka Tourism Promotions Bureau (SLTPB) from 2014-2016, having already served as a board Director of the Sri Lanka Tourism Development Authority (SLTDA) from 2010-2014. He also served as a board member of the Ceylon Chamber of Commerce (2016-2019). In addition, Hiran has also been a Member of the Board of Small Luxury Hotels, from 2007-2014. He regularly represents Sri Lanka and the Asia Pacific at tourism related international forums as a speaker/panellist. Hiran’s expertise in tourism was recognized globally by his appointment as an Alternate Member of the UNWTO (United Nations World Tourism Organization) – World Committee on Tourism Ethics at the UNWTO General Assembly held in Zambia/Zimbabwe in August 2013. He is passionate about his country’s potential to be a leading tourism destination and continues working tirelessly in order to make his dreams a reality.

Ruan Samarasinghe
Managing Director
Ruan Samarasinghe has been a doyen of the hospitality industry for over 45 years. A valued member of the Jetwing family, he has been at the frontline of all operations through the formative years and in the course of his four decade career has pioneered several developments. He oversees all Jetwing operations and his wealth of knowledge enables him to represent the organization in key hospitality forums. In addition to his pivotal role as Managing Director of Jetwing Hotels, he also serves on several other Directorates. Mr Samarasinghe is also the former Chairman of the Pacific Asia Travel Association (PATA) Sri Lankan chapter.

N. T. M. S. Cooray (Ms.)
Executive Director
Shiromal Cooray (Ms) is the Chairman and Managing Director of Jetwing Travels (Private) Limited, one of the leading destination management companies in Sri Lanka. She is also the Chairman of Jetwing Hotels Limited, the premier hospitality brand of Sri Lanka, effective October 2018. With diverse experience in a number of industries, Shiromal also holds other directorates in hotels, finance, investment banking, Commodity brokering, Commercial banking and Insurance.

Hailing from a background in finance and management, Shiromal holds an MBA from the University of Colombo, is a Fellow of the Chartered Institute of Management Accountants UK, and a former Finance Director of J. Walter Thompson Ltd (Colombo) along with work experience in the UK and Hong Kong. She is past Chairman of the Sri Lanka Institute of Directors (SLID), and past President of the Sri Lanka Association of Inbound Tour Operators.

C.S.R.S. Anthony
Executive Director
Sanjeeva Anthony is an Attorney-at-Law (Supreme Court of Sri Lanka), Notary Public, Commissioner for Oaths and a Registered Company Secretary. He is also a Fellow Member of the Chartered Institute of Management Accountants (FCMA) UK, Chartered Global Management Accountant (CGMA), a Fellow Member of The Institute of Certified Management Accountants of Sri Lanka (FCMA) and a Fellow Member of Certified Professional Managers (FCPM). He commenced his career at PricewaterhouseCoopers, prior to joining Jetwing Hotels Limited as Finance Manager in 1996 and is currently the Executive Director. He is also serving on several Directorates including a Publicly Quoted company. Sanjeewa is a Life Member of the Bar Association of Sri Lanka (BASL).
A. M. Ondaatjie (Ms.)
Non-Executive Director
Angeline Ondaatjie (Ms) is the Chairperson and Managing Director of Tangerine Tours (Pvt) Limited, Tangerine Beach Hotels PLC and Royal Palms Beach Hotels PLC. She has over 20 years experience in tourism, financial services and manufacturing sectors. She holds a Masters Degree from the University of Texas in Austin, USA and a BSc Degree from the Massachusetts Institute of Technology (MIT) USA. She holds directorship in several companies including Mercantile Investments and Finance PLC, The Nuwara Eliya Hotels Co. PLC (Grand Hotel), Nilaveli Beach Hotels (Pvt) Ltd, Fair View Hotel (Pvt) Ltd and Phoenix Industries Ltd. She is presently Vice President, Tourist Hotels Association and Director, Sri Lanka Tourism Promotions Bureau and serves on the Education Council of MIT.

Nihal Wadugodapitiya
Non-Executive Independent Director
Nihal Wadugodapitiya is a Fellow member of the Chartered Institute of Management Accountants, UK. His business experience spans over 40 years in senior management positions both in private and public sector institutions in Sri Lanka and in Abu Dhabi, UAE, of which 20 + years has been in the position of Chief Executive of private companies. He has served in organizations involved in manufacturing, light engineering, FMCG marketing and distribution, private equity fund management, air lines and services sectors. He has served on several boards of Directors including companies engaged in financial services, venture capital / private equity fund management, fabric manufacturing, thermal power generation, plantation management, marketing and distribution and flexible packaging and light engineering. At present he is a Business Development Consultant providing strategic guidance to small and medium scale enterprises.

Prema Cooray
Non-Executive independent director
Prema Cooray is the immediate past Chairman of Aitken Spence Plc., having led the hotels sector of the company for a considerable period of time. He is a past president of the Tourist Hotels Association of Sri Lanka (1998-2000) and was the Chairman of the Sri Lanka Convention Bureau (2007-2009 & 2015-2017). He served as the Secretary General/CEO of the Ceylon Chamber of Commerce (2003-2008). Mr. Cooray was awarded the “Legend of Tourism” by the Ministry of Tourism in 2011. He is the current Chairman of Rainforest Ecolodge (Pvt) Ltd., and Citrus Leisure Plc.

Mr. Cooray also represents many public listed companies as a Director.

Mr. Cooray has a MBA from the University of Sri Jayewardenepura, is a Certified Management Accountant and he is also a member of the Institute of Hospitality, UK.

A.T.P. Edirisinghe
Non-Executive Independent Director
Priya Edirisinghe is a fellow member of the institute of chartered accountants of Sri Lanka a fellow member of the chartered institute of management accountants (UK) and holds a diploma in commercial arbitration. He was the Senior Partner of Bakertilly Edirisinghe & Co., Chartered Accountants and currently serves as Consultant/Advisor. He is the Managing Director of PE Management Consultants (Pvt.) Ltd. He counts over 50 years’ experience; of which 30 years in the public practice and 20 years in the private sector having held senior positions including Executive Directorates. He serves on the Boards of some other quoted companies where in some companies he also serves as Chairman/Member of the Audit Committee, as Chairman/Member of the Remuneration Committee and as Chairman/Member of the RPTRC.
Board Of Directors Contd.

Ranil de Silva
Non-Executive Independent Director

Ranil de Silva retired as the Managing Director of the Publicis Groupe offices in Sri Lanka where he had served as the company’s Managing Director for 18 years. He was instrumental in establishing the Colombo office of the global Leo Burnett network with just a handful of team members in a shared office. During his tenure he brought international glory for the company and established Sri Lanka on the global map of creativity, taking Leo Burnett to great heights. Under his leadership Leo Burnett Sri Lanka has been repeatedly recognized as the Rest of South Asia’s creative agency of the year. Prior to joining Leo Burnett, he was JWT Colombo’s first Sri Lankan employee. After starting his career as a junior account executive at JWT, he rose to International Vice President and was also Managing Director of the Colombo office. He was posted to JWT Jakarta and also served as a regional account director for JWT Asia Pacific based in Singapore. Ranil served as the President of the International Advertising Association (IAA) Sri Lanka chapter for two terms and was also a member of the worldwide board of directors of the IAA. In 2010, the IAA conferred the medal of merit to him for his contribution to the advertising industry. In 2019 he was awarded the IAA Inspire award for lifetime achievement at the IAA World Congress held in Kochi. He pursued his tertiary education in Australia where he obtained a diploma in visual communications. He has also been a director in their family owned business – Cyril Rodrigo Restaurants. He also serves as a trustee of the Lionel Wendt Memorial Arts Centre. Ranil is passionate about everything he does; he loves to see the world, stay in great places and enjoys the arts.

Thirukumar Nadesan
Non-Executive Independent Director

Thirukumar Nadesan holds a BA(Hon) Degree in Business Studies from the University of Middlesex, United Kingdom. He has served in the capacity of Vice President at the American Express Bank in Colombo from 1980 to 1989 and thereafter held the position of Group Director at the Maharaja Organization.

Mr. Nadesan has been a freelance Business/Investment Consultant for many reputed companies since 2001 to date.

He is the Director of Lanka Hotels and Residences (Pvt) Ltd (Owning company of Sheraton Hotel Colombo).

He is also the former Chairman of Hotel Developers Lanka PLC (Owning Company of Hilton, Colombo).

Dr. C. Pathiraja
Non-Executive Independent Director

Dr.C.Pathiraja Director of Stem Cure – Ferticare (Pvt) Ltd., Director of Straits Associates Singapore PTE Ltd and several other companies both local and abroad. Ex Director/Embryologist – ICSI Lanka Hospital. He holds BV (Sc) Degrees from the University of Peradeniya, Sri Lanka, Diploma in Business Studies and a Post Graduate Diploma in Business Management.
The objectives of the Remuneration Committee are to review and approve overall remuneration philosophy strategy policies and practices including performance pay schemes and benefits. The policy is to prepare the compensation packages to attract and retain highly qualified experienced workforce and reward performance, bearing in mind the business performance and long-term shareholder returns. The Committee comprises three Non-Executive Independent Directors, as shown in below table. The members of the Committee met once in the year under review.

The aggregate remuneration paid to Directors is set out in page 47

<table>
<thead>
<tr>
<th>Members of the Remuneration Committee</th>
<th>Attendance at the Meeting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. E.P.A. Cooray (Chairman)</td>
<td>Non-Executive Independent</td>
</tr>
<tr>
<td>Mr. N. Wadugodapitiya</td>
<td>Non-Executive Independent</td>
</tr>
<tr>
<td>Mr. A.T.P. Edirisinghe</td>
<td>Non-Executive Independent</td>
</tr>
</tbody>
</table>

E.P.A. Cooray  
Chairman – Remuneration Committee  
9th June, 2020
The Audit Committee, comprises three Non-Executive Independent Directors. The Chairman of the Audit Committee is a Fellow Member of the Chartered Institute of Management Accountants, UK. The Audit Committee met on five occasions during the financial year.

The Committee, as at 31st March 2020, comprised of the following members:

<table>
<thead>
<tr>
<th>Members of the Audit Committee</th>
<th>Attendance at the Meeting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. N. Wadugodapitiya (Chairman)</td>
<td>Non-Executive Independent</td>
</tr>
<tr>
<td>Mr. E.P.A. Cooray</td>
<td>Non-Executive Independent</td>
</tr>
<tr>
<td>Mr. A.T.P. Edirisinghe</td>
<td>Non-Executive Independent</td>
</tr>
</tbody>
</table>

The Committee reviewed the interim and annual financial statements of the Group and has recommended same to the Board for approval and publication.

The Committee reviewed and made recommendation to the board about the policy decisions relating to adoption of new and revised Sri Lanka Accounting Standards (SLFRS/LKAS) applicable to the Group including adoption of SLFRS16 during the financial year under review. The Committee would continue to monitor the compliance with relevant Accounting Standards and keep the Board informed at regular intervals.

- The Committee held meetings with the External Auditors to review their report on audit results and the preparation of the Annual Report to ensure the reliability of the process, consistency of the Accounting policies and methods and compliance with Sri Lanka Accounting Standards.
- Recommendations made by the External Auditors were also discussed with the Board and implementation recommended to Management by the Committee.
- The Audit Committee also monitors the effectiveness of the Internal and Financial Control procedures on the basis of the reports and findings submitted by the Internal Auditors of the Company, Messrs PricewaterhouseCoopers.
- The Audit Committee also monitors the timely payments of all statutory obligations.
- The Company’s budget proposals are also reviewed by the Audit Committee.
- The Audit Committee has reviewed the other services provided by the External Auditors to the Company to ensure their independence as Auditors has not been compromised.

The Audit Committee is satisfied that the control environment prevailing in the organization provides reasonable, but not absolute assurance that the financial position of the Company is adequately monitored and that the systems are in place to minimize the impact of identifiable risks.

As far as the Directors are aware, the Auditor does 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. For the said reasons that the Committee determined that Auditors are independent.

The Audit Committee has recommended to the Board of Directors that Messrs Ernst & Young may continue as Auditors for the financial year ending 31st March, 2021.

N. Wadugodapitiya
Chairman – Audit Committee
9 June, 2020
The Related Party Transactions Review Committee was formed by the Board of Directors with effect from 1st January, 2016 in compliance with the Section 9 of the Continuing listing rules of the Colombo Stock Exchange (CSE). As at 31st March, 2020 it comprised three Non-Executive Independent Directors and one Executive Director as shown in below table. Chairman of the Committee is a Non-Executive Independent Director.

<table>
<thead>
<tr>
<th>Members of the Audit Committee</th>
<th>Attendance at the Meeting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. N. Wadugodapitiya (Chairman)</td>
<td>Non-Executive Independent</td>
</tr>
<tr>
<td>Mr. E.P.A. Cooray</td>
<td>Non-Executive Independent</td>
</tr>
<tr>
<td>Mr. A.T.P. Edirisinghe</td>
<td>Non-Executive Independent</td>
</tr>
<tr>
<td>Mr. C.S.R.S. Anthony</td>
<td>Executive</td>
</tr>
</tbody>
</table>

**Committee Meetings**

The Committee met on four occasions during the financial year. The attendance at these meetings are given in the above table. The activities and observations of the Committee have been communicated to the Board of Directors, quarterly, through verbal briefings, and by tabling the minutes of the Committee’s meetings.

**Related Party Transactions during the year**

The committee reviewed the related party transactions during the year under review. Further, there were no non-recurrent nor recurrent related party transactions that exceeded the threshold mentioned in the continuing listing rules of the CSE.

Details of other related party transactions entered into by the Company and its subsidiary during the above period is disclosed in Notes 25.2 and 25.3 in page 105 and 106 to the Financial Statements.

**Scope of the Committee**

Developing and recommending for adoption by the Board of Directors of the Company, a Related Party Transactions Policies and Procedures.

Updating the Board of Directors on the related party transactions of the Group on a quarterly basis.

Making immediate market disclosures on applicable related party transactions as required by Section 9 of the Continuing Listing Rules of CSE.

Making appropriate disclosures on related party transactions in the Annual Report as required by Section 9 of the Continuing Listing rules of CSE.

**Policies and Procedures adopted by the Committee**

The Company has in place a Related Party Transaction identification and disclosure procedure whereby the categories of persons who shall be considered as ‘related parties’ has been identified. In accordance with the above procedure, self-declarations are obtained from each Director/Key Management Personnel of the Company for the purpose of identifying parties related to them. The Committee endeavours to meet at least quarterly, review and report to the Board on matters involving related party transactions falling under its scope.

**N. Wadugodapitiya**

Chairman
Related Party Transactions Review Committee
9th June, 2020
Annual Report of the Board of Directors on the Affairs of the Company

The Directors of The Lighthouse Hotel PLC (the ‘Company’) present their Report together with the Audited Consolidated Financial Statements of the Company for the year ended 31st March, 2020.

The details set out herein provide the pertinent information required by the Companies Act No. 07 of 2007 (the ‘Companies Act’), Listing Rules of the Colombo Stock Exchange (the ‘Listing rules’) and are guided by recommended best accounting practices.

Review of the Year
The Chairman’s Letter and the Management Discussion and Analysis describes the year’s operations, financial performance, sustainability review and details of the future development of the Company.

The Principal Activity of the Company
The Company owns and operates Jetwing Lighthouse and Jetwing Kurulubedda which are targeted at the up market leisure travellers.

The fully-owned subsidiary namely Unawatuna Properties (Pvt) Ltd commenced commercial operations of Hotel J – Unawatuna in December 2017.

Financial Statements
The Consolidated Financial Statements of the Company duly signed by Directors are given on pages 58 to 111 in this Annual Report.

Auditor’s Report
The Auditor’s Report on the Consolidated Financial Statements is given on pages 54 to 57.

Accounting Policies
The accounting policies adopted by the Group in the preparation of Consolidated Financial Statements are given on pages 64 to 79 in this Annual Report.

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of new accounting standards, SLFRS 16 – Leases as detailed in Note 2.4.1.1 in page 65 to the financial statements.

Interests Register Directors’ Interests in Transactions
The Directors of the Company have made the general disclosures provided for in Section 192 (2) of the Companies Act No. 07 of 2007. The related party disclosures and the Directors of each of those related parties are given on pages 113 to 117.

Related Party Transactions
The Company has complied with the rules set out in Section 9 of the Listing Rules pertaining to Related Party Transactions.

Directors’ Remuneration
The aggregate emoluments paid to the Non-Executive Directors during the year, amounting to Rs. 2,370,000/- is reflected on page 104 in Note 25.1 to the Financial Statements.

Insurance and Indemnity
The Company has obtained a Corporate Guard Insurance Policy from Allianz Insurance Lanka Ltd. to indemnify Directors and Officers (D&O) of the Company. The policy is extended worldwide excluding USA and Canada with a total cover of Rs. 25,000,000/-. The premium is Rs. 214,500/- +Taxes.

Directors’ Interests in Shares
There were no changes in the Directors’ direct shareholdings during the year other than the following:

- Mr. A.T.P Edirisinghe, Non-Executive Independent Director has sold 1000 shares on 24th June 2019.
- Mrs. A.M.J Cooray transferred shares as a gift to:
  - Ms. N.T.M.S Cooray – 605,892 shares
  - Mr. N.J.H.M Cooray – 605,892 shares

Directors’ Shareholding

<table>
<thead>
<tr>
<th>Directors’ Direct Shareholding</th>
<th>As at 31st March, 2020</th>
<th>As at 1st April, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. N.J.H.M. Cooray</td>
<td>1,354,695</td>
<td>748,803</td>
</tr>
<tr>
<td>Ms. N.T.M.S. Cooray</td>
<td>1,395,695</td>
<td>789,803</td>
</tr>
<tr>
<td>Mr. R.A.E. Samarakasinghe</td>
<td>50,000</td>
<td>50,000</td>
</tr>
<tr>
<td>Mr. C.S.R.S. Anthony</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td>Mr. R. de Silva</td>
<td>10,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Mr. A.T.P. Edirisinghe</td>
<td>-</td>
<td>1,000</td>
</tr>
</tbody>
</table>
Stewardship

Annual Report of the Board of Directors on the Affairs of the Company Contd.

**Directorate**
Names of the Directors who held office during the financial year are given below:

**Executive Directors**
Mr. N.J.H.M. Cooray (Chairman)
Mr. R.A.E. Samarasinghe (Managing Director)
Ms. N.T.M.S. Cooray
Mr. C.S.R.S. Anthony

**Non-Executive Directors**
Ms. A.M. Ondaatjie

**Non-Executive Independent Directors**
Mr. N. Wadugodapitiya
Mr. R. de Silva
Mr. E.P.A. Cooray
Dr. C. Pathiraja
Mr. T. Nadesan
Mr. A.T.P. Edirisinghe

Mr. N. Wadugodapitiya, Mr. R. de Silva, Mr. E.P.A. Cooray, Mr. A.T.P. Edirisinghe, Mr. T. Nadesan and Dr. C. Pathiraja have served as Non-Executive Directors of the Company for more than nine (09) years. They have not been directly involved in the management of the Company and continue to exercise objectivity in the performance of their duties.

Having considered the above, Board of Directors have resolved that Mr. N. Wadugodapitiya, Mr. R. de Silva, Mr. E.P.A. Cooray, Mr. A.T.P. Edirisinghe, Mr. T. Nadesan and Dr. C. Pathiraja are Independent Directors notwithstanding the fact that they have served on the Board for more than nine (09) years and that they should continue in office as such because it is beneficial to the Company and its shareholders.

Notice has been given pursuant to Section 211 of the Companies Act No. 07 of 2007 of the intention to propose an ordinary resolution, for the reappointment of Mr. A.T.P. Edirisinghe, who is above the age of 70 years, notwithstanding the age limit stipulated by Section 210 of the Companies Act.

Further, Notice has been given pursuant to Section 211 of the Companies Act No. 07 of 2007 of the intention to propose an ordinary resolution, for the reappointment of Mr. E.P.A. Cooray, who is above the age of 70 years, notwithstanding the age limit stipulated by Section 210 of the Companies Act.

**Subsidiary Board of Directors**
The names of Directors of Unawatuna Properties (Pvt) Ltd. who held office during the financial year are given below:
Mr. N.J.H.M. Cooray
Mr. R.A.E. Samarasinghe

**Donations**
At the last Annual General Meeting shareholders authorised Directors to determine contributions to donations. The donations given during the year amounted to Rs. 378,000/-.

**Auditors**
Messrs Ernst & Young, Chartered Accountants are deemed reappointed, in terms of Section 158 of the Companies Act No. 07 of 2007 as Auditors of the Company.

A resolution proposing the Directors be authorized to determine the remuneration of the Auditors will be submitted to the Annual General Meeting.

**Auditor’s Remuneration**
Messrs Ernst & Young were paid Rs. 733,945/- and Rs. 863,129/- as audit fees and expenses by the Company and Group respectively. In addition, they were paid Rs. 432,400/- by the Company for non-audit related work, which consisted mainly of tax consultancy and advisory.

As far as the Directors are aware, the Auditor does 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 interests in the Company.

**Turnover**
The turnover for the year was Rs. 509,567,637/- (2018/19 – Rs. 850,117,803/-).
Annual Report of the Board of Directors on the Affairs of the Company Contd.

Profit / (Loss)

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LKR</td>
<td>LKR</td>
</tr>
<tr>
<td>Net Profit/(Loss) for the Year after Providing for all Expenses, known Liabilities and Depreciation of Fixed Assets was</td>
<td>(96,310,714)</td>
<td>102,557,572</td>
</tr>
<tr>
<td>Other Comprehensive Income/(Loss)</td>
<td>(12,407)</td>
<td>(2,830,082)</td>
</tr>
<tr>
<td>Prior Year Retained Profit</td>
<td>428,429,466</td>
<td>328,701,976</td>
</tr>
<tr>
<td>Retained Profit at the End of the Year</td>
<td>332,106,345</td>
<td>428,429,466</td>
</tr>
</tbody>
</table>

Reserves

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LKR</td>
<td>LKR</td>
</tr>
<tr>
<td>Revaluation Reserve</td>
<td>1,080,326,538</td>
<td>750,765,938</td>
</tr>
<tr>
<td>Special Reserve</td>
<td>1,325,671,060</td>
<td>1,325,671,060</td>
</tr>
<tr>
<td>Fair value Reserve of Financial Asset at FVOCI</td>
<td>(5,703,902)</td>
<td>(549,408)</td>
</tr>
<tr>
<td>As at 31st March,</td>
<td>2,400,293,696</td>
<td>2,075,887,590</td>
</tr>
</tbody>
</table>

Revaluation Reserve

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LKR</td>
<td>LKR</td>
</tr>
<tr>
<td>As at the beginning of the Year</td>
<td>750,765,938</td>
<td>750,765,938</td>
</tr>
<tr>
<td>Effect on Revaluation carried out during the year</td>
<td>383,210,000</td>
<td>-</td>
</tr>
<tr>
<td>Deferred Tax attributable to Revaluation surplus</td>
<td>(53,649,400)</td>
<td>-</td>
</tr>
<tr>
<td>As at 31st March,</td>
<td>1,080,326,538</td>
<td>750,765,938</td>
</tr>
</tbody>
</table>

Special Reserve

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LKR</td>
<td>LKR</td>
</tr>
<tr>
<td>As at the beginning of the Year</td>
<td>1,325,671,060</td>
<td>1,325,671,060</td>
</tr>
<tr>
<td>Transferred from Retained Earnings</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>As at 31st March,</td>
<td>1,325,671,060</td>
<td>1,325,671,060</td>
</tr>
</tbody>
</table>

With the adoption of SLFRS, the Company opted to reflect its building at deemed cost. The Board resolved to transfer such impact to a Special Reserve during the year 2013. This Special Reserve is available to be used in a manner determined by the Board from time to time.
Stewardship

Annual Report of the Board of Directors on the Affairs of the Company Contd.

Fair value Reserve of Financial Asset at FVOCI

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at the beginning of the Year</td>
<td>(549,408)</td>
<td>-</td>
</tr>
<tr>
<td>Loss on Fair value through other comprehensive income Financial Instruments</td>
<td>(5,154,494)</td>
<td>(572,615)</td>
</tr>
<tr>
<td>Effect of adoption of SLFRS 9 Financial Instruments</td>
<td>23,207</td>
<td></td>
</tr>
<tr>
<td>As at 31st March,</td>
<td>(5,703,902)</td>
<td>(549,408)</td>
</tr>
</tbody>
</table>

Taxation

Pursuant to an agreement dated 29th January, 1994, entered into with the Board of Investment under Section 17 of the Board of Investment Law, the Company is taxed at the rate of 2% of the turnover from 1st April, 2008 for a period of 15 years in accordance with the said agreement. However, taxation on interest income earned has been provided for, based on the provisions of the Inland Revenue Act. Income tax on operation of Hotel J, Galle Heritage Villa and Kurulubedda are computed on taxable profits at prevailing rates stipulated by the Inland Revenue Act.

Property, Plant and Equipment

The total expenditure on acquisition of Property, Plant and Equipment during the year by the Group and Company amounted to Rs. 235,711,626/- (2019 – Rs. 29,860,620/-) and Rs. 235,144,536/- (2019 – Rs. 26,294,840/-) respectively. Further, details of which are given in Note 4.1 to the Financial Statements on pages 80 and 81.

Market value of the land including the valuation method and the effective date of the valuation are provided in Note 4.4 to the Financial Statements on page 85.

Stated Capital

There were no changes in the Company’s Stated Capital during the year under review. In terms of the Companies Act No. 07 of 2007, the Stated Capital of the Company was Rs. 460,000,974/- as at 31st March, 2020 (Comprising 46,000,000 ordinary shares).

Events Occurring after the Reporting Date

There have been no material events occurring after the Reporting date that require adjustments to or disclosures in the Consolidated Financial Statements.

Statutory Payments

The Directors confirm that to the best of their knowledge all taxes and dues payable by the Group and all contributions, levies and taxes payable on behalf of and in respect of the employees of the Group and all other known statutory dues as were due as at the Reporting date have been paid or provided.
Annual Report of the Board of Directors on the Affairs of the Company Contd.

Public Shareholding

As at 31st March, 2020, 31.45% of the issued capital of the Company was held by the public, comprising 1,175 shareholders and the float adjusted market capitalisation of Rs 347,208,000/-. In terms of Rule 7.13.1 (b) of the Listing rules of the Colombo Stock Exchange, the Company qualifies under option 2 of the minimum public holding requirement.

Going Concern

In determining the basis of preparing the financial statements for the year ended 31 March 2020, based on available information, the management has assessed the existing and anticipated effects of COVID 19 on the Group Companies and the appropriateness of the use of the going concern basis. The Group evaluated the resilience of its businesses considering a wide range of factors under multiple scenarios, relating to expected revenue, cost management, profitability, ability to defer non-essential capital expenditure, debt repayment reschedulings, and the amount of undrawn borrowing facilities, and potential sources of financing facilities.

Having evaluated each company of The Lighthouse Hotel PLC by the Board of Directors, and after due consideration of the range and likelihood of outcomes, the Directors are satisfied that the Company and its subsidiaries have adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing and presenting these financial statements.

For and on behalf of the Board,

N.J.H.M Cooray
Chairman

R.A.E. Samarasinghe
Managing Director

CORPORATE SERVICES (PVT) LTD.
Secretaries
The Lighthouse Hotel PLC
9th June, 2020
Statement of Directors’ Responsibilities

The Directors are responsible, under Sections 150 (1) and 151, of the Companies Act No. 07 of 2007, to ensure compliance with the requirements set out there into prepare Financial Statements for each financial year giving a true and fair view of the state of affairs of the Company and the Income Statement of the financial year-end. The Directors are also responsible, under Section 148 for ensuring that proper accounting records are kept to disclose, with reasonable accuracy, the financial position and enable preparation of the Financial Statements.

The Board accepts responsibility for the integrity and objectivity of the Financial Statements presented. The Directors confirm that in preparing the Consolidated Financial Statements, appropriate accounting policies have been selected and applied consistently while reasonable and prudent judgments have been made so that the form and substance of transactions are properly reflected.

They also confirm that the Consolidated Financial Statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRS & LKAS). The Financial Statements provide the information required by the Companies Act.

The Directors have taken reasonable measures to safeguard the assets of the Company and in that context, have instituted appropriate systems of internal control with a view to preventing and detecting fraud and other irregularities.

The External Auditors, Messrs Ernst & Young, are reappointed in terms of Section 158 of the Companies Act No. 07 of 2007 were provided with every opportunity to undertake the inspections they considered appropriate to enable them to form their opinion on the Financial Statements. The Report of the Auditors, shown on pages 54 to 57 sets out their responsibilities in relation to the Financial Statements.

Compliance Report

The Directors confirm that to the best of their knowledge, all statutory payments relating to employees and the Government that were due in respect of the Company as at the Reporting date have been paid or where relevant, provided for.

By Order of the Board,

THE LIGHTHOUSE HOTEL PLC

Corporate Services (Pvt) Ltd.
Secretaries
216, De Saram Place,
Colombo 10.
9 June 2020
### Financial Calendar

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audited Financial Statements signed on</td>
<td>9 June 2020</td>
</tr>
<tr>
<td>26th Annual General Meeting</td>
<td>27 August 2020</td>
</tr>
</tbody>
</table>

### Interim Financial Statements

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st Quarter</td>
<td>8 August 2019</td>
</tr>
<tr>
<td>2nd Quarter</td>
<td>31 October 2019</td>
</tr>
<tr>
<td>3rd Quarter</td>
<td>5 February 2020</td>
</tr>
<tr>
<td>4th Quarter</td>
<td>29 May 2020</td>
</tr>
</tbody>
</table>
TO THE SHAREHOLDERS OF THE LIGHTHOUSE HOTEL PLC

Report on the audit of the financial statements

Opinion
We have audited the financial statements of The Lighthouse Hotel 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 31 March 2020 and the statement of profit or loss, 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.

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 31 March 2020, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Key audit matters
Key audit matters are those matters that, in our professional judgment, 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Basis for opinion
We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by CA Sri Lanka (“Code of Ethics”) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.
### Key audit matters common to the Group

<table>
<thead>
<tr>
<th>Key audit matter</th>
<th>How our audit addressed the key audit matter</th>
</tr>
</thead>
</table>
| Management’s Assessment of the impacts of the COVID 19 pandemic on the operations of Group | Our audit procedures included the following;  
• We gained an understanding of Management’s assessment of the impact of the COVID-19 pandemic on the operations of the respective hotel of the Group.  
• We obtained an understanding of the procedures adopted by the management to manage and mitigate the prevailing business interruption which are disclosed in Note 2.3 and 29.  
• We engaged our internal specialized resources to assist us in:  
  – assessing the reasonableness of the significant assumptions such as occupancy levels, anticipated average room rates and cost management measures in such cashflow projections, and  
  – evaluating the sensitivity of the projected available funding by considering assumed scenarios together with reasonable changes to the key assumptions.  
• We inspected the facility agreements for the Group’s interest bearing loans and assessed the Group’s compliance with the covenants in understanding the availability of adequate funding.  
• We reviewed the adequacy of the disclosures made in notes (2.3, 2.8 a) and 29 in the financial statements. |
| Free-hold land revaluation.                                                       | Our audit procedures focused on the valuation performed by the external valuer, which included among others, the following procedures.  
• We evaluated the competence, capabilities and objectivity of the external valuer engaged by the management.  
• We read the valuation report signed by the valuer to obtain an understanding of the work of the valuer and evaluated its appropriateness as audit evidence for the recorded valuation of free-hold land in the financial statement.  
• We engaged our internal specialized resources to assist us in assessing appropriateness of the valuation techniques used and the reasonableness of the significant judgements and assumptions such as per perch price used by the valuer.  
• In addition, we evaluated the overall adequacy of the financial statement disclosure in Note 4 related to the significant judgements and estimates used by the external valuer and their sensitivities. |

Management has assessed the impact of Covid-19 pandemic on its business and financial statements of the group as disclosed in Note 2.3, 2.8 a) and 29 .

We considered management’s assessment in the wake of the impact of COVID-19 pandemic as a key audit matter since it involved the use of significant management judgments and estimates considering future events, circumstances and impacts on cash flows.

The nature of the significant assumptions involved, and their sensitivity are disclosed in note 2.8 a) to the financial statements.

As of 31 March 2020, the Group carried free-hold land at fair value amounting to Rs. 1,368,524,962 which represents 36% of the total assets of the Group, as further disclosed in Note 4 to the financial statements.

Fair value was determined by an external valuer engaged by the Group. The valuation is subjective to the assumptions such as price range per perch and judgements used by the valuer. Due to the significant proportion which free-hold land represents in relation to the total assets and given the significance of assumptions associated with the valuation, we have considered the revaluation of free-hold land as a key audit matter.

The nature of the significant judgements and the assumptions involved, and their sensitivities are disclosed in Notes 2.8 b) and 4 to the Group financial statements.
Other Information included in the 2020 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor’s report thereon. The Management is responsible for the other information. The Company’s 2020 Annual Report is expected to be available for auditors after the date of this audit report.

Our opinion on the financial statements does not cover 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 and, in doing so, consider whether other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of the management and those charged with governance

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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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 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 these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the 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 internal controls of the Company and the Group.

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 a 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 appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the 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 1864.

09 June 2020
Colombo
## Statement of Financial Position

As at 31 March

<table>
<thead>
<tr>
<th>Note</th>
<th>2020 LKR</th>
<th>2019 LKR</th>
<th>2020 LKR</th>
<th>2019 LKR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, Plant and Equipment</td>
<td>4</td>
<td>3,616,327,104</td>
<td>3,115,583,824</td>
<td>3,340,803,254</td>
</tr>
<tr>
<td>Right of Use Assets</td>
<td>5</td>
<td>2,242,425</td>
<td>-</td>
<td>2,242,425</td>
</tr>
<tr>
<td>Prepaid Lease rental</td>
<td>6</td>
<td>-</td>
<td>2,272,728</td>
<td>-</td>
</tr>
<tr>
<td>Investments in Subsidiary</td>
<td>8</td>
<td>-</td>
<td>-</td>
<td>225,000,000</td>
</tr>
<tr>
<td>Intangible Assets</td>
<td>7</td>
<td>672,137</td>
<td>1,059,269</td>
<td>150,568</td>
</tr>
<tr>
<td>Other Non-current Financial Assets</td>
<td>9</td>
<td>81,559,358</td>
<td>86,713,852</td>
<td>81,559,358</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td></td>
<td>3,700,801,024</td>
<td>3,205,629,673</td>
<td>3,649,755,605</td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>10</td>
<td>26,279,014</td>
<td>27,458,840</td>
<td>25,413,936</td>
</tr>
<tr>
<td>Trade and Other Receivables</td>
<td>11</td>
<td>88,384,414</td>
<td>136,300,719</td>
<td>90,246,633</td>
</tr>
<tr>
<td>Cash at Bank and in Hand</td>
<td>22</td>
<td>21,136,649</td>
<td>42,142,257</td>
<td>21,060,872</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td></td>
<td>135,800,077</td>
<td>205,901,816</td>
<td>136,721,441</td>
</tr>
<tr>
<td><strong>EQUITY AND LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity Attributable to Equity holders of the Parent</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stated Capital</td>
<td>12</td>
<td>460,000,974</td>
<td>460,000,974</td>
<td>460,000,974</td>
</tr>
<tr>
<td>Reserves</td>
<td>13</td>
<td>2,400,293,696</td>
<td>2,075,887,590</td>
<td>2,382,977,912</td>
</tr>
<tr>
<td>Retained Earnings</td>
<td></td>
<td>332,106,345</td>
<td>428,429,466</td>
<td>410,465,691</td>
</tr>
<tr>
<td><strong>Total Equity</strong></td>
<td></td>
<td>3,192,401,015</td>
<td>2,964,318,030</td>
<td>3,253,444,577</td>
</tr>
<tr>
<td>Non-controlling Interest</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Equity and Liabilities</strong></td>
<td></td>
<td>3,192,401,015</td>
<td>2,964,318,030</td>
<td>3,253,444,577</td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Post-employment Benefit Liability</td>
<td>14</td>
<td>41,615,874</td>
<td>37,395,958</td>
<td>41,324,332</td>
</tr>
<tr>
<td>Interest-bearing Loans and Borrowings</td>
<td>15</td>
<td>222,485,048</td>
<td>108,626,788</td>
<td>148,947,688</td>
</tr>
<tr>
<td>Deferred Tax Liabilities</td>
<td>20</td>
<td>176,292,012</td>
<td>125,709,126</td>
<td>174,096,910</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td></td>
<td>440,392,934</td>
<td>271,731,872</td>
<td>364,368,930</td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and Other Payables</td>
<td>16</td>
<td>93,365,631</td>
<td>131,827,786</td>
<td>83,926,299</td>
</tr>
<tr>
<td>Current portion of Interest-bearing Loans and Borrowings</td>
<td>15</td>
<td>108,726,342</td>
<td>39,936,433</td>
<td>83,022,061</td>
</tr>
<tr>
<td>Income Tax Payable</td>
<td></td>
<td>1,715,179</td>
<td>3,717,368</td>
<td>1,715,179</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td></td>
<td>203,807,152</td>
<td>175,481,587</td>
<td>168,663,539</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td></td>
<td>644,200,086</td>
<td>447,213,459</td>
<td>533,032,469</td>
</tr>
<tr>
<td><strong>Total Equity and Liabilities</strong></td>
<td></td>
<td>3,836,601,101</td>
<td>3,411,531,489</td>
<td>3,786,477,046</td>
</tr>
</tbody>
</table>

I certify that these Financial Statements are in compliance with the requirements of the Companies Act No 07 of 2007.

C.S.R.S. Anthony - Director

The Board of Directors is responsible for these Financial Statements. Signed for and on behalf of the Board by:

R.A.E. Samarasinghe - Managing Director

N.T.M.S. Cooray - Director

The Accounting Policies and Notes on pages 64 through 111 form an integral part of the Financial Statements.

09 June 2020
Colombo
## Statement of Profit or Loss

**Year ended 31 March**

<table>
<thead>
<tr>
<th></th>
<th>Note</th>
<th>2020 LKR</th>
<th>2019 LKR</th>
<th>2020 LKR</th>
<th>2019 LKR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>3</td>
<td>509,567,637</td>
<td>850,117,803</td>
<td>471,091,086</td>
<td>810,688,021</td>
</tr>
<tr>
<td><strong>Cost of Sales</strong></td>
<td></td>
<td>(103,202,967)</td>
<td>(157,850,935)</td>
<td>(97,739,246)</td>
<td>(151,761,323)</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td></td>
<td>406,364,670</td>
<td>692,266,868</td>
<td>373,351,840</td>
<td>658,926,698</td>
</tr>
<tr>
<td><strong>Other Income &amp; Gains</strong></td>
<td>17</td>
<td>1,999,003</td>
<td>8,001,833</td>
<td>1,995,015</td>
<td>7,996,643</td>
</tr>
<tr>
<td><strong>Marketing and Promotional Expenses</strong></td>
<td></td>
<td>(19,779,606)</td>
<td>(26,994,679)</td>
<td>(17,376,736)</td>
<td>(24,016,651)</td>
</tr>
<tr>
<td><strong>Administrative Expenses</strong></td>
<td></td>
<td>(453,989,773)</td>
<td>(517,899,220)</td>
<td>(414,484,957)</td>
<td>(478,461,348)</td>
</tr>
<tr>
<td><strong>Finance Cost</strong></td>
<td>18.1</td>
<td>(18,704,343)</td>
<td>(21,790,030)</td>
<td>(7,975,596)</td>
<td>(10,901,546)</td>
</tr>
<tr>
<td><strong>Finance Income</strong></td>
<td>18.2</td>
<td>1,394,324</td>
<td>758,904</td>
<td>2,151,629</td>
<td>747,220</td>
</tr>
<tr>
<td><strong>Exchange Loss on Foreign Currency Loan Conversion</strong></td>
<td></td>
<td>(6,776,645)</td>
<td>(12,094,500)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Profit/(Loss) before Tax</strong></td>
<td></td>
<td>(89,492,370)</td>
<td>122,249,176</td>
<td>(62,338,805)</td>
<td>154,291,016</td>
</tr>
<tr>
<td><strong>Income Tax Expense</strong></td>
<td>20</td>
<td>(6,818,344)</td>
<td>(19,691,604)</td>
<td>(9,170,128)</td>
<td>(16,836,879)</td>
</tr>
<tr>
<td><strong>Profit/(Loss) for the Year</strong></td>
<td></td>
<td>(96,310,714)</td>
<td>102,557,572</td>
<td>(71,508,933)</td>
<td>137,454,137</td>
</tr>
<tr>
<td><strong>Attributable to:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity holders of the Parent Company</td>
<td></td>
<td>(96,310,714)</td>
<td>102,557,572</td>
<td>(96,310,714)</td>
<td>102,557,572</td>
</tr>
<tr>
<td>Non-controlling Interests</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Earnings/(Loss) Per Share</strong></td>
<td>21</td>
<td>(2.09)</td>
<td>2.23</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The Accounting Policies and Notes on pages 64 through 111 form an integral part of the Financial Statements.
Statement of Comprehensive Income

Year ended 31 March

<table>
<thead>
<tr>
<th>Note</th>
<th>Group 2020</th>
<th>Group 2019</th>
<th>Company 2020</th>
<th>Company 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LKR</td>
<td>LKR</td>
<td>LKR</td>
<td>LKR</td>
</tr>
<tr>
<td>Profit/(Loss) for the Year</td>
<td>(96,310,714)</td>
<td>102,557,572</td>
<td>(71,508,933)</td>
<td>137,454,137</td>
</tr>
</tbody>
</table>

Other Comprehensive Income

Other Comprehensive Income to be reclassified to Statement of Profit or Loss in subsequent periods:

<table>
<thead>
<tr>
<th>Description</th>
<th>2020</th>
<th>2019</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss on Available-for-Sale Financial Instruments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
| Other Comprehensive Income not to be reclassified to Statement of Profit or Loss in subsequent periods:
| Loss on Fair Value Through Other Comprehensive Income Financial Instruments | (5,154,494) | (572,615)  | (5,154,494) | (572,615)  |
| Actuarial Gain/(Loss) on Post Employment Benefit Liability      | (14,427)   | (3,290,793)| 5,096      | (3,290,793)|
| Deferred Tax Attributable to Post Employment Benefit Liability | 2,020      | 460,711    | (714)      | 460,711    |
| Revaluation Surplus of Freehold Land                           | 383,210,000| -          | 374,360,000| -          |
| Deferred Tax Attributable to Revaluation Surplus               | (53,649,400)| -          | (52,410,400)| -          |
| Other Comprehensive Income/(Loss) for the Year, net of tax      | 324,393,699| (3,402,697)| 316,799,488| (3,402,697)|
| Total Comprehensive Income for the Year, net of tax            | 228,082,985| 99,154,875 | 245,290,555| 134,051,440|

Attributable to:

<table>
<thead>
<tr>
<th>Description</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity holders of the Parent Company</td>
<td>228,082,985</td>
<td>99,154,875</td>
</tr>
<tr>
<td>Non-controlling Interests</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

The Accounting Policies and Notes on pages 64 through 111 form an integral part of the Financial Statements.
## Statement of Changes in Equity

### Attributable to Equity Holders of Parent

<table>
<thead>
<tr>
<th>Group</th>
<th>Stated Capital</th>
<th>Revaluation Reserve</th>
<th>Fair value Reserve of Financials at FVOCI</th>
<th>Special Reserve</th>
<th>Retained Earnings</th>
<th>Total</th>
<th>Non-controlling Interest</th>
<th>Total Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LKR</td>
<td>LKR</td>
<td>LKR</td>
<td>LKR</td>
<td>LKR</td>
<td>LKR</td>
<td>LKR</td>
<td>LKR</td>
</tr>
<tr>
<td><strong>Balance as at 01 April 2018</strong></td>
<td>460,000,974</td>
<td>750,765,938</td>
<td>23,207</td>
<td>1,325,671,060</td>
<td>328,701,976</td>
<td>2,865,163,155</td>
<td>-</td>
<td>2,865,163,155</td>
</tr>
<tr>
<td>Profit for the Year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>102,557,572</td>
<td>102,557,572</td>
<td>-</td>
</tr>
<tr>
<td>Other Comprehensive Income/(Loss)</td>
<td>-</td>
<td>-</td>
<td>(572,615)</td>
<td>-</td>
<td>(2,830,082)</td>
<td>(3,402,697)</td>
<td>-</td>
<td>(3,402,697)</td>
</tr>
<tr>
<td>Total Comprehensive Income/(Loss)</td>
<td>-</td>
<td>-</td>
<td>(572,615)</td>
<td>-</td>
<td>99,727,490</td>
<td>99,154,875</td>
<td>-</td>
<td>99,154,875</td>
</tr>
<tr>
<td><strong>Balance as at 31 March 2019</strong></td>
<td>460,000,974</td>
<td>750,765,938</td>
<td>(549,408)</td>
<td>1,325,671,060</td>
<td>428,429,466</td>
<td>2,964,318,030</td>
<td>-</td>
<td>2,964,318,030</td>
</tr>
<tr>
<td>Profit/(Loss) for the Year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(96,310,714)</td>
<td>(96,310,714)</td>
<td>-</td>
</tr>
<tr>
<td>Other Comprehensive Income/(Loss)</td>
<td>-</td>
<td>329,560,600</td>
<td>(5,154,494)</td>
<td>-</td>
<td>(12,407)</td>
<td>324,393,699</td>
<td>-</td>
<td>324,393,699</td>
</tr>
<tr>
<td>Total Comprehensive Income/(Loss)</td>
<td>-</td>
<td>329,560,600</td>
<td>(5,154,494)</td>
<td>-</td>
<td>(96,323,121)</td>
<td>228,082,985</td>
<td>-</td>
<td>228,082,985</td>
</tr>
<tr>
<td><strong>Balance as at 31 March 2020</strong></td>
<td>460,000,974</td>
<td>1,080,326,538</td>
<td>(5,703,902)</td>
<td>1,325,671,060</td>
<td>332,106,345</td>
<td>3,192,401,015</td>
<td>-</td>
<td>3,192,401,015</td>
</tr>
</tbody>
</table>

The Accounting Policies and Notes on pages 64 through 111 form an integral part of the Financial Statements.
## Statement of Changes in Equity

<table>
<thead>
<tr>
<th>Company</th>
<th>Stated Capital</th>
<th>Revaluation Reserve</th>
<th>Fair value Reserve of Financials Assets at FVOCI</th>
<th>Special Reserve</th>
<th>Retained Earnings</th>
<th>Total Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LKR</td>
<td>LKR</td>
<td>LKR</td>
<td>LKR</td>
<td>LKR</td>
<td>LKR</td>
</tr>
<tr>
<td>Balance as at 01 April 2018</td>
<td>460,000,974</td>
<td>741,061,154</td>
<td>23,207</td>
<td>1,325,671,060</td>
<td>347,346,187</td>
<td>2,874,102,582</td>
</tr>
<tr>
<td>Profit for the Year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>137,454,137</td>
<td>137,454,137</td>
</tr>
<tr>
<td>Other Comprehensive Income/(Loss)</td>
<td>-</td>
<td>-</td>
<td>(572,615)</td>
<td>-</td>
<td>(2,830,082)</td>
<td>(3,402,697)</td>
</tr>
<tr>
<td>Total Comprehensive Income/(Loss)</td>
<td>-</td>
<td>-</td>
<td>(572,615)</td>
<td>-</td>
<td>134,624,055</td>
<td>134,051,440</td>
</tr>
<tr>
<td>Balance as at 31 March 2019</td>
<td>460,000,974</td>
<td>741,061,154</td>
<td>(549,408)</td>
<td>1,325,671,060</td>
<td>481,970,242</td>
<td>3,008,154,022</td>
</tr>
<tr>
<td>Profit/(Loss) for the Year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(71,508,933)</td>
<td>(71,508,933)</td>
</tr>
<tr>
<td>Other Comprehensive Income/(Loss)</td>
<td>-</td>
<td>321,949,600</td>
<td>(5,154,494)</td>
<td>-</td>
<td>4,382</td>
<td>316,799,488</td>
</tr>
<tr>
<td>Total Comprehensive Income/(Loss)</td>
<td>-</td>
<td>321,949,600</td>
<td>(5,154,494)</td>
<td>-</td>
<td>(71,504,551)</td>
<td>245,290,555</td>
</tr>
<tr>
<td>Balance as at 31 March 2020</td>
<td>460,000,974</td>
<td>1,063,010,754</td>
<td>(5,703,902)</td>
<td>1,325,671,060</td>
<td>410,465,691</td>
<td>3,253,444,577</td>
</tr>
</tbody>
</table>

The Accounting Policies and Notes on pages 64 through 111 form an integral part of the Financial Statements.
# Statement of Cash Flows

<table>
<thead>
<tr>
<th>Year ended 31 March</th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Note</td>
<td>2020</td>
<td>2019</td>
</tr>
<tr>
<td></td>
<td>LKR</td>
<td>LKR</td>
</tr>
</tbody>
</table>

## Cash Flows From Operating Activities

### Profit/(Loss) before Tax

<table>
<thead>
<tr>
<th>Note</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LKR</td>
<td>LKR</td>
</tr>
</tbody>
</table>

### Adjustments for:

- **Depreciation**: 4.2
  - 2020: 106,259,571
  - 2019: 96,486,389

- **Amortization of Right of Use Assets/Prepaid Lease Rental**: 5
  - 2020: 30,303
  - 2019: 30,303

- **Income from Investments - Interest Income**: 18.2
  - 2020: (1,394,324)
  - 2019: (758,904)

- **(Profit)/Loss on Disposal of Property, Plant and Equipment**: 19
  - 2020: 11,366,599
  - 2019: 1,331,389

- **Finance Costs**: 18.1
  - 2020: 18,704,343
  - 2019: 21,790,030

- **Provision for Defined Benefit Plans**: 14
  - 2020: 6,964,286
  - 2019: 6,431,034

- **Allowance for Doubtful Debts**: 19
  - 2020: 1,227,784
  - 2019: 1,198,281

- **Amortization of Intangible Assets**: 7
  - 2020: 387,132
  - 2019: 504,737

- **Exchange Loss from Conversion of Foreign Currency Loans**: 15
  - 2020: 6,776,645
  - 2019: 12,094,500

### Operating Profit before Working Capital Changes

<table>
<thead>
<tr>
<th>Note</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LKR</td>
<td>LKR</td>
</tr>
</tbody>
</table>

### (Increase)/Decrease in Inventories

<table>
<thead>
<tr>
<th>Note</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LKR</td>
<td>LKR</td>
</tr>
</tbody>
</table>

### (Increase)/Decrease in Trade and Other Receivables

<table>
<thead>
<tr>
<th>Note</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LKR</td>
<td>LKR</td>
</tr>
</tbody>
</table>

### Increase/(Decrease) in Trade and Other Payables

<table>
<thead>
<tr>
<th>Note</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LKR</td>
<td>LKR</td>
</tr>
</tbody>
</table>

### Net Cash from Operating Activities

<table>
<thead>
<tr>
<th>Note</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LKR</td>
<td>LKR</td>
</tr>
</tbody>
</table>

## Cash Flows From/(Used in) Investing Activities

### Acquisition of Property, Plant and Equipment

<table>
<thead>
<tr>
<th>Note</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LKR</td>
<td>LKR</td>
</tr>
</tbody>
</table>

### Acquisition of Intangible Assets

<table>
<thead>
<tr>
<th>Note</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LKR</td>
<td>LKR</td>
</tr>
</tbody>
</table>

### Proceeds from Sale of Property, Plant and Equipment

<table>
<thead>
<tr>
<th>Note</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LKR</td>
<td>LKR</td>
</tr>
</tbody>
</table>

### Interest Income

<table>
<thead>
<tr>
<th>Note</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LKR</td>
<td>LKR</td>
</tr>
</tbody>
</table>

### Short term loans (granted)/settled

<table>
<thead>
<tr>
<th>Note</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LKR</td>
<td>LKR</td>
</tr>
</tbody>
</table>

### Investment in Unawatuna Properties (Pvt) Ltd

<table>
<thead>
<tr>
<th>Note</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LKR</td>
<td>LKR</td>
</tr>
</tbody>
</table>

### Net Cash Flows Used in Investing Activities

<table>
<thead>
<tr>
<th>Note</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LKR</td>
<td>LKR</td>
</tr>
</tbody>
</table>

## Cash Flows From/(Used in) Financing Activities

### Proceeds from Interest Bearing Loans & Borrowings

<table>
<thead>
<tr>
<th>Note</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LKR</td>
<td>LKR</td>
</tr>
</tbody>
</table>

### Repayment of Interest Bearing Loans & Borrowings

<table>
<thead>
<tr>
<th>Note</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LKR</td>
<td>LKR</td>
</tr>
</tbody>
</table>

### Net Cash Flows Used in Financing Activities

<table>
<thead>
<tr>
<th>Note</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LKR</td>
<td>LKR</td>
</tr>
</tbody>
</table>

## Net Increase/(Decrease) in Cash and Cash Equivalents

<table>
<thead>
<tr>
<th>Note</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LKR</td>
<td>LKR</td>
</tr>
</tbody>
</table>

## Cash and Cash Equivalents at the Beginning of the Year

<table>
<thead>
<tr>
<th>Note</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LKR</td>
<td>LKR</td>
</tr>
</tbody>
</table>

## Cash and Cash Equivalents at the End of the Year

<table>
<thead>
<tr>
<th>Note</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LKR</td>
<td>LKR</td>
</tr>
</tbody>
</table>

The Accounting Policies and Notes on pages 64 through 111 form an integral part of the Financial Statements.
1. CORPORATE INFORMATION

1.1 General
The Lighthouse Hotel PLC (“Company”) is a limited liability company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The registered office of the Company is located at “Jetwing House” 46/26 Navam Mawatha, Colombo-2 and principal place of business is situated at Dadella, Galle.

1.2 Principal Activities and Nature of Operations
The Company owns and operates Jetwing Lighthouse and Jetwing Kurulubedda which are targeted at the up market leisure travellers.

The fully owned subsidiary of the company, Unawatuna Properties (Pvt) Ltd (Incorporated in Sri Lanka) which operates Hotel J- Unawatuna commenced commercial operation during December 2017.

Operating lease agreement to operate Galle Heritage Villa in Galle Fort expired with effect from 30th September 2019.

1.3 Parent Enterprise and Ultimate Parent Enterprise
The Company does not have an identifiable parent of its own.

1.4 Date of Authorization for Issue
The Financial Statements of The Lighthouse Hotel PLC and its subsidiary, for the year ended 31 March 2020 were authorized for issue in accordance with a resolution of the Board of Directors on 09 June 2020.

2. BASIS OF PREPARATION

2.1 Statement of Compliance
The Consolidated Financial Statements of the Company have been prepared in accordance with the Sri Lanka Accounting Standards as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), and in compliance with the Companies Act No. 7 of 2007.

2.2 Basis of measurement
The Consolidated Financial Statements have been prepared on a historical cost basis except for:
- Freehold Land measured at fair value
- Financial assets classified as fair value through other comprehensive income (FVOCI).
- The liability for Defined Benefit Obligations are actuarially valued and recognized at the present value.

2.3 Going Concern
In determining the basis of preparing the financial statements for the year ended 31 March 2020, based on available information, the management has assessed the existing and anticipated effects of COVID 19 on the Group Companies and the appropriateness of the use of the going concern basis. The Group evaluated the resilience of its businesses considering a wide range of factors under multiple scenarios, relating to expected revenue, cost management, profitability, ability to defer non-essential capital expenditure, debt repayment reschedulings, and the amount of undrawn borrowing facilities, and potential sources of financing facilities.

Having evaluated each company of The Lighthouse Hotel PLC by the Board of Directors, and after due consideration of the range and likelihood of outcomes, the Directors are satisfied that the Company and its subsidiaries have adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing and presenting these financial statements. Further information is provided in Note 2.8 a) and 29 below.

2.4 CHANGES IN ACCOUNTING POLICIES
The accounting policies adopted by the Group are consistent with those of the previous financial year except for the following;
2.4.1 Summary of New Accounting Policies
The following are the new significant accounting policies applied by the Group in preparing its Financial Statements. Several other amendments and interpretations apply for the first time in financial year 2019/20, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued, but are not yet effective.

2.4.1.1 SLFRS 16 Leases
The Group applies, for the first time, SLFRS 16 Leases. SLFRS 16 supersedes LKAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC 15 Operating Leases – Incentives and SIC 27 Evaluating the Substance of Transactions involving the legal form of a lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model. The Group has adopted SLFRS 16 using modified retrospective method from 1st April 2019, without restating comparatives for the 2018/19 reporting period, as permitted under the specific transitional provisions in the standard.

The effect of adoption of SLFRS 16 as at 1 April 2019 (increase/(decrease)) is as follows:

<table>
<thead>
<tr>
<th>Assets</th>
<th>Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Right of use assets</td>
<td>2,272,728</td>
</tr>
<tr>
<td>Prepaid lease rent</td>
<td>(2,272,728)</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>-</td>
</tr>
</tbody>
</table>

a) Nature of the effect of adoption of SLFRS 16
The Group has leasehold rights of land situated in Dadalla Galle obtained from The Urban Development Authority of Sri Lanka by the agreement dated 18th January 1995 for 99 years.

**Leases previously classified as leasehold properties and pre-paid operating leases**

For leases previously classified as Prepaid lease rent, the Group recognized the carrying amount of the lease asset immediately before transition as the carrying amount of the right of use asset. The requirements of SLFRS 16 were applied to these leases from 1st April 2019.

**Right of use assets**

The Group recognises right of use assets when the underlying asset is available for use. Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right of use assets are subject to impairment.

**Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Amounts recognised in the statement of financial position and income statement set out below, are the carrying amounts of the Group’s right of use assets and the movements for the period ended 31 March 2020.
2.4.1.2 IFRIC Interpretation 23: Uncertainty over Income Tax Treatments

Upon adoption of the interpretation, the group considered whether it has any significant uncertain tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The interpretation did not have impact on the financial Statements.

2.5 COMPARATIVE INFORMATION

The presentation and classification of the financial statements of the previous year has been amended, where relevant for better presentation and to be comparable with those of the current year.

2.6 BASIS OF CONSOLIDATION

The Consolidated Financial Statements (referred to as the “Group”) comprise the Financial Statements of the Company and its subsidiary as at 31 March 2020.

Control over an investee is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns when the Group has less than a majority of the voting or similar rights of an investee; the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
  - The contractual arrangement with the other vote holders of the investee;
  - Rights arising from other contractual arrangements; and
  - The Group’s voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee, if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Financial Statements of the subsidiary are prepared for the same reporting period as the parent Company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in the Profit or Loss statement. Any investment retained is recognised at fair value.

The total profits and losses for the year of the Company and of its subsidiary included in consolidation are shown in the consolidated Profit or Loss statement and consolidated statement of comprehensive income and all assets and liabilities of the Company and of its subsidiary included in consolidation are shown in the Consolidated statement of financial position. Non-controlling interest which represents the portion of profit or loss and net assets not held by the Group, are shown as a component of profit for the year in the Consolidated Profit or Loss statement and statement of comprehensive income and as a component of equity in the
Notes to the Financial Statements contd.

Consolidated statement of financial position, separately from equity attributable to the shareholders of the parent. The Consolidated statement of cash flows includes the cash flows of the Company and its subsidiary.

2.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPLIED

2.7.1 Business Combination and Goodwill
Business combinations are accounted for using the acquisition method of accounting. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree at the fair value or at the proportionate share of the acquiree’s identifiable net assets. Acquisition related costs are expensed as incurred and included in administrative expenses.

If the business combination is achieved in stages, the previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed.

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash generating units that are expected to benefit from the combination transferred; the gain is recognised in profit or loss.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

2.7.2 Foreign Currencies
The Financial Statements are presented in Sri Lanka Rupees, which is also the Group’s functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. Differences arising on settlement or translation of monetary items are recognised in the profit and loss. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

2.7.3 Revenue from Customer Contract
SLFRS 15 “Revenue from Contracts with Customers” outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found across several Standards and Interpretations within SLFRS. It establishes a new five-step model that will apply to revenue arising from contracts with customers.

Step 1: Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that create enforceable rights and obligations and sets out the criteria for each of those rights and obligations.

Step 2: Identify the performance obligations in the contract: A performance obligation in a contract is a promise to transfer a good or service to the customer that is distinct.

Step 3: Determine the transaction price: Transaction price is the amount of consideration to which the entity expects to be entitled in exchange for transferring the promised goods and services to a customer, excluding amounts collected from third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the entity will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the entity expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.
a) Room Revenue
Revenue is recognized on the rooms occupied on daily basis and after completing all other obligation related to the Room.

b) Food & Beverage Revenue
Food & Beverage Revenue is accounted at the time of sale.

c) Other Hotel Related Revenue
Other Hotel Related Revenue is accounted when such service is rendered.

d) Dividend and interest income
Dividend income from investments is recognised when the Group’s right to receive payment has been established. Interest income is accrued on a time basis with reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimates future cash receipts through the expected life of the financial asset to that asset’s net carrying amount on initial recognition.

e) Others
Other income is recognised on an accrual basis. Net gains and losses of a revenue nature on the disposal of Property, Plant & Equipment has been accounted for in the Statement of Profit or Loss, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses.

Gains and losses arising from incidental activities to main revenue generating activities and those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis.

2.7.4 Contract liabilities
A contract liability is recognised when the customer pays consideration before the group recognises the related revenue. Refundable guest deposits are recognised as contract liabilities in the group’s financial statements. Non-refundable gym membership deposits are amortised as revenue in equal instalments over the duration of the membership.

2.7.5 Taxation

(a) Current Income Taxes
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Pursuant to an agreement dated 29 January 1994 entered into with Board of Investment under section 17 of the Board of Investment Law, the Company is taxed at the rate of 2% of the turnover from 1 April 2008 for a period of 15 years in accordance with the said agreement. Current income tax relating to items recognized directly in equity is recognized in equity and not in the Statement of Profit or Loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. Other income is taxed at the rate of 24% with effect from 1 January 2020 (2018/19-28%). Income tax on operations of Galle Heritage Villa, Kurulubedda, Unawatuna Properties (Pvt) Ltd is computed on taxable profits at prevailing rates stipulated by the Inland Revenue Act.

(b) Sales Tax
Revenues, expenses and assets are recognised net of the amount of sales tax except where the sales tax incurred on a purchase of assets or service is not recoverable from the taxation authorities, in which case the sales tax is recognised as a part of the cost of the asset or as a part of the expense items as applicable and receivables and payables are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

(c) Deferred Tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for
Notes to the Financial Statements contd.

2.7.6 Borrowing Costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.7.7 Inventories
Inventories are valued at the lower of cost and 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 ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

The cost incurred in bringing inventories to its present location and condition is accounted using the following cost formulae:
- Food and Beverage - At purchase cost on weighted average basis.
- Other Inventories - At purchase cost on weighted average basis.

Impact of COVID-19
Perishables, products with short shelf lives or expiration dates, or specific seasonal inventories were considered at risk of an impairment. The Group has adequately adjusted the carrying value of the inventory to reflect its net realisable value.

2.7.8 Cash and Cash Equivalents
Cash at Bank and in Hand in the Statement of Financial Position comprise cash at Bank and on hand.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits with a maturity of three months or less, net of outstanding bank overdrafts.

2.7.9 Property, Plant and Equipment
Property, Plant and Equipment (except for land) is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the Property, Plant and Equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of Property, Plant and Equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major refurbishment is performed, its cost is recognised in the carrying amount of the Property, Plant and Equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or loss as incurred.
Land is measured at fair value, less impairment losses recognised at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

A revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in the Statement of Profit or Loss, in which case the increase is recognised in the Statement of Profit or Loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

An item of Property, Plant and Equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit or Loss when the asset is derecognised.

The Group provides depreciation from the date the assets are available for use up to the date of disposal, on a straight line basis over the periods appropriate to the estimated useful lives based on the pattern in which the asset’s future economic benefits are expected to be consumed by the Group of the different types of assets, except for which are disclosed separately. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or the date that the asset is derecognized. Depreciation does not cease when the assets become idle or is retired from active use unless the asset is fully depreciated.

The useful life and residual value of assets are reviewed, and adjusted if required, at the end of each financial year.

2.7.10 Leases (applicable from 1 April 2019)
With effect from 1 April 2019, the Group applies this standard to contracts that were previously identified as leases applying LKAS 17 and IFRIC 4, without reassessing whether a contract contains a lease at the date of initial application as a practical expedient. For the contracts entered on or after the effective date of transition, the Group assesses at the inception of a contract, whether a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration as per the guidelines of SLFRS 16. This assessment considers whether, throughout the period of use, the lessee has both the right to obtain all of the economic benefits from the use of the identified asset and the right to direct how and for what purpose the identified asset is used. After the assessment of whether a contract is, or contains, a lease, the Group determines whether it contains additional lease or non-lease (service) components based on the detailed guidance provided in SLFRS 16. Accordingly, the right to use of an identifying asset is a separate lease component if the lessee can benefit from the use of underlying asset either on its own or together with other resources readily available to the lessee and the underlying asset is neither highly dependent on, nor highly interrelated with, the other underlying assets in the contract.

Group as a lessee:
As per SLFRS 16, when the Group has determined that a contract contains a lease component and one or more additional lease components or non-lease components, the consideration in the contract is allocated to each lease component on the basis of relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. At the commencement date, the Group recognises right-of-use of an asset and a lease liability which is measured at the present value of the lease payments that are payable on that date. Lease payments are discounted using the IBR. After initial recognition, the Group applies cost model for the right-of-use of an asset and depreciate the asset from commencement date to the end of the useful life of the underlying asset. Where the right does not transfer the ownership of the asset, the Group depreciates it from commencement date to the earlier of the end of the useful life of the right-of-use asset or end of the lease term. In addition, interest expense on the lease liability is recognised in the profit or loss.
Leases (applicable until 31st March 2019)
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee:
Finance leases that transfer to the Group substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Statement of Profit or Loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases, where the lessor effectively retains substantially all of the risk and benefits of ownership over the term of the lease are classified as operating leases. Operating lease payments are recognised as an operating expense in the Statement of Profit or Loss on a straight-line basis over the lease term.

2.7.11 Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial Recognition and Subsequent Measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them.

With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables do not contain a significant financing component.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are ‘solely payments of principal and interest (SPPI)’ on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent Measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

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

Financial Assets at Amortised Cost (Debt Instruments)
The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal
amount outstanding. Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group’s financial assets at amortised cost includes cash and short-term deposits, trade and other receivables and other financial assets.

**Financial Assets at Fair Value Through OCI (Debt Instruments)**

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

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling
- And

  - The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

**Financial Assets Designated at Fair Value Through OCI (Equity Instruments)**

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

**Financial Assets at Fair Value through Profit or Loss**

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. This category includes short-term investments which the Group had not irrevocably elected to classify at fair value through OCI. Income from these investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group’s consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired;
  - Or
- 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 (a) the Group has...
transferred substantially all the risks and rewards of the asset, or (b) 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 passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises 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 Group could be required to repay.

Impairment of Financial Assets
Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Trade receivables,

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs.

Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Group considers a financial asset in default when contractual payments are 365 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Due to the COVID-19 impact on working capital and collections, the individual receivable balances were re-assessed, specific provisions were made wherever necessary, existing practice on the provisioning of trade receivables were re-visited and adjusted to reflect the different ways in which the COVID-19 outbreak affects different types of customers.

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

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group’s financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent Measurement
The measurement of financial liabilities depends on their classification, as described below:

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.
Loans and Borrowings (Financial Liabilities at amortised cost)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 15.

Derecognition A financial liability is derecognised when the obligation under the liability is discharged or 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability,
- Or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Financial Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Financial Statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.7.12 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Internally generated intangible assets, except capitalised development costs, are not capitalised and related expenditure is recognised in the Statement of Profit or Loss when it is incurred.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.
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The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit or Loss in the expense category consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit or Loss when the asset is derecognised.

2.7.13 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Profit or Loss net of any reimbursement.

2.7.14 Post-Employment Benefit Liability

   a) Defined Benefit Plan – Gratuity
The Group measures the present value of the promised retirement benefits of gratuity, which is a defined benefit plan with the advice of an independent professional actuary each year using the Projected Unit Credit method. Actuarial gains and losses are recognised in full in the period in which they occur in other comprehensive income.

This item is stated under Post Employee Benefit Liability in the Statement of Financial Position. The gratuity liability is not externally funded.

   b) Defined Contribution Plans – Employees’ Provident Fund & Employees’ Trust Fund
Employees are eligible for Employees’ Provident Fund Contributions and Employees’ Trust Fund Contributions in line with the respective statutes and regulations. The Company contributes 12% and 3% of gross emoluments of employees to Employees’ Provident Fund and Employees’ Trust Fund respectively.

2.7.15 Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations are recognised in the Statement of Profit or Loss in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised
impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of the recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset’s recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount.

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

2.7.16 Dividend Distributions

The Group recognises a liability to make cash or non-cash distributions to owners of equity when the distribution is authorised and is no longer at the discretion of the Company. A corresponding amount is recognised directly in equity. Non-cash distributions are measured at the fair value of the assets to be distributed. Upon settlement of the distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in income as a separate line in statement of comprehensive income.

2.7.17 Government Grants

Grants are recognized at their fair value where there is a reasonable assurance the grant will be received and all attaching conditions, if any, will be complied with. When the grant relates to compensate for the cost of an asset are deducted from the cost of the related asset in the same period in which grant is received.

2.8 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Consolidated Financial Statements in conformity with Sri Lanka Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Judgements and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence actual experience and results may differ from these judgements and estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period and any future periods.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes.

Judgments
In the process of applying the Group’s accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognized in the Financial Statements.

Critical Accounting Estimates and Assumptions
The Financial Statements are sensitive to assumptions and estimates made in measuring certain carrying amounts represented in the Statement of Financial Position and amounts charged to the Statement of Profit or Loss. These could result in a significant risk of causing material adjustments to the carrying amounts of assets and liabilities which are disclosed in the relevant Notes to the Financial Statements.
### Notes to the Financial Statements contd.

**a. Management’s Assessment of the impacts of the COVID 19 pandemic on the operations of Group**

In determining the basis of preparing the financial statements for the year ended 31 March 2020, based on available information, the management has assessed the existing and anticipated effects of COVID 19 on the Group. The Group evaluated the resilience of its businesses considering a wide range of factors under multiple circumstances such as optimistic (best case), most likely (base case) and pessimistic (worst case) scenarios.

The key assumptions used in this assessment and their sensitivities are as follows.

<table>
<thead>
<tr>
<th>Key assumption</th>
<th>Details</th>
<th>Stress condition and sensitivity</th>
<th>Indication of adequacy of funding available if the assumed stress condition occurs*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Occupancy</td>
<td>First 3 months (April through June 2020) at 0% occupancy, next 9 months (July through March 2021) at progressively increasing occupancy between 20% to 40%.</td>
<td>Extension of each duration by one month will deplete undrawn borrowing facilities between Rs Zero and Rs 13 Mn.</td>
<td>Adequate</td>
</tr>
<tr>
<td>Average Room Rate (ARR)</td>
<td>At discount to the budgeted ARR between 40% and 50%</td>
<td>Further reduction of 10% on assumed discount on budgeted ARR will deplete undrawn borrowing facilities by Rs. 23 Mn.</td>
<td>Adequate</td>
</tr>
<tr>
<td>Anticipated cost management measures</td>
<td>Assumed to take place up to 12 months from the reporting date</td>
<td>Reduction of favorable results of cost management measures by 10% will deplete undrawn borrowing facilities by Rs 9 Mn.</td>
<td>Adequate</td>
</tr>
</tbody>
</table>

*Above indication of adequacy of funding available is assessed with the stated stress factor assumed to take place exclusively without any bearing on other key assumptions simultaneously.

There is a considerable degree of judgement involved in making the above assessment. The underlying assumptions are also subject to uncertainties which are often outside the control of the Group. Accordingly, actual economic conditions are likely to be different from those forecast since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact accounting judgements and estimates included in these financial statements.

**b. Revaluation of Freehold Land**

The Land of the group are reflected at fair value. Freehold Land valued by reference to market based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of Freehold Land, with the assistance of an independent professional valuer.
Fair value measurement
In determining the fair value of the land as at reporting date in the wake of COVID-19 pandemic, the group obtained advice of independent external valuer. Given the unprecedented and evolving set of circumstances arising due to COVID-19 pandemic, the external independent valuer has valued the lands having regarded all the relevant factors and reported the values an reflected in the basis of material valuation uncertainty.

In determining the regularity of revaluation, the Group refers to thee general market prices of lands in districts where Group’s hotel operations are based in consultation with an independent professional valuer.

Further information including key inputs used to determine the fair value of the freehold land and sensitivity analysis are provided in Note 4.

c. Components of Buildings:
In determining the depreciation expense, the Company with the assistance of an independent professional valuer determined the components of buildings that have varying useful lives. Approximation techniques and appropriate groupings were used in such determination as well as in the assessment of the useful lives of each component. Further details are given in Note 4.8.

d. Impairment of Trade Debtors:
The Group reviews at each reporting date all receivables to assess whether an allowance should be recorded in the Statement of Profit or Loss. The Management uses judgement in estimating such amounts in the light of the duration of outstanding and any other factors management is aware of, that indicate uncertainty in recovery. Further details are given in Notes 11 & 26.

e. Fair value through Other Comprehensive Income (FVOCI) Financial Instruments
The Fair Value of Financial Instruments through Other Comprehensive Income, that are unquoted is determined using valuation technique based on discounted cash flow analysis. Further details are given in Note 9.

f. Defined Benefit Plans:
The Defined Benefit Obligation and the related charge for the year are determined using actuarial valuations. The actuarial valuations involve making assumptions about discount rates, future salary increases, mortality rates etc. Due to the long term nature of such obligations these estimates are subject to significant uncertainty. Further details are given in Note 14.

g. Recoverability of Deferred Tax Assets
Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

h. Impairment of Non Financial assets
Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs and its vale in use.

The fair value less cost of disposal calculation is based on available data from binding sales transactions, conducted at arm’s length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.
2.9 Effect of Sri Lanka Accounting Standards Issued But Not Yet Effective:
The following Sri Lanka Accounting Standards and interpretations have been issued by the Institute of Chartered Accountants of Sri Lanka which are not yet effective as at 31st March 2020.

- SLFRS 17 Insurance Contracts
- Amendments to LKAS 1 and LKAS 8: Definition of Material
- Amendments to SLFRS 3: Definition of a Business Amendments to references to the conceptual framework in SLFRS standards

Since the amendments are effective for annual periods beginning on or after 1st January 2020, the Company will not be affected by these amendments as at the reporting date. Further, the amended standards and interpretations are not expected to have a significant impact on the Group Financial Statements.

3. REVENUE
The business activities of the Group are only organised as a single reportable segment, where the management of the hotel monitors the Revenue per Available Room as a key performance indicator. Revenue consists of the following type and nature of services.

<table>
<thead>
<tr>
<th></th>
<th>Group 2020</th>
<th>Group 2019</th>
<th>Company 2020</th>
<th>Company 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LKR</td>
<td>LKR</td>
<td>LKR</td>
<td>LKR</td>
</tr>
<tr>
<td>Room Revenue</td>
<td>278,175,230</td>
<td>496,773,959</td>
<td>250,554,741</td>
<td>467,707,655</td>
</tr>
<tr>
<td>Food and Beverage Income</td>
<td>211,810,416</td>
<td>319,879,379</td>
<td>200,998,883</td>
<td>309,550,607</td>
</tr>
<tr>
<td>Other Hotel Related Income</td>
<td>19,581,991</td>
<td>33,464,465</td>
<td>19,537,462</td>
<td>33,429,759</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>509,567,637</td>
<td>850,117,803</td>
<td>471,091,086</td>
<td>810,688,021</td>
</tr>
</tbody>
</table>
## 4. PROPERTY, PLANT AND EQUIPMENT

### 4.1 Gross Carrying Amounts

<table>
<thead>
<tr>
<th>Group</th>
<th>Balance as at 1 April 2019 (LKR)</th>
<th>Additions (LKR)</th>
<th>Increase in Revaluation Reserve (LKR)</th>
<th>Disposals/ Written-off/ Transferred (LKR)</th>
<th>Balance as at 31 March 2020 (LKR)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>At Cost</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings and Building Integrals</td>
<td>2,298,885,824</td>
<td>135,933,071</td>
<td>-</td>
<td>(16,991,642)</td>
<td>2,417,827,253</td>
</tr>
<tr>
<td>Plant and Equipment</td>
<td>88,539,153</td>
<td>23,732,425</td>
<td>-</td>
<td>(8,970,846)</td>
<td>103,300,732</td>
</tr>
<tr>
<td>Sewerage Treatment Plant</td>
<td>9,337,237</td>
<td>134,800</td>
<td>-</td>
<td>(61,358)</td>
<td>9,410,679</td>
</tr>
<tr>
<td>Kitchen/Bar Equipment</td>
<td>69,639,624</td>
<td>2,015,260</td>
<td>-</td>
<td>(877,707)</td>
<td>70,777,177</td>
</tr>
<tr>
<td>Electrical Equipment</td>
<td>61,486,697</td>
<td>20,127,731</td>
<td>-</td>
<td>(3,399,056)</td>
<td>78,215,372</td>
</tr>
<tr>
<td>Solar Electrical System</td>
<td>14,299,434</td>
<td></td>
<td></td>
<td>-</td>
<td>14,299,434</td>
</tr>
<tr>
<td>Office Equipment</td>
<td>1,425,239</td>
<td>35,768</td>
<td>-</td>
<td>(9,450)</td>
<td>1,451,557</td>
</tr>
<tr>
<td>Sports Equipment</td>
<td>10,358,201</td>
<td>1,515,150</td>
<td>-</td>
<td>-</td>
<td>11,873,351</td>
</tr>
<tr>
<td>Furniture and Fittings</td>
<td>120,993,667</td>
<td>16,352,936</td>
<td>-</td>
<td>(2,579,174)</td>
<td>134,767,429</td>
</tr>
<tr>
<td>Swimming Pool Equipment</td>
<td>9,606,578</td>
<td>290,000</td>
<td>-</td>
<td>(397,082)</td>
<td>9,499,496</td>
</tr>
<tr>
<td>Generator</td>
<td>20,974,144</td>
<td></td>
<td>-</td>
<td>(675,000)</td>
<td>20,299,144</td>
</tr>
<tr>
<td>Motor Vehicles</td>
<td>18,312,823</td>
<td>282,400</td>
<td>-</td>
<td>-</td>
<td>18,595,223</td>
</tr>
<tr>
<td>Water Treatment Plant</td>
<td>4,307,202</td>
<td>10,522</td>
<td>-</td>
<td>-</td>
<td>4,317,724</td>
</tr>
<tr>
<td>Linen, Cutlery and Crockery</td>
<td>49,971,590</td>
<td>12,526,017</td>
<td>-</td>
<td>(613,430)</td>
<td>61,884,177</td>
</tr>
<tr>
<td>Laundry and Hot Water Equipment</td>
<td>29,446,142</td>
<td>21,000</td>
<td>-</td>
<td>(1,006,253)</td>
<td>28,460,889</td>
</tr>
<tr>
<td>Telephone System</td>
<td>5,814,302</td>
<td>232,949</td>
<td>-</td>
<td>(74,679)</td>
<td>5,972,572</td>
</tr>
<tr>
<td>Elevators</td>
<td>10,104,267</td>
<td>4,103,130</td>
<td>-</td>
<td>(2,034,703)</td>
<td>12,172,694</td>
</tr>
<tr>
<td>SMA TV System</td>
<td>16,524,604</td>
<td>3,058,187</td>
<td>-</td>
<td>(1,711,714)</td>
<td>17,871,077</td>
</tr>
<tr>
<td>Maintenance Tools</td>
<td>1,232,947</td>
<td>96,820</td>
<td>-</td>
<td>(86,781)</td>
<td>1,242,986</td>
</tr>
<tr>
<td>Music Instruments</td>
<td>1,694,858</td>
<td>1,291,368</td>
<td>-</td>
<td>(31,150)</td>
<td>2,955,076</td>
</tr>
<tr>
<td>Bar Furniture and Equipment</td>
<td>24,531,112</td>
<td>2,714,268</td>
<td>-</td>
<td>(159,900)</td>
<td>27,085,480</td>
</tr>
<tr>
<td>Computer Equipment &amp; Systems</td>
<td>23,332,913</td>
<td>4,476,512</td>
<td>-</td>
<td>(834,967)</td>
<td>26,974,458</td>
</tr>
<tr>
<td>Bio Gas Plant</td>
<td>-</td>
<td>4,077,984</td>
<td>-</td>
<td>-</td>
<td>4,077,984</td>
</tr>
<tr>
<td><strong>Total Gross Carrying Amount</strong></td>
<td>2,890,818,558</td>
<td>233,028,298</td>
<td>-</td>
<td>(40,514,892)</td>
<td>3,083,331,964</td>
</tr>
</tbody>
</table>

### At Fair Value

<table>
<thead>
<tr>
<th>Group</th>
<th>Balance as at 1 April 2019 (LKR)</th>
<th>Additions (LKR)</th>
<th>Increase in Revaluation Reserve (LKR)</th>
<th>Disposals/ Written-off/ Transferred (LKR)</th>
<th>Balance as at 31 March 2020 (LKR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freehold Land</td>
<td>985,314,962</td>
<td>-</td>
<td>383,210,000</td>
<td>-</td>
<td>1,368,524,962</td>
</tr>
<tr>
<td><strong>Total Fair Value</strong></td>
<td>985,314,962</td>
<td>-</td>
<td>383,210,000</td>
<td>-</td>
<td>1,368,524,962</td>
</tr>
</tbody>
</table>

### In the Course of Construction

<table>
<thead>
<tr>
<th>Group</th>
<th>Balance as at 1 April 2019 (LKR)</th>
<th>Additions (LKR)</th>
<th>Increase in Revaluation Reserve (LKR)</th>
<th>Disposals/ Written-off/ Transferred (LKR)</th>
<th>Balance as at 31 March 2020 (LKR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings and Equipment</td>
<td>2,980,257</td>
<td>2,683,328</td>
<td>-</td>
<td>-</td>
<td>5,663,585</td>
</tr>
<tr>
<td><strong>Total In the Course of Construction</strong></td>
<td>2,980,257</td>
<td>2,683,328</td>
<td>-</td>
<td>-</td>
<td>5,663,585</td>
</tr>
</tbody>
</table>
### Notes to the Financial Statements contd.

#### 4.1 Gross Carrying Amounts

<table>
<thead>
<tr>
<th>Company</th>
<th>Balance as at 1April 2019</th>
<th>Additions</th>
<th>Increase in Revaluation Reserv</th>
<th>Disposals/Written-off/Transferred</th>
<th>Balance as at 31 March 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>At Cost</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings and Building Integrals</td>
<td>2,116,258,611</td>
<td>135,933,071</td>
<td>-</td>
<td>(16,991,642)</td>
<td>2,235,200,040</td>
</tr>
<tr>
<td>Plant and Equipment</td>
<td>76,500,240</td>
<td>23,732,425</td>
<td>-</td>
<td>(8,970,846)</td>
<td>91,261,819</td>
</tr>
<tr>
<td>Sewerage Treatment Plant</td>
<td>7,501,503</td>
<td>134,800</td>
<td>-</td>
<td>(61,358)</td>
<td>7,574,945</td>
</tr>
<tr>
<td>Kitchen/Bar Equipment</td>
<td>66,007,598</td>
<td>2,004,740</td>
<td>-</td>
<td>(977,707)</td>
<td>67,134,631</td>
</tr>
<tr>
<td>Electrical Equipment</td>
<td>45,454,116</td>
<td>20,062,676</td>
<td>-</td>
<td>(3,399,056)</td>
<td>62,117,736</td>
</tr>
<tr>
<td>Solar Electrical System</td>
<td>14,299,434</td>
<td></td>
<td>-</td>
<td></td>
<td>14,299,434</td>
</tr>
<tr>
<td>Office Equipment</td>
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<td>35,768</td>
<td>-</td>
<td>(9,450)</td>
<td>1,451,557</td>
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<tr>
<td>Sports Equipment</td>
<td>10,358,201</td>
<td>1,515,150</td>
<td>-</td>
<td></td>
<td>11,873,351</td>
</tr>
<tr>
<td>Furniture and Fittings</td>
<td>102,432,194</td>
<td>16,352,936</td>
<td>-</td>
<td>(2,579,174)</td>
<td>116,205,956</td>
</tr>
<tr>
<td>Swimming Pool Equipment</td>
<td>9,606,578</td>
<td>290,000</td>
<td>-</td>
<td>(397,082)</td>
<td>9,499,496</td>
</tr>
<tr>
<td>Generator</td>
<td>18,024,144</td>
<td></td>
<td>-</td>
<td>(675,000)</td>
<td>17,349,144</td>
</tr>
<tr>
<td>Motor Vehicles</td>
<td>18,312,823</td>
<td>282,400</td>
<td>-</td>
<td></td>
<td>18,595,223</td>
</tr>
<tr>
<td>Water Treatment Plant</td>
<td>2,046,799</td>
<td></td>
<td>-</td>
<td></td>
<td>2,046,799</td>
</tr>
<tr>
<td>Linen, Cutlery and Crockery</td>
<td>47,127,240</td>
<td>12,080,286</td>
<td>-</td>
<td>(613,430)</td>
<td>58,594,096</td>
</tr>
<tr>
<td>Laundry and Hot Water Equipment</td>
<td>29,446,142</td>
<td>21,000</td>
<td>-</td>
<td>(1,006,253)</td>
<td>28,460,889</td>
</tr>
<tr>
<td>Telephone System</td>
<td>4,310,879</td>
<td>232,949</td>
<td>-</td>
<td>(74,679)</td>
<td>4,469,149</td>
</tr>
<tr>
<td>Elevators</td>
<td>6,330,267</td>
<td>4,103,130</td>
<td>-</td>
<td>(2,034,703)</td>
<td>8,398,694</td>
</tr>
<tr>
<td>SMA TV System</td>
<td>14,951,804</td>
<td>3,034,187</td>
<td>-</td>
<td>(1,711,714)</td>
<td>16,274,277</td>
</tr>
<tr>
<td>Maintenance Tools</td>
<td>1,217,997</td>
<td>96,820</td>
<td>-</td>
<td>(86,781)</td>
<td>1,228,036</td>
</tr>
<tr>
<td>Music Instruments</td>
<td>1,694,858</td>
<td>1,291,368</td>
<td>-</td>
<td>(31,500)</td>
<td>2,955,076</td>
</tr>
<tr>
<td>Bar Furniture and Equipment</td>
<td>23,803,239</td>
<td>2,703,006</td>
<td>-</td>
<td>(159,900)</td>
<td>26,346,345</td>
</tr>
<tr>
<td>Computer Equipment &amp; Systems</td>
<td>18,257,076</td>
<td>4,476,512</td>
<td>-</td>
<td>(834,967)</td>
<td>21,898,621</td>
</tr>
<tr>
<td>Bio Gas Plant</td>
<td>6,330,267</td>
<td>4,103,130</td>
<td>-</td>
<td>(2,034,703)</td>
<td>8,398,694</td>
</tr>
<tr>
<td><strong>Total Gross Carrying Amount</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>At Fair Value</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Freehold Land</td>
<td>946,140,000</td>
<td></td>
<td>374,360,000</td>
<td></td>
<td>1,320,500,000</td>
</tr>
<tr>
<td><strong>In the Course of Construction</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings and Equipment</td>
<td>2,980,257</td>
<td>2,683,328</td>
<td>-</td>
<td></td>
<td>5,663,585</td>
</tr>
<tr>
<td><strong>Total Gross Carrying Amount</strong></td>
<td>3,584,487,239</td>
<td>235,144,536</td>
<td>374,360,000</td>
<td>(40,514,892)</td>
<td>4,153,476,883</td>
</tr>
</tbody>
</table>
### 4.2 Depreciation

<table>
<thead>
<tr>
<th>Group</th>
<th>Balance as at 1 April 2019 LKR</th>
<th>Charge for the year LKR</th>
<th>Disposals/Written-off/Transferred LKR</th>
<th>Balance as at 31 March 2020 LKR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>At Cost</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings and Building Integrals</td>
<td>442,968,957</td>
<td>51,442,352</td>
<td>(7,388,240)</td>
<td>487,023,069</td>
</tr>
<tr>
<td>Plant and Equipment</td>
<td>44,240,684</td>
<td>6,582,004</td>
<td>(8,868,577)</td>
<td>41,954,111</td>
</tr>
<tr>
<td>Sewerage Treatment Plant</td>
<td>4,242,774</td>
<td>346,966</td>
<td>(8,472)</td>
<td>4,581,268</td>
</tr>
<tr>
<td>Kitchen/Bar Equipment</td>
<td>40,892,984</td>
<td>5,166,952</td>
<td>(771,946)</td>
<td>45,287,990</td>
</tr>
<tr>
<td>Electrical Equipment</td>
<td>28,943,449</td>
<td>4,934,363</td>
<td>(2,921,136)</td>
<td>30,956,676</td>
</tr>
<tr>
<td>Solar Electrical System</td>
<td>2,859,887</td>
<td>1,429,944</td>
<td></td>
<td>4,289,831</td>
</tr>
<tr>
<td>Office Equipment</td>
<td>1,233,594</td>
<td>61,170</td>
<td>(129,066)</td>
<td>1,165,698</td>
</tr>
<tr>
<td>Sports Equipment</td>
<td>5,987,330</td>
<td>912,741</td>
<td></td>
<td>6,900,071</td>
</tr>
<tr>
<td>Furniture and Fittings</td>
<td>65,133,916</td>
<td>11,127,559</td>
<td>(2,241,790)</td>
<td>74,019,685</td>
</tr>
<tr>
<td>Swimming Pool Equipment</td>
<td>6,260,207</td>
<td>600,595</td>
<td>(303,388)</td>
<td>6,557,414</td>
</tr>
<tr>
<td>Generator</td>
<td>7,062,180</td>
<td>1,503,072</td>
<td></td>
<td>8,565,252</td>
</tr>
<tr>
<td>Motor Vehicles</td>
<td>12,073,529</td>
<td>1,855,744</td>
<td></td>
<td>13,929,273</td>
</tr>
<tr>
<td>Water Treatment Plant</td>
<td>1,996,665</td>
<td>300,919</td>
<td></td>
<td>2,297,584</td>
</tr>
<tr>
<td>Linen, Cutlery and Crockery</td>
<td>41,546,074</td>
<td>9,122,065</td>
<td>(613,430)</td>
<td>50,054,709</td>
</tr>
<tr>
<td>Laundry and Hot Water Equipment</td>
<td>14,483,210</td>
<td>1,828,335</td>
<td>(1,003,325)</td>
<td>15,308,220</td>
</tr>
<tr>
<td>Telephone System</td>
<td>3,465,455</td>
<td>222,108</td>
<td>(56,464)</td>
<td>3,631,099</td>
</tr>
<tr>
<td>Elevators</td>
<td>3,482,156</td>
<td>455,552</td>
<td>(2,034,703)</td>
<td>1,930,005</td>
</tr>
<tr>
<td>SMA TV System</td>
<td>8,605,434</td>
<td>1,827,983</td>
<td>(1,233,843)</td>
<td>9,199,574</td>
</tr>
<tr>
<td>Maintenance Tools</td>
<td>725,674</td>
<td>114,883</td>
<td>(86,781)</td>
<td>753,776</td>
</tr>
<tr>
<td>Music Instruments</td>
<td>932,447</td>
<td>105,709</td>
<td>(20,300)</td>
<td>1,017,856</td>
</tr>
<tr>
<td>Bar Furniture and Equipment</td>
<td>12,338,088</td>
<td>2,578,768</td>
<td>(89,833)</td>
<td>14,827,023</td>
</tr>
<tr>
<td>Computer Equipment &amp; Systems</td>
<td>14,055,260</td>
<td>3,638,857</td>
<td>(824,824)</td>
<td>16,869,293</td>
</tr>
<tr>
<td>Bio Gas Plant</td>
<td>-</td>
<td>100,930</td>
<td></td>
<td>100,930</td>
</tr>
<tr>
<td><strong>Total Depreciation</strong></td>
<td>763,529,954</td>
<td>106,259,571</td>
<td>(28,596,118)</td>
<td>841,193,407</td>
</tr>
</tbody>
</table>
4.2 Depreciation

<table>
<thead>
<tr>
<th>Company</th>
<th>Balance as at 1 April 2019</th>
<th>Charge for the year</th>
<th>Disposals/Written-off/Transferred</th>
<th>Balance as at 31 March 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LKR</td>
<td>LKR</td>
<td>LKR</td>
<td>LKR</td>
</tr>
<tr>
<td><strong>At Cost</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings and Building Integrals</td>
<td>438,524,085</td>
<td>47,010,373</td>
<td>(7,388,240)</td>
<td>478,146,218</td>
</tr>
<tr>
<td>Plant and Equipment</td>
<td>43,036,660</td>
<td>5,455,048</td>
<td>(8,686,577)</td>
<td>39,623,131</td>
</tr>
<tr>
<td>Sewerage Treatment Plant</td>
<td>4,120,392</td>
<td>256,339</td>
<td>(8,472)</td>
<td>4,368,259</td>
</tr>
<tr>
<td>Kitchen/Bar Equipment</td>
<td>40,415,844</td>
<td>4,843,033</td>
<td>(771,946)</td>
<td>44,486,931</td>
</tr>
<tr>
<td>Electrical Equipment</td>
<td>26,752,692</td>
<td>3,079,512</td>
<td>(2,921,136)</td>
<td>26,911,068</td>
</tr>
<tr>
<td>Solar Electrical System</td>
<td>2,859,887</td>
<td>1,429,944</td>
<td>-</td>
<td>4,289,831</td>
</tr>
<tr>
<td>Office Equipment</td>
<td>1,233,594</td>
<td>61,170</td>
<td>(129,066)</td>
<td>1,165,698</td>
</tr>
<tr>
<td>Sports Equipment</td>
<td>5,987,330</td>
<td>912,741</td>
<td>-</td>
<td>6,900,071</td>
</tr>
<tr>
<td>Furniture and Fittings</td>
<td>62,662,362</td>
<td>8,882,830</td>
<td>(2,241,790)</td>
<td>69,303,402</td>
</tr>
<tr>
<td>Swimming Pool Equipment</td>
<td>6,260,207</td>
<td>600,595</td>
<td>(303,388)</td>
<td>6,557,414</td>
</tr>
<tr>
<td>Generator</td>
<td>6,767,149</td>
<td>1,289,229</td>
<td>-</td>
<td>8,056,378</td>
</tr>
<tr>
<td>Motor Vehicles</td>
<td>12,073,529</td>
<td>1,855,744</td>
<td>-</td>
<td>13,929,273</td>
</tr>
<tr>
<td>Water Treatment Plant</td>
<td>1,702,452</td>
<td>47,927</td>
<td>-</td>
<td>1,750,379</td>
</tr>
<tr>
<td>Linen, Cutlery and Crockery</td>
<td>39,664,379</td>
<td>8,072,168</td>
<td>(613,430)</td>
<td>47,123,117</td>
</tr>
<tr>
<td>Laundry and Hot Water Equipment</td>
<td>14,483,210</td>
<td>1,828,335</td>
<td>(1,003,325)</td>
<td>15,308,220</td>
</tr>
<tr>
<td>Telephone System</td>
<td>3,380,594</td>
<td>101,227</td>
<td>(56,464)</td>
<td>3,425,357</td>
</tr>
<tr>
<td>Elevators</td>
<td>3,230,556</td>
<td>216,815</td>
<td>(2,034,703)</td>
<td>1,412,668</td>
</tr>
<tr>
<td>SMA TV System</td>
<td>8,387,981</td>
<td>1,682,015</td>
<td>(1,233,843)</td>
<td>8,836,153</td>
</tr>
<tr>
<td>Maintenance Tools</td>
<td>723,655</td>
<td>113,464</td>
<td>(86,781)</td>
<td>750,338</td>
</tr>
<tr>
<td>Music Instruments</td>
<td>932,447</td>
<td>105,709</td>
<td>(20,300)</td>
<td>1,017,856</td>
</tr>
<tr>
<td>Bar Furniture and Equipment</td>
<td>12,241,038</td>
<td>2,481,618</td>
<td>(89,833)</td>
<td>14,632,823</td>
</tr>
<tr>
<td>Computer Equipment &amp; Systems</td>
<td>13,003,365</td>
<td>2,399,573</td>
<td>(824,824)</td>
<td>14,578,114</td>
</tr>
<tr>
<td>Bio Gas Plant</td>
<td>-</td>
<td>100,930</td>
<td>-</td>
<td>100,930</td>
</tr>
<tr>
<td><strong>Total Depreciation</strong></td>
<td>748,443,408</td>
<td>92,826,339</td>
<td>(28,596,118)</td>
<td>812,673,629</td>
</tr>
</tbody>
</table>
### 4.3 Net Book Values

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>At Cost</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings and Building Integrals</td>
<td>1,930,804,184</td>
<td>1,855,916,867</td>
<td>1,757,053,822</td>
<td>1,677,734,527</td>
</tr>
<tr>
<td>Plant and Equipment</td>
<td>61,346,621</td>
<td>44,298,469</td>
<td>51,638,688</td>
<td>33,463,580</td>
</tr>
<tr>
<td>Sewerage Treatment Plant</td>
<td>4,829,411</td>
<td>5,094,463</td>
<td>3,206,686</td>
<td>3,381,111</td>
</tr>
<tr>
<td>Kitchen/Bar Equipment</td>
<td>25,489,187</td>
<td>28,746,640</td>
<td>22,647,700</td>
<td>25,591,754</td>
</tr>
<tr>
<td>Electrical Equipment</td>
<td>47,258,696</td>
<td>32,543,248</td>
<td>35,206,668</td>
<td>18,701,424</td>
</tr>
<tr>
<td>Solar Electrical System</td>
<td>10,009,603</td>
<td>11,439,547</td>
<td>10,009,603</td>
<td>11,439,547</td>
</tr>
<tr>
<td>Office Equipment</td>
<td>285,859</td>
<td>191,645</td>
<td>285,859</td>
<td>191,645</td>
</tr>
<tr>
<td>Sports Equipment</td>
<td>4,973,280</td>
<td>4,370,872</td>
<td>4,973,280</td>
<td>4,370,872</td>
</tr>
<tr>
<td>Furniture and Fittings</td>
<td>60,747,744</td>
<td>55,859,752</td>
<td>46,902,554</td>
<td>39,769,832</td>
</tr>
<tr>
<td>Swimming Pool Equipment</td>
<td>2,942,082</td>
<td>3,346,371</td>
<td>2,942,082</td>
<td>2,942,082</td>
</tr>
<tr>
<td>Generator</td>
<td>11,733,892</td>
<td>13,911,964</td>
<td>9,292,766</td>
<td>11,256,995</td>
</tr>
<tr>
<td>Motor Vehicles</td>
<td>4,665,950</td>
<td>6,239,295</td>
<td>4,665,950</td>
<td>6,239,295</td>
</tr>
<tr>
<td>Water Treatment Plant</td>
<td>2,020,140</td>
<td>2,310,537</td>
<td>296,420</td>
<td>344,347</td>
</tr>
<tr>
<td>Linen, Cutlery and Crockery</td>
<td>11,829,468</td>
<td>8,425,516</td>
<td>11,470,979</td>
<td>7,462,862</td>
</tr>
<tr>
<td>Laundry and Hot Water Equipment</td>
<td>13,152,669</td>
<td>14,962,932</td>
<td>13,152,669</td>
<td>14,962,932</td>
</tr>
<tr>
<td>Telephone System</td>
<td>2,341,473</td>
<td>2,348,847</td>
<td>1,043,792</td>
<td>930,286</td>
</tr>
<tr>
<td>Elevators</td>
<td>10,269,689</td>
<td>6,622,111</td>
<td>6,986,026</td>
<td>3,099,711</td>
</tr>
<tr>
<td>SMA TV System</td>
<td>8,671,503</td>
<td>7,919,170</td>
<td>7,438,124</td>
<td>6,563,824</td>
</tr>
<tr>
<td>Maintenance Tools</td>
<td>489,210</td>
<td>507,273</td>
<td>477,698</td>
<td>494,342</td>
</tr>
<tr>
<td>Music Instruments</td>
<td>1,937,220</td>
<td>762,411</td>
<td>1,937,220</td>
<td>762,411</td>
</tr>
<tr>
<td>Bar Furniture and Equipment</td>
<td>12,258,457</td>
<td>12,193,024</td>
<td>11,713,522</td>
<td>11,562,201</td>
</tr>
<tr>
<td>Computer Equipment &amp; Systems</td>
<td>10,105,165</td>
<td>9,277,653</td>
<td>7,320,507</td>
<td>5,253,711</td>
</tr>
<tr>
<td>Bio Gas Plant</td>
<td>3,977,054</td>
<td>-</td>
<td>3,977,054</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Carrying Amount of Property Plant and Equipment</strong></td>
<td><strong>3,616,327,104</strong></td>
<td><strong>3,115,583,824</strong></td>
<td><strong>3,340,803,254</strong></td>
<td><strong>2,836,043,833</strong></td>
</tr>
</tbody>
</table>

**At Fair Value**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Freehold Land</td>
<td>1,368,524,962</td>
<td>985,314,962</td>
<td>1,320,500,000</td>
<td>946,140,000</td>
</tr>
<tr>
<td></td>
<td>1,368,524,962</td>
<td>985,314,962</td>
<td>1,320,500,000</td>
<td>946,140,000</td>
</tr>
</tbody>
</table>

**In the Course of Construction**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings and Equipment</td>
<td>5,663,585</td>
<td>2,980,257</td>
<td>5,663,585</td>
<td>2,980,257</td>
</tr>
<tr>
<td></td>
<td>5,663,585</td>
<td>2,980,257</td>
<td>5,663,585</td>
<td>2,980,257</td>
</tr>
</tbody>
</table>

**Total Carrying Amount of Property Plant and Equipment**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3,616,327,104</td>
<td>3,115,583,824</td>
<td>3,340,803,254</td>
<td>2,836,043,833</td>
</tr>
</tbody>
</table>
4.4 The fair value of freehold land of the Group comprising approx. 1510 perches (Company approx. 1451) was determined by means of a revaluation during the financial year 2019/20 by Messrs K. Arthur Perera and Company (AMIV-Sri Lanka), an independent valuer, in reference to market based evidence. The valuer has made reference to market evidence of transacted prices for similar size and location. The appraised fair values were approximated within a range of values between LKR 80,000/- to LKR 1,350,000/- a perch, depending on the location. The results of such revaluation were incorporated in these Financial Statements from its effective date which was 31st March 2020. The surplus arising from the revaluation, amounting to LKR 383,210,000/- (Company LKR 374,360,000/-) was transferred to a Revaluation Reserve this year.

Valuation processes of the Group:
On a once in three years basis, the company usually engages an external independent and qualified valuer to determine the fair value of land. When significant changes in fair values are expected between two valuations, that necessitates a more regular basis of valuation adopted, the Board based on its judgment as appropriately advised by the valuer obtains a further valuation to ensure that the carrying amount does not differ materially with fair value at the end of the reporting period. Increase or decrease in estimated price per perch in isolation would result in a higher or lower fair value measurement. Accordingly, a change of 10% estimated price per perch will cause a Rs.136,852,496/- change in the fair value of freehold land, directionally.

The following table analysis the non-financial assets carried at fair value, by valuation method. The different levels have been defined in Note 9.2

<table>
<thead>
<tr>
<th>Fair Value measurement as at 31 March 2020</th>
<th>Level 01</th>
<th>Level 02</th>
<th>Level 03</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>LKR</td>
<td>LKR</td>
<td>LKR</td>
<td>LKR</td>
<td></td>
</tr>
<tr>
<td>Group</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Freehold Land</td>
<td>-</td>
<td>-</td>
<td>1,368,524,962</td>
<td>1,368,524,962</td>
</tr>
<tr>
<td>Company</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Freehold Land</td>
<td>-</td>
<td>-</td>
<td>1,320,500,000</td>
<td>1,320,500,000</td>
</tr>
</tbody>
</table>

4.5 The carrying amount of revalued land that would have been included in the Financial Statements had the assets been carried at cost is as follows:

<table>
<thead>
<tr>
<th>Class of Asset</th>
<th>Group</th>
<th></th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>2019</td>
<td>2020</td>
</tr>
<tr>
<td></td>
<td>LKR</td>
<td>LKR</td>
<td>LKR</td>
</tr>
<tr>
<td>Freehold Land</td>
<td>112,826,303</td>
<td>112,826,303</td>
<td>84,440,984</td>
</tr>
</tbody>
</table>
4.6 During the financial year, the Group acquired Property, Plant and Equipment to the aggregate value of LKR 235,711,626/- (2019 - LKR 29,860,620/-) and the Company acquired Property, Plant and Equipment to the aggregate value of LKR 235,144,536/- (2019 - LKR 26,294,840/-) Cash payment amounting to LKR 232,635,476/- (2019 - LKR 28,268,239/-) and LKR 232,068,386/- (2019 - LKR 26,294,840/-) were made during the year for the purchase of Property, Plant and Equipment by Group and Company respectively.

4.7 Property, Plant and Equipment includes fully depreciated assets having a gross carrying amount of LKR 140,223,888/- (2019 - LKR 144,497,755/-) that consisted of individually insignificant items.

4.8 The useful lives of the assets are estimated as follows:

<table>
<thead>
<tr>
<th>Group/Company</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>YEARS</td>
<td>YEARS</td>
</tr>
<tr>
<td>Buildings and Building Integrals</td>
<td>Note (4.8.1)</td>
<td>15 to 60</td>
</tr>
<tr>
<td>Plant and Equipment</td>
<td>13.33</td>
<td>13.33</td>
</tr>
<tr>
<td>Sewerage Treatment Plant</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Kitchen/Bar Equipment</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Electrical Equipment</td>
<td>04 to 10</td>
<td>04 to 10</td>
</tr>
<tr>
<td>Solar Electrical System</td>
<td>10 to 20</td>
<td>10 to 20</td>
</tr>
<tr>
<td>Office Equipment</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Sports Equipment</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Furniture and Fittings</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Swimming Pool Equipment</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Generator</td>
<td>13.33</td>
<td>13.33</td>
</tr>
<tr>
<td>Motor Vehicles</td>
<td>05 to 08</td>
<td>05 to 08</td>
</tr>
<tr>
<td>Water Treatment Plant</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Linen, Cutlery and Crockery</td>
<td>02 to 03</td>
<td>02 to 03</td>
</tr>
<tr>
<td>Laundry and Hot Water Equipment</td>
<td>10 to 13.33</td>
<td>10 to 13.33</td>
</tr>
<tr>
<td>Telephone System</td>
<td>13.33</td>
<td>13.33</td>
</tr>
<tr>
<td>Elevators</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>SMA TV System</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Maintenance Tools</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Music Instruments</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Bar Furniture and Equipment</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Computer Equipment &amp; Systems</td>
<td>04</td>
<td>04</td>
</tr>
<tr>
<td>Bio Gas Plant</td>
<td>13.33</td>
<td>-</td>
</tr>
</tbody>
</table>

4.8.1 The Group regularly reviews the useful life of each significant component of property, plant and equipment taking into account the experience of recent refurbishment patterns as well as industry trends. Accordingly, depreciation was calculated for the year ended 31 March 2020 using a straight line method for each individual significant component of building, based on the following estimated useful lives.
Notes to the Financial Statements contd.

Components included in Buildings & Building Integrals:

<table>
<thead>
<tr>
<th>Group/Company</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>YEARS</td>
<td>YEARS</td>
</tr>
<tr>
<td>Super Structure</td>
<td>60</td>
<td>60</td>
</tr>
<tr>
<td>Roof, Railing and Ceiling work</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Wood, Aluminum and Glass work</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Bathroom Fittings</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Restaurant Floors - Wood</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Tennis and Squash Court</td>
<td>60</td>
<td>60</td>
</tr>
</tbody>
</table>

4.9 Impairment

The Group does not foresee any indications of impairment as at the reporting date due to the COVID-19 pandemic, allowing Hotel operations to function, whilst strictly adhering to and supporting government directives.

5. RIGHT OF USE ASSETS

Set out below, are the carrying amounts of the right of use assets and the movements for the period ended 31 March 2020.

5.1 Lease hold Properties

<table>
<thead>
<tr>
<th>Group/Company</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LKR</td>
<td>LKR</td>
</tr>
<tr>
<td>As at 1st April</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfers - (SLFRS 16 Initial Recognition)</td>
<td>2,272,728</td>
<td>-</td>
</tr>
<tr>
<td>Amortisation for the Year</td>
<td>(30,303)</td>
<td>-</td>
</tr>
<tr>
<td>As at 31st March</td>
<td>2,242,425</td>
<td>-</td>
</tr>
</tbody>
</table>

6. PREPAID LEASE RENTAL

<table>
<thead>
<tr>
<th>Group/Company</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LKR</td>
<td>LKR</td>
</tr>
<tr>
<td>As at 1st April</td>
<td>2,272,728</td>
<td>2,303,031</td>
</tr>
<tr>
<td>Transferred to Right of Use Assests</td>
<td>2,272,728</td>
<td>-</td>
</tr>
<tr>
<td>Amortisation for the Year</td>
<td>(30,303)</td>
<td>-</td>
</tr>
<tr>
<td>As at 31st March</td>
<td>-</td>
<td>2,272,728</td>
</tr>
</tbody>
</table>

6.1 Prepaid lease rental represents the lease rental paid to acquire the leasehold rights of land situated in Dadalla-Galle obtained from The Urban Development Authority of Sri Lanka by the agreement dated 18th January 1995. The amount paid upfront is being amortized over the lease period of 99 years.
7. INTANGIBLE ASSETS

7.1 Cost

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020 LKR</td>
<td>2019 LKR</td>
</tr>
<tr>
<td>As at 1st April</td>
<td>5,774,952</td>
<td>5,514,936</td>
</tr>
<tr>
<td>Purchased during the Year</td>
<td>-</td>
<td>260,016</td>
</tr>
<tr>
<td>As at 31st March</td>
<td>5,774,952</td>
<td>5,774,952</td>
</tr>
</tbody>
</table>

**Amortisation**

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020 LKR</td>
<td>2019 LKR</td>
</tr>
<tr>
<td>As at 1st April</td>
<td>(4,715,683)</td>
<td>(4,210,947)</td>
</tr>
<tr>
<td>Amortised during the Year</td>
<td>(387,132)</td>
<td>(504,737)</td>
</tr>
<tr>
<td>As at 31st March</td>
<td>(5,102,815)</td>
<td>(4,715,683)</td>
</tr>
</tbody>
</table>

**Net Book Value**

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020 LKR</td>
<td>2019 LKR</td>
</tr>
<tr>
<td>As at 1st April</td>
<td>1,059,269</td>
<td>1,303,989</td>
</tr>
<tr>
<td>As at 31st March</td>
<td>672,137</td>
<td>1,059,269</td>
</tr>
</tbody>
</table>

7.2 Intangible assets stated above consist of Computer Software and Licenses together with related costs. These are amortised over a period of 4 years, on a straight line basis.

8. INVESTMENTS IN SUBSIDIARY

8.1 Non-Quoted Investment

<table>
<thead>
<tr>
<th></th>
<th>Holding</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020 %</td>
<td>2019 %</td>
</tr>
<tr>
<td>Unawatuna Properties (Pvt) Ltd (Note 8.2)</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

8.2 During the year, the Company has invested LKR 50 Mn (5,000,000 shares at LKR 10/- per share) in wholly owned subsidiary Unawatuna Properties (Pvt) Ltd.

8.3 The Group has not determined impairment as at the reporting date due to the COVID-19 pandemic.
## 9. OTHER FINANCIAL ASSETS

### 9.1 Other Non-Current Financial Assets

#### Financial Assets Measured at Fair Value through OCI

9.1.1 Investments in Equity Securities - Non quoted:

<table>
<thead>
<tr>
<th>Group</th>
<th>2020</th>
<th>2019</th>
<th>Group</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rainforest Ecolodge (Pvt) Ltd. (Note 9.1.2)</td>
<td></td>
<td></td>
<td>Rainforest Ecolodge (Pvt) Ltd. (Note 9.1.2)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fair Value at the beginning of the Year</td>
<td>86,713,852</td>
<td>87,286,467</td>
<td>Fair Value at the beginning of the Year</td>
<td>86,713,852</td>
<td>87,286,467</td>
</tr>
<tr>
<td>Loss recognised in Other Comprehensive Income</td>
<td>(5,154,494)</td>
<td>(572,615)</td>
<td>Loss recognised in Other Comprehensive Income</td>
<td>(5,154,494)</td>
<td>(572,615)</td>
</tr>
<tr>
<td>Fair Value at the end of the Year</td>
<td>81,559,358</td>
<td>86,713,852</td>
<td>Fair Value at the end of the Year</td>
<td>81,559,358</td>
<td>86,713,852</td>
</tr>
</tbody>
</table>

9.1.2 The Company held 18.32% (2019 - 18.32%) shareholding in Rainforest Ecolodge (Pvt) Ltd. The commercial operations of Rainforest Ecolodge (Pvt) Ltd commenced during the year 2013. The fair value of above unquoted equity securities was determined using Discounted cash flow (DCF) valuation technique, where significant inputs were not based on observable market data (Level 3). There were no share sales or purchases during the year. Valuation techniques, key assumption and the sensitivity of the significant inputs to the fair value of the Investment are as follows:

<table>
<thead>
<tr>
<th>Valuation Technique</th>
<th>Significant Unobservable Inputs</th>
<th>Sensitivity of the input to fair value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discounted cash flow (DCF) method</td>
<td>Long term growth rate</td>
<td>1% increase/(decrease) in the growth rate would result in increase/(decrease) in fair value by LKR 6.7 Mn and (LKR 5.7 Mn) respectively</td>
</tr>
<tr>
<td></td>
<td>Weighted Average Cost of Capital (WACC)</td>
<td>1% increase/(decrease) in the WACC would result in (decrease)/Increase in fair value by (LKR 8.5 Mn) and LKR 10 Mn respectively</td>
</tr>
</tbody>
</table>
9.2 Fair Value Hierarchy
The Group/Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

- **Level 1**: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- **Level 2**: Other valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- **Level 3**: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at 31 March 2020, the Group/Company held the following financial instruments carried at fair value on the Statement of Financial Position.

### 9.3 Assets Measured at Fair Value

<table>
<thead>
<tr>
<th>Financial Instruments</th>
<th>Total</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LKR</td>
<td>LKR</td>
<td>LKR</td>
<td>LKR</td>
</tr>
<tr>
<td><strong>Financial Assets Measured at fair value through OCI</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-quoted Equity Investment (9.1)</td>
<td>81,559,358</td>
<td>-</td>
<td>-</td>
<td>81,559,358</td>
</tr>
<tr>
<td>2020</td>
<td>81,559,358</td>
<td>-</td>
<td>-</td>
<td>81,559,358</td>
</tr>
<tr>
<td>2019</td>
<td>86,713,852</td>
<td>-</td>
<td>-</td>
<td>86,713,852</td>
</tr>
</tbody>
</table>

During the reporting year ending 31 March 2020, there were no transfers between Level 2 and Level 3 fair value measurements.

10. INVENTORIES

<table>
<thead>
<tr>
<th>Inventories</th>
<th>Group</th>
<th>Company</th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>2019</td>
<td>2020</td>
<td>2019</td>
</tr>
<tr>
<td></td>
<td>LKR</td>
<td>LKR</td>
<td>LKR</td>
<td>LKR</td>
</tr>
<tr>
<td>Food and Beverage</td>
<td>10,809,202</td>
<td>10,743,704</td>
<td>10,331,179</td>
<td>10,018,381</td>
</tr>
<tr>
<td>Other Inventories</td>
<td>15,469,812</td>
<td>16,715,136</td>
<td>15,082,757</td>
<td>16,370,636</td>
</tr>
<tr>
<td></td>
<td>26,279,014</td>
<td>27,458,840</td>
<td>25,413,936</td>
<td>26,389,017</td>
</tr>
</tbody>
</table>

11. TRADE AND OTHER RECEIVABLES

<table>
<thead>
<tr>
<th>Receivables</th>
<th>Group</th>
<th>Company</th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>2019</td>
<td>2020</td>
<td>2019</td>
</tr>
<tr>
<td></td>
<td>LKR</td>
<td>LKR</td>
<td>LKR</td>
<td>LKR</td>
</tr>
<tr>
<td>Trade Debtors - Related Parties (Note 11.1)</td>
<td>14,856,238</td>
<td>13,915,356</td>
<td>12,454,188</td>
<td>13,766,602</td>
</tr>
<tr>
<td>- Other</td>
<td>32,773,812</td>
<td>100,613,535</td>
<td>30,252,529</td>
<td>99,657,354</td>
</tr>
<tr>
<td>Loans and Other Receivables - Related Parties (Note 11.2)</td>
<td>-</td>
<td>-</td>
<td>11,072,000</td>
<td>-</td>
</tr>
<tr>
<td>- Other</td>
<td>33,422,326</td>
<td>14,009,734</td>
<td>30,677,259</td>
<td>11,801,067</td>
</tr>
<tr>
<td>Less: Impairment of Trade Debtors</td>
<td>(2,645,704)</td>
<td>(1,417,920)</td>
<td>(2,523,747)</td>
<td>(1,417,920)</td>
</tr>
<tr>
<td>Prepayments</td>
<td>78,406,672</td>
<td>127,120,705</td>
<td>81,932,229</td>
<td>123,807,103</td>
</tr>
<tr>
<td></td>
<td>9,977,742</td>
<td>9,180,014</td>
<td>8,314,404</td>
<td>6,785,114</td>
</tr>
<tr>
<td></td>
<td>88,384,414</td>
<td>136,300,719</td>
<td>90,246,633</td>
<td>130,592,217</td>
</tr>
</tbody>
</table>
Notes to the Financial Statements contd.

Trade receivables are non-interest bearing and are generally on terms of 30 days.

See Note 26 (a) on credit risk of trade receivables, which discusses how the Company manages and measures credit quality of Trade Receivables that are neither past due nor impaired.

11.1 Related Parties

<table>
<thead>
<tr>
<th>Relationship</th>
<th>LKR 2020</th>
<th>LKR 2019</th>
<th>LKR 2020</th>
<th>LKR 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jetwing Travels (Pvt) Ltd</td>
<td>12,494,598</td>
<td>12,649,014</td>
<td>10,210,457</td>
<td>12,500,261</td>
</tr>
<tr>
<td>Jetwing Eco Holidays (Pvt) Ltd</td>
<td>129,298</td>
<td>-</td>
<td>129,298</td>
<td>-</td>
</tr>
<tr>
<td>Jetwing Hotels Ltd</td>
<td>537,190</td>
<td>363,750</td>
<td>537,190</td>
<td>363,750</td>
</tr>
<tr>
<td>Go Vacation Lanka Co. (Pvt) Ltd</td>
<td>946,884</td>
<td>902,592</td>
<td>828,975</td>
<td>902,592</td>
</tr>
<tr>
<td>Pottuvil Point (Pvt) Ltd</td>
<td>19,500</td>
<td>-</td>
<td>19,500</td>
<td>-</td>
</tr>
<tr>
<td>Jetwing Events (Pvt) Ltd</td>
<td>661,094</td>
<td>-</td>
<td>661,094</td>
<td>-</td>
</tr>
<tr>
<td>Yala Properties (Pvt) Ltd</td>
<td>67,675</td>
<td>-</td>
<td>67,675</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>14,856,238</td>
<td>13,915,356</td>
<td>12,454,188</td>
<td>13,766,602</td>
</tr>
</tbody>
</table>

11.2 Loans and Other receivables - Related Parties

<table>
<thead>
<tr>
<th>Relationship</th>
<th>LKR 2020</th>
<th>LKR 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unawatuna Properties (Pvt) Ltd</td>
<td>11,072,000</td>
<td>-</td>
</tr>
</tbody>
</table>

12. STATED CAPITAL

<table>
<thead>
<tr>
<th>Relationship</th>
<th>LKR 2020</th>
<th>LKR 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>At the beginning of the Year - 46,000,000 Ordinary Shares</td>
<td>460,000,974</td>
<td>460,000,974</td>
</tr>
<tr>
<td>At the end of the Year - 46,000,000 Ordinary Shares</td>
<td>460,000,974</td>
<td>460,000,974</td>
</tr>
</tbody>
</table>
### 13. RESERVES

<table>
<thead>
<tr>
<th></th>
<th>Group 2020</th>
<th>Group 2019</th>
<th>Company 2020</th>
<th>Company 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revaluation Reserve (Note 13.1)</td>
<td>1,080,326,538</td>
<td>750,765,938</td>
<td>1,063,010,754</td>
<td>741,061,154</td>
</tr>
<tr>
<td>Special Reserve (Note 13.2)</td>
<td>1,325,671,060</td>
<td>1,325,671,060</td>
<td>1,325,671,060</td>
<td>1,325,671,060</td>
</tr>
<tr>
<td>Fair value Reserve of Financial Assets at FVOCI (Note 13.3)</td>
<td>(5,703,902)</td>
<td>(549,408)</td>
<td>(5,703,902)</td>
<td>(549,408)</td>
</tr>
<tr>
<td></td>
<td>2,400,293,696</td>
<td>2,075,887,590</td>
<td>2,382,977,912</td>
<td>2,066,182,806</td>
</tr>
</tbody>
</table>

#### 13.1 Revaluation Reserve

<table>
<thead>
<tr>
<th></th>
<th>Group 2020</th>
<th>Group 2019</th>
<th>Company 2020</th>
<th>Company 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>On: Freehold Land</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As at 1st April</td>
<td>750,765,938</td>
<td>750,765,938</td>
<td>741,061,154</td>
<td>741,061,154</td>
</tr>
<tr>
<td>Surplus on Revaluation</td>
<td>383,210,000</td>
<td>-</td>
<td>374,360,000</td>
<td>-</td>
</tr>
<tr>
<td>Deferred Tax Attributable to Revaluation Surplus</td>
<td>(53,649,400)</td>
<td>-</td>
<td>(52,410,400)</td>
<td>-</td>
</tr>
<tr>
<td>At at 31st March</td>
<td>1,080,326,538</td>
<td>750,765,938</td>
<td>1,063,010,754</td>
<td>741,061,154</td>
</tr>
</tbody>
</table>

#### 13.2 Special Reserve

<table>
<thead>
<tr>
<th></th>
<th>Group 2020</th>
<th>Group 2019</th>
<th>Company 2020</th>
<th>Company 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at 1st April</td>
<td>1,325,671,060</td>
<td>1,325,671,060</td>
<td>1,325,671,060</td>
<td>1,325,671,060</td>
</tr>
<tr>
<td>At at 31st March</td>
<td>1,325,671,060</td>
<td>1,325,671,060</td>
<td>1,325,671,060</td>
<td>1,325,671,060</td>
</tr>
</tbody>
</table>
13.3 Fair value Reserve of Financials Assets at FVOCI

<table>
<thead>
<tr>
<th></th>
<th>Group 2020</th>
<th>Group 2019</th>
<th>Company 2020</th>
<th>Company 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at 1st April</td>
<td>(549,408)</td>
<td>-</td>
<td>(549,408)</td>
<td>-</td>
</tr>
<tr>
<td>Reclassification of Reserve After Adaption of SLFRS 09</td>
<td>-</td>
<td>23,207</td>
<td>-</td>
<td>23,207</td>
</tr>
<tr>
<td>Gain/(Loss) on Financials Assets at FVOCI (Note 9.1)</td>
<td>(5,154,494)</td>
<td>(572,615)</td>
<td>(5,154,494)</td>
<td>(572,615)</td>
</tr>
<tr>
<td>At at 31st March</td>
<td>(5,703,902)</td>
<td>(549,408)</td>
<td>(5,703,902)</td>
<td>(549,408)</td>
</tr>
</tbody>
</table>

13.4 The above revaluation surplus consists of net surplus resulting from the revaluation of Freehold Land as described in Note 4.4.

13.5 With the adoption of SLFRS in 2012/2013, the Company opted to reflect its building at deemed cost. The Board resolved to transfer such impact to a Special Reserve during the year 2013. This Special Reserve is available to be used in a manner determined by the Board from time to time.

14. POST-EMPLOYMENT BENEFIT LIABILITY

<table>
<thead>
<tr>
<th></th>
<th>Group 2020</th>
<th>Group 2019</th>
<th>Company 2020</th>
<th>Company 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at 1st April</td>
<td>37,395,958</td>
<td>31,617,859</td>
<td>36,975,758</td>
<td>31,499,301</td>
</tr>
<tr>
<td>Charge for the Year (Note 14.1)</td>
<td>6,978,713</td>
<td>9,721,827</td>
<td>6,976,337</td>
<td>9,420,185</td>
</tr>
<tr>
<td>Transfers (Net) during the year</td>
<td>(970,777)</td>
<td>162,532</td>
<td>(839,743)</td>
<td>162,532</td>
</tr>
<tr>
<td>Payments made during the year</td>
<td>(1,788,020)</td>
<td>(4,106,260)</td>
<td>(1,788,020)</td>
<td>(4,106,260)</td>
</tr>
<tr>
<td>At at 31st March</td>
<td>41,615,874</td>
<td>37,395,958</td>
<td>41,324,332</td>
<td>36,975,758</td>
</tr>
</tbody>
</table>

14.1 Defined Benefit Plan Cost

<table>
<thead>
<tr>
<th></th>
<th>Group 2020</th>
<th>Group 2019</th>
<th>Company 2020</th>
<th>Company 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Service Cost</td>
<td>2,688,980</td>
<td>2,794,980</td>
<td>2,729,221</td>
<td>2,506,972</td>
</tr>
<tr>
<td>Interest cost on Benefit Obligation</td>
<td>4,275,306</td>
<td>3,636,054</td>
<td>4,252,212</td>
<td>3,622,420</td>
</tr>
<tr>
<td>Recognised in the Statement of Profit or Loss</td>
<td>6,964,286</td>
<td>6,431,034</td>
<td>6,981,433</td>
<td>6,129,392</td>
</tr>
<tr>
<td>Actuarial (Gain)/Loss for the year recognised in Other Comprehensive Income</td>
<td>14,427</td>
<td>3,290,793</td>
<td>(5,096)</td>
<td>3,290,793</td>
</tr>
<tr>
<td>Charge for the year</td>
<td>6,978,713</td>
<td>9,721,827</td>
<td>6,976,337</td>
<td>9,420,185</td>
</tr>
</tbody>
</table>
As at 31 March 2020 the gratuity liability was actuarially valued by Messrs. K.A. Pandit, an independent firm of actuaries.

Principal Actuarial Assumptions

The principal financial assumptions underlying the valuation are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount Rate</td>
<td>10% p.a</td>
<td>11.5% p.a</td>
</tr>
<tr>
<td>Salary Increase</td>
<td>8.5% p.a</td>
<td>10% p.a</td>
</tr>
<tr>
<td>Staff Turnover</td>
<td>5% at each age</td>
<td>5% at each age</td>
</tr>
</tbody>
</table>

The principal demographic assumption underlying the valuation is the retirement age of 55/50 years, applied consistently for both years.

14.3 Sensitivity of assumptions employed in Actuarial Valuation

The following table demonstrates the sensitivity to a reasonable possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measurement, in respect of the year 2019/2020. The sensitivity of the Income Statement and Statement of Financial Position is the effect of the assumed changes in discount rate and salary increase rate on the profit or loss and post employment benefit liability for the year.

<table>
<thead>
<tr>
<th>Change in Assumptions</th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Effect on Total</td>
<td>Effect on Total</td>
</tr>
<tr>
<td></td>
<td>Comprehensive</td>
<td>Pro Forma Post</td>
</tr>
<tr>
<td></td>
<td>Income -</td>
<td>Employment</td>
</tr>
<tr>
<td></td>
<td>(reduction)/</td>
<td>Pro Forma Post</td>
</tr>
<tr>
<td></td>
<td>increase in</td>
<td>Employment</td>
</tr>
<tr>
<td></td>
<td>results</td>
<td>Benefit</td>
</tr>
<tr>
<td></td>
<td>LKR</td>
<td>LKR</td>
</tr>
<tr>
<td>+1% Change in Discount Rate</td>
<td>1,815,770</td>
<td>39,800,104</td>
</tr>
<tr>
<td>-1% Change in Discount Rate</td>
<td>(2,022,369)</td>
<td>43,638,243</td>
</tr>
<tr>
<td>+1% Change in rate of Salary Increase</td>
<td>(2,032,129)</td>
<td>43,648,003</td>
</tr>
<tr>
<td>-1% Change in rate of Salary Increase</td>
<td>1,855,770</td>
<td>39,760,104</td>
</tr>
<tr>
<td>+1% change in Rate of Employee Turnover</td>
<td>(126,965)</td>
<td>41,742,839</td>
</tr>
<tr>
<td>-1% change in Rate of Employee Turnover</td>
<td>143,050</td>
<td>41,472,824</td>
</tr>
</tbody>
</table>
14.4 Distribution of Post Employment Benefit Obligation Over Future Lifetime
The following table demonstrates distribution of future working lifetime of the Post Employment Benefit Obligation (Undiscounted) as at the reporting date.

<table>
<thead>
<tr>
<th></th>
<th>Group 2020</th>
<th>Group 2019</th>
<th>Company 2020</th>
<th>Company 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LKR</td>
<td>LKR</td>
<td>LKR</td>
<td>LKR</td>
</tr>
<tr>
<td>Less than or equal 1 year</td>
<td>10,929,152</td>
<td>13,084,035</td>
<td>10,919,228</td>
<td>13,080,690</td>
</tr>
<tr>
<td>Over 1 year and less than or equal 5 years</td>
<td>17,910,932</td>
<td>10,167,431</td>
<td>17,774,009</td>
<td>10,059,749</td>
</tr>
<tr>
<td>Over 5 year and less than or equal 10 years</td>
<td>18,581,653</td>
<td>19,070,754</td>
<td>18,462,018</td>
<td>18,985,701</td>
</tr>
<tr>
<td>Total</td>
<td>47,421,737</td>
<td>42,322,220</td>
<td>47,155,255</td>
<td>42,126,140</td>
</tr>
</tbody>
</table>

Since the complexity of the valuation and the underlying assumptions are based on long-term nature including the application of discount rate which is formulated on the market yield of long-term government and corporate bonds, there is no significant impact on employee benefit liabilities from COVID-19 pandemic.

15. INTEREST BEARING LOANS AND BORROWINGS

<table>
<thead>
<tr>
<th></th>
<th>Group 2020</th>
<th>Group 2019</th>
<th>Company 2020</th>
<th>Company 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LKR</td>
<td>LKR</td>
<td>LKR</td>
<td>LKR</td>
</tr>
<tr>
<td>Bank Loans (Note 15.1)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As at 1st April</td>
<td>112,049,688</td>
<td>101,617,188</td>
<td>6,371,688</td>
<td>8,033,688</td>
</tr>
<tr>
<td>Effect of movement in Exchange Rate</td>
<td>6,776,645</td>
<td>12,094,500</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Loans received during the Year - WC Loan</td>
<td>270,000,000</td>
<td>-</td>
<td>250,000,000</td>
<td>-</td>
</tr>
<tr>
<td>Loan received during the Year - Moratorium</td>
<td>7,601,747</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Loan repayments during the Year</td>
<td>(85,850,791)</td>
<td>(1,662,000)</td>
<td>(43,302,000)</td>
<td>(1,662,000)</td>
</tr>
<tr>
<td>At at 31st March</td>
<td>310,577,289</td>
<td>112,049,688</td>
<td>213,069,688</td>
<td>6,371,688</td>
</tr>
<tr>
<td>Bank Overdrafts (Note 22.2)</td>
<td>20,634,101</td>
<td>36,513,533</td>
<td>18,900,061</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>331,211,390</td>
<td>148,563,221</td>
<td>231,969,749</td>
<td>6,371,688</td>
</tr>
<tr>
<td>Current portion of Interest-bearing Borrowings</td>
<td>108,726,342</td>
<td>39,936,433</td>
<td>83,022,061</td>
<td>1,662,000</td>
</tr>
<tr>
<td>Non-current portion of Interest-bearing Borrowings</td>
<td>222,485,048</td>
<td>108,626,788</td>
<td>148,947,688</td>
<td>4,709,688</td>
</tr>
<tr>
<td></td>
<td>331,211,390</td>
<td>148,563,221</td>
<td>231,969,749</td>
<td>6,371,688</td>
</tr>
</tbody>
</table>
### 15.1 Bank Loans - Group

<table>
<thead>
<tr>
<th></th>
<th>As At 1 April 2019</th>
<th>Loans Obtained</th>
<th>Accued Interest</th>
<th>Exchange (Gain) / Loss</th>
<th>Repayment As At 31 March 2020</th>
<th>As At 31 March 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hatton National Bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- USD Term Loan *</td>
<td>105,678,000</td>
<td>-</td>
<td>-</td>
<td>6,364,780</td>
<td>(38,858,220)</td>
<td>73,184,560</td>
</tr>
<tr>
<td>Hatton National Bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- USD Term Loan - Moratorium **</td>
<td></td>
<td></td>
<td>7,601,747</td>
<td>411,865</td>
<td>(358,571)</td>
<td>7,655,041</td>
</tr>
<tr>
<td>Hatton National Bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Working capital Loan***</td>
<td></td>
<td>270,000,000</td>
<td>-</td>
<td>-</td>
<td>(44,972,000)</td>
<td>225,028,000</td>
</tr>
<tr>
<td>Sampath Bank PLC</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- LKR Term Loan****</td>
<td>6,371,688</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(1,662,000)</td>
<td>4,709,688</td>
</tr>
<tr>
<td></td>
<td>112,049,688</td>
<td>270,000,000</td>
<td>7,601,747</td>
<td>6,776,645</td>
<td>(85,850,791)</td>
<td>310,577,289</td>
</tr>
</tbody>
</table>

*Secured term loan of USD 600,000 repayable in 60 monthly installments with a 24 month grace period at an interest rate of LIBOR + premium

**Moratorium loan of USD 40,584 repayable in 24 monthly installments with a 6 month grace period at an interest rate of LIBOR + premium

***Secured Working Capital Loan consist of Rs 270 Mn repayable in 24 installments at an interest rate of 3.46% p.a. Jetwing Hotels Ltd has given a Corporate guarantee as a security.

****Unsecured Term Loan of LKR 9,972,687 repayable in 72 monthly installments at an interest rate of 6% p.a.

In light of the economic slowdown in the country due to the COVID-19 pandemic, the Government of Sri Lanka through the CBSL has implemented a 6 month debt moratorium for interest and capital and a two year working capital loan at an interest rate of 4 percent, to impacted sectors. The Group, is in the process of negotiating terms and conditions of the said moratorium and working capital loan. The Group already received Capital moratoriums up to 31 March 2020 due to the Easter Sunday attack.

### 15.1 Bank Loans - Company

<table>
<thead>
<tr>
<th></th>
<th>As At 01 April 2019</th>
<th>Loans Obtained</th>
<th>Repayment</th>
<th>As At 31 March 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hatton National Bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- WC Term Loan *</td>
<td></td>
<td>250,000,000</td>
<td>(41,640,000)</td>
<td>208,360,000</td>
</tr>
<tr>
<td>Sampath Bank PLC</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- LKR Term Loan**</td>
<td>6,371,688</td>
<td>-</td>
<td>1,662,000</td>
<td>4,709,688</td>
</tr>
<tr>
<td></td>
<td>6,371,688</td>
<td>250,000,000</td>
<td>(43,302,000)</td>
<td>213,069,688</td>
</tr>
</tbody>
</table>

*Secured Working Capital Loan consist of Rs 250 Mn repayable in 24 installments at an interest rate of 3.46% p.a. Jetwing Hotels Ltd has given a Corporate guarantee as a security.

**Unsecured Term Loan of LKR 9,972,687 repayable in 72 monthly installments at an interest rate of 6% p.a.
### 16. TRADE AND OTHER PAYABLES

<table>
<thead>
<tr>
<th></th>
<th>Group 2020</th>
<th>Group 2019</th>
<th>Company 2020</th>
<th>Company 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LKR</td>
<td>LKR</td>
<td>LKR</td>
<td>LKR</td>
</tr>
<tr>
<td>Trade Payables - Related Party (Note 16.1)</td>
<td>-</td>
<td>20,561</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>- Other</td>
<td>11,243,812</td>
<td>25,012,166</td>
<td>10,807,492</td>
<td>23,665,128</td>
</tr>
<tr>
<td>Other Payables - Related Party (Note 16.2)</td>
<td>3,127,133</td>
<td>7,882,939</td>
<td>2,246,128</td>
<td>7,610,184</td>
</tr>
<tr>
<td>- Other</td>
<td>39,071,785</td>
<td>51,751,213</td>
<td>35,915,998</td>
<td>48,244,591</td>
</tr>
<tr>
<td>Guest Refundable Deposit</td>
<td>19,428,079</td>
<td>19,125,857</td>
<td>18,746,032</td>
<td>18,617,209</td>
</tr>
<tr>
<td>Sundry Creditors including Accrued Expenses</td>
<td>18,300,828</td>
<td>17,837,520</td>
<td>14,183,404</td>
<td>11,860,543</td>
</tr>
<tr>
<td></td>
<td>91,171,631</td>
<td>121,630,256</td>
<td>81,899,054</td>
<td>109,997,655</td>
</tr>
<tr>
<td>Statutory Payables</td>
<td>2,193,994</td>
<td>10,197,530</td>
<td>2,027,245</td>
<td>9,761,772</td>
</tr>
<tr>
<td></td>
<td>93,365,631</td>
<td>131,827,786</td>
<td>83,926,299</td>
<td>119,759,427</td>
</tr>
</tbody>
</table>

#### 16.1 Trade Payables - Related parties

<table>
<thead>
<tr>
<th>Relationship</th>
<th>Group 2020</th>
<th>Group 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LKR</td>
<td>LKR</td>
</tr>
<tr>
<td>Jet Enterprises (Pvt) Ltd</td>
<td>-</td>
<td>20,561</td>
</tr>
<tr>
<td>Other Related Party</td>
<td>-</td>
<td>20,561</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>20,561</td>
</tr>
</tbody>
</table>

#### 16.2 Other Payables - Related parties

<table>
<thead>
<tr>
<th>Relationship</th>
<th>Group 2020</th>
<th>Group 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ahangama Properties (Pvt) Ltd.</td>
<td>-</td>
<td>212,235</td>
</tr>
<tr>
<td>Other Related Party</td>
<td>-</td>
<td>212,235</td>
</tr>
<tr>
<td>Jetwing Hotels Ltd.</td>
<td>3,127,133</td>
<td>7,670,704</td>
</tr>
<tr>
<td>Other Related Party</td>
<td>2,246,128</td>
<td>7,397,949</td>
</tr>
<tr>
<td></td>
<td>3,127,133</td>
<td>7,882,939</td>
</tr>
<tr>
<td></td>
<td>2,246,128</td>
<td>7,610,184</td>
</tr>
</tbody>
</table>
### 17. OTHER INCOME AND GAINS

<table>
<thead>
<tr>
<th></th>
<th>Group 2020</th>
<th>Group 2019</th>
<th>Company 2020</th>
<th>Company 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance Claim Received</td>
<td>607,921 LKR</td>
<td>295,735 LKR</td>
<td>607,921 LKR</td>
<td>290,545 LKR</td>
</tr>
<tr>
<td>Rent Income</td>
<td>1,175,644</td>
<td>1,340,312</td>
<td>1,175,644</td>
<td>1,340,312</td>
</tr>
<tr>
<td>Sundry Income</td>
<td>215,438</td>
<td>6,365,786</td>
<td>211,450</td>
<td>6,365,786</td>
</tr>
<tr>
<td></td>
<td><strong>1,999,003</strong></td>
<td><strong>8,001,833</strong></td>
<td><strong>1,995,015</strong></td>
<td><strong>7,996,643</strong></td>
</tr>
</tbody>
</table>

### 18. FINANCE INCOME AND FINANCE COST

#### 18.1 Finance Cost

<table>
<thead>
<tr>
<th></th>
<th>Group 2020</th>
<th>Group 2019</th>
<th>Company 2020</th>
<th>Company 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Expense on Bank Loan</td>
<td>11,986,309</td>
<td>15,624,447</td>
<td>3,354,266</td>
<td>7,550,201</td>
</tr>
<tr>
<td>Interest Expense on Bank Overdraft</td>
<td>6,718,034</td>
<td>6,165,583</td>
<td>4,621,330</td>
<td>3,351,345</td>
</tr>
<tr>
<td></td>
<td><strong>18,704,343</strong></td>
<td><strong>21,790,030</strong></td>
<td><strong>7,975,596</strong></td>
<td><strong>10,901,546</strong></td>
</tr>
</tbody>
</table>

#### 18.2 Finance Income

<table>
<thead>
<tr>
<th></th>
<th>Group 2020</th>
<th>Group 2019</th>
<th>Company 2020</th>
<th>Company 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on Foreign Currency Deposits</td>
<td>1,070,255</td>
<td>110,850</td>
<td>1,038,551</td>
<td>101,416</td>
</tr>
<tr>
<td>Interest on Inter Company Loan</td>
<td>-</td>
<td>-</td>
<td>789,009</td>
<td>-</td>
</tr>
<tr>
<td>Interest on Treasury Bills/Repos</td>
<td>324,069</td>
<td>648,054</td>
<td>324,069</td>
<td>645,804</td>
</tr>
<tr>
<td></td>
<td><strong>1,394,324</strong></td>
<td><strong>758,904</strong></td>
<td><strong>2,151,629</strong></td>
<td><strong>747,220</strong></td>
</tr>
</tbody>
</table>
19. PROFIT/(LOSS) BEFORE TAX

<table>
<thead>
<tr>
<th>Included in Administrative Expenses</th>
<th>Group 2020</th>
<th>Group 2019</th>
<th>Company 2020</th>
<th>Company 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees Benefits (including the following)</td>
<td>172,070,184</td>
<td>183,898,792</td>
<td>160,637,316</td>
<td>172,547,438</td>
</tr>
<tr>
<td>- Defined Benefit Plan Costs - Gratuity</td>
<td>6,964,286</td>
<td>6,431,034</td>
<td>6,981,433</td>
<td>6,129,392</td>
</tr>
<tr>
<td>- Defined Contribution Plan Costs - EPF &amp; ETF</td>
<td>16,977,065</td>
<td>16,419,809</td>
<td>16,061,310</td>
<td>15,498,970</td>
</tr>
<tr>
<td>Depreciation</td>
<td>106,259,571</td>
<td>96,486,389</td>
<td>92,826,339</td>
<td>85,074,990</td>
</tr>
<tr>
<td>Amortisation of Leasehold Property</td>
<td>30,303</td>
<td>30,303</td>
<td>30,303</td>
<td>30,303</td>
</tr>
<tr>
<td>Amortisation of Intangible Assets</td>
<td>387,132</td>
<td>504,737</td>
<td>91,045</td>
<td>210,358</td>
</tr>
<tr>
<td>Exchange (Gain)/Loss</td>
<td>(1,959,714)</td>
<td>(2,460,952)</td>
<td>(1,531,918)</td>
<td>(2,374,988)</td>
</tr>
<tr>
<td>(Profit)/Loss on Disposal of Property, Plant and Equipment</td>
<td>11,366,599</td>
<td>1,331,389</td>
<td>11,366,599</td>
<td>1,347,301</td>
</tr>
<tr>
<td>Hotel Operating and Marketing Fees</td>
<td>19,884,189</td>
<td>45,831,517</td>
<td>18,348,778</td>
<td>44,401,041</td>
</tr>
<tr>
<td>Non-Executive Directors’ Fees</td>
<td>2,370,000</td>
<td>45,831,517</td>
<td>2,370,000</td>
<td>44,401,041</td>
</tr>
<tr>
<td>Donations</td>
<td>30,303</td>
<td>30,303</td>
<td>30,303</td>
<td>30,303</td>
</tr>
<tr>
<td>Allowance for doubtful debts</td>
<td>1,227,784</td>
<td>1,198,281</td>
<td>1,105,827</td>
<td>1,198,281</td>
</tr>
<tr>
<td>Short Term Lease Rental Expense</td>
<td>1,320,000</td>
<td>2,640,000</td>
<td>1,320,000</td>
<td>2,640,000</td>
</tr>
</tbody>
</table>

Included in Marketing and Promotional Expenses

<table>
<thead>
<tr>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>2019</td>
</tr>
<tr>
<td>LKR</td>
<td>LKR</td>
</tr>
<tr>
<td>Advertisements and Promotional Expenses</td>
<td>9,394,671</td>
</tr>
</tbody>
</table>

20. INCOME TAX

<table>
<thead>
<tr>
<th>Company 2020</th>
<th>Company 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>LKR</td>
<td>LKR</td>
</tr>
<tr>
<td>LKR</td>
<td>LKR</td>
</tr>
</tbody>
</table>

Computation of Tax Charge is as follows:

Current Income Tax:

| Statutory Income from Hotel Income at 2% (Note 20.2) | 8,955,701 | 15,746,875 | 8,955,701 | 15,746,875 |
| Statutory Income from Hotel Income at 14% (Note 20.1) | 620,900 | 269,556 | 620,900 | 269,556 |
| Statutory Income from Other Sources (Note 20.1) | 306,237 | 209,222 | 306,237 | 209,222 |
| Deferred Tax charge/reversal at 14% (Note 20.3) | (3,064,494) | 3,465,951 | (712,770) | 611,226 |
| Income Tax Expense Reported in the statement of Profit or Loss | 6,818,344 | 19,691,604 | 9,170,128 | 16,836,879 |
20.1 Current Tax Expenses / (Income ) from Other Sources

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>2020</strong></td>
<td><strong>2019</strong></td>
</tr>
<tr>
<td></td>
<td><strong>LKR</strong></td>
<td><strong>LKR</strong></td>
</tr>
<tr>
<td>Accounting Profit/(Loss) before tax</td>
<td>(89,492,370)</td>
<td>122,249,176</td>
</tr>
<tr>
<td>Deduction/ Addition (Note 20.2)</td>
<td>68,371,462</td>
<td>(139,794,690)</td>
</tr>
<tr>
<td>Accounting Profit/(Loss) from Other Sources</td>
<td>(21,120,908)</td>
<td>(17,545,514)</td>
</tr>
<tr>
<td>Aggregate Disallowed Items</td>
<td>23,278,714</td>
<td>27,446,712</td>
</tr>
<tr>
<td>Aggregate Allowable Income</td>
<td>(44,880,345)</td>
<td>(49,774,460)</td>
</tr>
<tr>
<td>Tax losses not utilised in the current financial year</td>
<td>47,157,536</td>
<td>41,798,660</td>
</tr>
<tr>
<td>Taxable Profit for the year</td>
<td>4,434,997</td>
<td>1,925,398</td>
</tr>
<tr>
<td>Current Income Tax Expense at 14% (Note 20.2)</td>
<td>620,900</td>
<td>269,556</td>
</tr>
<tr>
<td>Current Income Tax Expense at 24% (Note 20.2)</td>
<td>306,237</td>
<td>-</td>
</tr>
<tr>
<td>Current Income Tax Expense at 28% (Note 20.2)</td>
<td>-</td>
<td>209,222</td>
</tr>
<tr>
<td></td>
<td>927,137</td>
<td>478,778</td>
</tr>
</tbody>
</table>

a) As at 31 March 2020 the Group has recorded Carried forward Tax Losses amounting to LKR 88,956,196/- (Company LKR Zero).

20.2 As described in Note 2.7.5, income tax related to normal operation of The Lighthouse Hotel PLC is based on 2% of Turnover. Income tax on operations of Galle Heritage Villa and Kurulubedda and interest income is computed on taxable profits at prevailing rates stipulated by the Inland Revenue Act. Hence the amount of accounting profit/ (Loss) not subject to tax is presented in the above note as a deduction/Addition.

20.3 Deferred Tax Assets, Liabilities

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>2020</strong></td>
<td><strong>2019</strong></td>
</tr>
<tr>
<td></td>
<td><strong>LKR</strong></td>
<td><strong>LKR</strong></td>
</tr>
<tr>
<td>Deferred Tax Liabilities</td>
<td>194,572,101</td>
<td>137,470,246</td>
</tr>
<tr>
<td>Deferred Tax Assets</td>
<td>(18,280,089)</td>
<td>(11,761,210)</td>
</tr>
<tr>
<td>Net Deferred Tax Liabilities</td>
<td>176,292,012</td>
<td>125,709,126</td>
</tr>
</tbody>
</table>
### Deferred Taxation Charge/(Reversal) - Statement of Profit or Loss / Other Comprehensive Income

<table>
<thead>
<tr>
<th>Group</th>
<th>Statement of Financial Position</th>
<th>Statement of Profit or Loss</th>
<th>Other Comprehensive Income / Directly through Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020 LKR</td>
<td>2019 LKR</td>
<td>2020 LKR</td>
</tr>
<tr>
<td>Deferred Tax Liability</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital allowances for tax purposes</td>
<td>19,199,980</td>
<td>15,747,525</td>
<td></td>
</tr>
<tr>
<td>On Land revaluation surplus</td>
<td>175,372,121</td>
<td>121,722,721</td>
<td>53,649,400</td>
</tr>
<tr>
<td></td>
<td>194,572,101</td>
<td>137,470,246</td>
<td></td>
</tr>
<tr>
<td>Deferred Tax Assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Defined Benefit Plans</td>
<td>(5,826,222)</td>
<td>(5,235,434)</td>
<td>(2,020) (-460,711)</td>
</tr>
<tr>
<td>Carried forward tax losses</td>
<td>(12,453,867)</td>
<td>(6,525,686)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(18,280,089)</td>
<td>(11,761,120)</td>
<td></td>
</tr>
<tr>
<td>Deferred Income Tax Charge recognise in OCI</td>
<td></td>
<td></td>
<td>53,647,380 (-460,711)</td>
</tr>
<tr>
<td>Deferred Income Tax (Income)/ Expense</td>
<td></td>
<td>(3,064,494)</td>
<td>3,465,951</td>
</tr>
<tr>
<td>Deferred Tax Asset/Liability</td>
<td>176,292,012</td>
<td>125,709,126</td>
<td></td>
</tr>
</tbody>
</table>
### 21. EARNINGS PER SHARE

#### 21.1 Basic Earnings Per Share

Basic Earnings Per Share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. The weighted average number of ordinary shares outstanding during the year and previous year are adjusted for events that have changed the number of ordinary shares outstanding, without a corresponding change in the resources such as a bonus issue.

#### 21.2 The following reflects the income and share data used in the Basic Earnings Per Share computation.

<table>
<thead>
<tr>
<th>Group</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LKR</td>
<td>LKR</td>
</tr>
<tr>
<td>Amount Used as the Numerator:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Profit/(Loss) Attributable to Ordinary Shareholders for Basic Earnings Per Share</td>
<td>(96,310,714)</td>
<td>102,557,572</td>
</tr>
</tbody>
</table>
Notes to the Financial Statements contd.

Number of Ordinary Shares Used as Denominator:

<table>
<thead>
<tr>
<th>Weighted Average number of Ordinary Shares in issue</th>
<th>46,000,000</th>
<th>46,000,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applicable to Basic Earnings/(Loss) Per Share (LKR)</td>
<td>(2.09)</td>
<td>2.23</td>
</tr>
</tbody>
</table>

22. CASH AND CASH EQUIVALENTS

Components of Cash and Cash Equivalents

22.1 Favorable Cash and Cash Equivalents Balance

<table>
<thead>
<tr>
<th>Group</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LKR</td>
<td>LKR</td>
</tr>
<tr>
<td>Cash at Bank and in Hand</td>
<td>21,136,649</td>
<td>42,142,257</td>
</tr>
<tr>
<td></td>
<td>21,136,649</td>
<td>42,142,257</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Company</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LKR</td>
<td>LKR</td>
</tr>
<tr>
<td>Cash at Bank and in Hand</td>
<td>21,060,872</td>
<td>40,123,510</td>
</tr>
</tbody>
</table>

22.2 Unfavorable Cash & Cash Equivalents Balance

<table>
<thead>
<tr>
<th>Group</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LKR</td>
<td>LKR</td>
</tr>
<tr>
<td>Bank Overdrafts (Note 15)</td>
<td>(20,634,101)</td>
<td>(36,513,533)</td>
</tr>
<tr>
<td></td>
<td>(18,900,061)</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Company</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LKR</td>
<td>LKR</td>
</tr>
<tr>
<td>Bank Overdrafts (Note 15)</td>
<td>2,160,811</td>
<td>40,123,510</td>
</tr>
</tbody>
</table>

23. COMMITMENTS AND CONTINGENCIES

a) Capital Expenditure Commitments

The Group/ Company has purchased and construction commitments on Property, Plant and Equipment incidental to the ordinary course of business as at 31 March, as follows:

<table>
<thead>
<tr>
<th>Group</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LKR</td>
<td>LKR</td>
</tr>
<tr>
<td>Authorised by the Board, but not Contracted for</td>
<td>-</td>
<td>236,151,074</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>236,151,074</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Company</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LKR</td>
<td>LKR</td>
</tr>
<tr>
<td>Authorised by the Board, but not Contracted for</td>
<td>-</td>
<td>236,151,074</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>236,151,074</td>
</tr>
</tbody>
</table>
b) **Contingent Liabilities**

There are no significant contingent liabilities as at 31st March 2020, other than the following:

- A local authority has claimed a fee amounting to 1% of turnover for the issuance of trade license for the year 2018 from the company in March 2018. The company does not agree with such claim as it has paid only 0.5% of turnover for the issuance of trade license for the year 2017. The estimated contingent liability as at 31 March 2020 is Rs 10.7 Mn.

- Contingencies of the Company as at the reporting date on account of guarantees issued on behalf of subsidiary company amounted to US$ 600,000, Rs 190 Mn.

24. **ASSETS PLEDGED**

There are no assets pledged as securities for liabilities as at the year end.

25. **RELATED PARTY DISCLOSURES**

Details of significant related party disclosures are as follows:

25.1 **Transactions with Key Management Personnel of the Group/Company**

The Key Management Personnel of the Company are the members of its Board of Directors. In addition to Board of Directors and Director Operations of Jetwing Hotels Ltd have also been identified as the Key Management Personnel (KMP).

**Key Management Personnel Compensation**

<table>
<thead>
<tr>
<th></th>
<th>Group 2020</th>
<th>Group 2019</th>
<th>Company 2020</th>
<th>Company 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LKR</td>
<td>LKR</td>
<td>LKR</td>
<td>LKR</td>
</tr>
<tr>
<td>Executive Directors’ Fees</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Non-Executive Directors’ Fees</td>
<td>2,370,000</td>
<td>2,370,000</td>
<td>2,370,000</td>
<td>2,370,000</td>
</tr>
<tr>
<td>Other KMPs</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>2,370,000</td>
<td>2,370,000</td>
<td>2,370,000</td>
<td>2,370,000</td>
</tr>
</tbody>
</table>

The amounts disclosed above are the amounts recognised as an expense during the reporting period related to key management personnel.
25.2 Transactions with Subsidiary

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LKR</td>
<td>LKR</td>
<td>LKR</td>
<td>LKR</td>
</tr>
<tr>
<td>Amount Receivable as at 31 March (Note 11)</td>
<td>-</td>
<td>-</td>
<td>11,072,000</td>
<td>-</td>
</tr>
<tr>
<td>Amount Payable as at 31 March (Note 16)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Nature of Transactions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment in Subsidiary</td>
<td></td>
<td></td>
<td>50,000,000</td>
<td></td>
</tr>
<tr>
<td>Temporary Loan given</td>
<td>-</td>
<td>-</td>
<td>11,072,000</td>
<td>-</td>
</tr>
<tr>
<td>Reimbursement of Expenses</td>
<td>-</td>
<td>-</td>
<td>1,467,249</td>
<td>1,625,878</td>
</tr>
<tr>
<td>Sale of Accommodation and Transfers</td>
<td>-</td>
<td>-</td>
<td>46,730</td>
<td>79,967</td>
</tr>
<tr>
<td>Support Service Charges</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>15,000</td>
</tr>
<tr>
<td>Gratuity Transfer</td>
<td>-</td>
<td>-</td>
<td>61,590</td>
<td>-</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>-</td>
<td>-</td>
<td>1,022,981</td>
<td>432,497</td>
</tr>
</tbody>
</table>

25.3 Other Related Party disclosures

Transactions with entities that are significantly influenced by Key Management Personnel of the Company:

Some Key Management Personnel of the Company and their members of the families, collectively have control directly or indirectly in certain entities with which the Company entered into the transactions, summarised as follows:
Notes to the Financial Statements contd.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount Receivable as at 31 March (Note 11)</td>
<td>14,856,238</td>
<td>13,915,356</td>
<td>12,454,188</td>
<td>13,766,602</td>
</tr>
<tr>
<td>Amount Payable as at 31 March (Note 16)</td>
<td>3,127,133</td>
<td>7,903,500</td>
<td>2,246,128</td>
<td>7,610,184</td>
</tr>
<tr>
<td>Hotel Operation and Marketing Fees</td>
<td>19,884,189</td>
<td>45,831,517</td>
<td>18,348,778</td>
<td>44,401,041</td>
</tr>
<tr>
<td>Purchases of Food &amp; Beverage</td>
<td>4,561,846</td>
<td>10,808,853</td>
<td>4,456,477</td>
<td>10,643,893</td>
</tr>
<tr>
<td>Advertising Expenses &amp; Other Reimbursements</td>
<td>12,238,253</td>
<td>10,497,838</td>
<td>9,208,179</td>
<td>9,587,222</td>
</tr>
<tr>
<td>Sale of Accommodation and Transfers</td>
<td>46,215,138</td>
<td>92,426,337</td>
<td>40,498,850</td>
<td>91,950,572</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>80,075</td>
<td>637,033</td>
<td>80,075</td>
<td>204,536</td>
</tr>
<tr>
<td>Transport Charges</td>
<td>144,738</td>
<td>969,551</td>
<td>144,738</td>
<td>957,235</td>
</tr>
<tr>
<td>Rent Received</td>
<td>546,258</td>
<td>816,326</td>
<td>546,258</td>
<td>816,326</td>
</tr>
<tr>
<td>Gratuity Transfer</td>
<td>337,396</td>
<td>162,532</td>
<td>267,952</td>
<td>162,532</td>
</tr>
<tr>
<td>Support Service Charges</td>
<td>10,973,368</td>
<td>8,619,550</td>
<td>10,611,310</td>
<td>8,604,550</td>
</tr>
<tr>
<td>Purchase of Goods</td>
<td>169,616</td>
<td>735,139</td>
<td>169,616</td>
<td>735,139</td>
</tr>
<tr>
<td>Purchase of Asset</td>
<td>193,586</td>
<td>-</td>
<td>193,586</td>
<td>-</td>
</tr>
<tr>
<td>IT and Engineering Charges</td>
<td>820,254</td>
<td>356,282</td>
<td>775,604</td>
<td>312,056</td>
</tr>
<tr>
<td>Hotel Development Fee</td>
<td>5,075,496</td>
<td>-</td>
<td>5,075,496</td>
<td>-</td>
</tr>
<tr>
<td>Reimbursement of Expenses</td>
<td>900,023</td>
<td>1,838,201</td>
<td>844,750</td>
<td>123,268</td>
</tr>
</tbody>
</table>

All related party balances are payable or receivable within one year, and non-interest bearing.

25.4 Loan Receivable - Subsidiary

<table>
<thead>
<tr>
<th>Company</th>
<th>2020 LKR</th>
<th>2019 LKR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unawatuna Properties (Pvt) Ltd *</td>
<td>11,072,000</td>
<td>-</td>
</tr>
</tbody>
</table>

* Loans were provided at the rate of AWPLR + Premium p.a

25.5 Terms and Conditions

All related party transactions have been conducted on relevant commercial terms with the respective parties. All related party outstanding balances at the year end are unsecured, interest free other than in the case of funding arrangements disclosed in Note 25.4 and are to be settled in cash or its equivalents.
26. RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial Risk Management

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

- Credit risk
- Liquidity risk
- Market risk

Group’s exposure to each of the above risks, and the Group’s policies and processes for measuring and managing risk is detailed below:

a) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group’s receivables from customers and investments. The maximum exposure will be equal to the carrying amount of these instruments.

Exposure to credit risk is monitored on an ongoing basis, as the Group trades only with recognized, creditworthy third parties. It is the Group’s policy that all customers who wish to trade on credit terms are subject to credit verification procedures and approval by Credit Committee. A credit approved customer list has been prepared by the Credit Committee and credit is only granted to these customers. Further, credit granted is subject to regular review during monthly meetings of the Credit Committee, to ensure it remains consistent with the customer’s current credit worthiness and appropriate to the anticipated volume of business. Currently, certain free independent travelers’ settlements are received at the time of departure and this is monitored by the General Manager.

COVID 19 impact on the credit risk is presented in Note 2.8.

Short term Investments are made only in liquid short-term instruments in licensed commercial banks. Long term investments are made with the board approval.

The maximum exposure to credit risk at the reporting date was as follows:

<table>
<thead>
<tr>
<th></th>
<th>Group Carrying Value</th>
<th>Company Carrying Value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020 LKR</td>
<td>2019 LKR</td>
</tr>
<tr>
<td>Cash at Bank and in Hand</td>
<td>21,136,649</td>
<td>42,142,257</td>
</tr>
<tr>
<td>Unquoted Equity Securities</td>
<td>81,559,358</td>
<td>86,713,852</td>
</tr>
<tr>
<td>Trade and Other Receivables</td>
<td>78,406,672</td>
<td>127,120,705</td>
</tr>
<tr>
<td>Loans Receivable</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:
b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Group

The ageing of trade and other receivables, excluding prepayments, at the end of the each reporting period is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020 LKR</td>
<td>2019 LKR</td>
</tr>
<tr>
<td></td>
<td>2020 LKR</td>
<td>2019 LKR</td>
</tr>
<tr>
<td>As at 1st April</td>
<td>1,417,920</td>
<td>2,468,495</td>
</tr>
<tr>
<td></td>
<td>1,417,920</td>
<td>2,468,495</td>
</tr>
<tr>
<td>Additional Impairment recognized during the year</td>
<td>1,227,784</td>
<td>1,198,281</td>
</tr>
<tr>
<td></td>
<td>1,105,827</td>
<td>1,198,281</td>
</tr>
<tr>
<td>Written off of other receivables</td>
<td>- (2,248,856)</td>
<td>- (2,248,856)</td>
</tr>
<tr>
<td>At 31st March</td>
<td>2,645,704</td>
<td>1,417,920</td>
</tr>
<tr>
<td></td>
<td>2,523,747</td>
<td>1,417,920</td>
</tr>
</tbody>
</table>

The Lighthouse Hotel PLC
Annual Report 2019 | 2020

Notes to the Financial Statements contd.
had access to undrawn overdraft facilities of LKR 379 Mn as at 31 March 2020. The following are the undiscounted contractual cash flows of Financial Liabilities as at 31 March 2020.

### Maturity Analysis

<table>
<thead>
<tr>
<th></th>
<th>1 - 6 Months</th>
<th>7 - 12 Months</th>
<th>1 - 5 Years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LKR</td>
<td>LKR</td>
<td>LKR</td>
<td>LKR</td>
</tr>
<tr>
<td>Bank Loan</td>
<td>831,000</td>
<td>87,261,241</td>
<td>222,485,048</td>
<td>310,577,289</td>
</tr>
<tr>
<td>Bank Overdraft</td>
<td>20,634,101</td>
<td>-</td>
<td>-</td>
<td>20,634,101</td>
</tr>
<tr>
<td>Trade and Other Payables</td>
<td>91,171,637</td>
<td>-</td>
<td>-</td>
<td>91,171,637</td>
</tr>
<tr>
<td><strong>Total 2020</strong></td>
<td><strong>112,636,738</strong></td>
<td><strong>87,261,241</strong></td>
<td><strong>222,485,048</strong></td>
<td><strong>422,383,027</strong></td>
</tr>
<tr>
<td><strong>Total 2019</strong></td>
<td><strong>158,974,789</strong></td>
<td><strong>2,591,900</strong></td>
<td><strong>108,626,788</strong></td>
<td><strong>270,193,477</strong></td>
</tr>
</tbody>
</table>

As at the reporting date, the Group had cash of LKR 21,136,649/- (Company LKR 21,060,872/-) which is held in bank funds which allow daily withdrawals.

### Impact of COVID-19

The Group considered that Cash flow scrutiny is paramount and has adopted a disciplined approach across the group including setting up of Group-wide spend control for preserving and increasing liquidity, particularly on account of the impact of COVID-19.

### C. Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company’s income or the value of its holdings of financial instruments.

#### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has exposure to foreign currency risk where it has foreign currency transactions which are affected by foreign exchange movements.
An analysis of financial instruments based on the currency they are denominated as at 31st March 2020 are as follows:

<table>
<thead>
<tr>
<th>Group</th>
<th>In US$</th>
<th>In EURO</th>
<th>In Pound</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at Bank and in Hand</td>
<td>19,155</td>
<td>2,593</td>
<td>13,401</td>
</tr>
<tr>
<td>Trade Receivables (Non interest-bearing and uncollaterized)</td>
<td>-</td>
<td>12,416</td>
<td>14,028</td>
</tr>
<tr>
<td>Bank Loans</td>
<td>(428,584)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net aggregate carrying value</td>
<td>(409,429)</td>
<td>15,009</td>
<td>27,429</td>
</tr>
</tbody>
</table>

| Net Aggregate Carrying Value in LKR 2020 | (77,226,585) | 3,143,227 | 6,429,376 |
| Net Aggregate Carrying Value in LKR 2019 | (80,035,536) | 11,060,964 | 10,499,490 |

<table>
<thead>
<tr>
<th>Company</th>
<th>In US$</th>
<th>In EURO</th>
<th>In Pound</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at Bank and in Hand</td>
<td>19,155</td>
<td>2,593</td>
<td>13,401</td>
</tr>
<tr>
<td>Trade Receivables (Non interest-bearing and uncollaterized)</td>
<td>-</td>
<td>12,416</td>
<td>14,028</td>
</tr>
<tr>
<td>Net aggregate carrying value</td>
<td>19,155</td>
<td>15,009</td>
<td>27,429</td>
</tr>
</tbody>
</table>

| Net Aggregate Carrying Value in LKR 2020 | 3,613,016 | 3,143,227 | 6,429,376 |
| Net Aggregate Carrying Value in LKR 2019 | 24,053,126 | 11,060,964 | 10,499,490 |

The Company invoices Tour operators and Travel agents based on the contracted foreign currency. Tour operators and certain key travel agents make settlements in foreign currency.

The Sri Lankan Rupee witnessed a sharp depreciation against the US Dollar in March 2020 on the back of economic turmoil in global, regional and local markets resulting from the COVID-19 pandemic. However, the impact to the Group has been mitigated due to the reasons mentioned above.

**Interest rate risk**

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

The global outbreak of the novel COVID-19 epidemic has resulted in consecutive reductions in policy rates and monetary easing policies by CBSL to encourage banks and finance companies to reduce lending rates. Further, the LIBOR has been also reduced.

**Interest rate sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of the Company’s profit before tax as affected through an impact on floating rate borrowings.
Notes to the Financial Statements contd.

Assumed Impact due to Increase/(Decrease) in Basis Points  | Effect on Profit Before Tax (LKR)  
---|---|---|---
USD Bank loans +50 basis points | (33,683) | 31 March 2020
USD Bank loans -50 basis points | 33,683 |

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment changes to base rate of LIBOR.

d. **Capital Management**
The Board’s intention is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company’s objective for managing its capital is to ensure that company will be able to continue as a going concern while maximising the return to shareholders, as well as sustaining the future development of its business. In order to maintain or adjust the capital structure, the Company may alter the total amount of dividends paid to shareholders, issue new shares, and draw down additional debt.

27. **FAIR VALUE**
The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Cash at Bank and in Hand, Trade & Other Receivables, Short Term Deposits and Trade & Other Payables approximate their carrying amounts largely due to the short term maturities of these instruments.
- Long term variable rate borrowings are evaluated by the Company based on parameters such as interest rates, risk characteristics of the financed project etc. As at 31st March 2020, the carrying amounts of such borrowings are not materially different from their calculated fair values.

28. **EVENTS OCCURRING AFTER THE REPORTING DATE**
There have been no material events occurring after the reporting date that require adjustments to or disclosure in the Financial Statements.

29. **OTHER MATTERS : CURRENT STATUS OF RESPONSE TO COVID-19 PANDEMIC**
The impact of COVID-19 pandemic on our business is unprecedented. The Group understands the importance of the safety measures implemented by world leaders and therefore respectfully accept the current hibernation phase for tourism. The Group is closely monitoring the liquidity position of all companies and have requested banks for debt moratoriums and working capital loans as per the Central Bank guidelines, which would give the Company comfort in managing future cashflows of the business.

In addition to managing the financial impact of COVID-19, the Group have also put in place strict guidelines for future hotel operations based on the advice of the World Health Organization and the Ministry of Health and Indigenous Medical Services. With the ease of the curfew during the daytime and the gradual reanimation of economic activities, we have witnessed a steady recommencement of our operations. While steadily gaining momentum, we are aware of the unpredictable nature of the current climate of the country and the globe and therefore, wish to further observe the impacts and take proactive measures to ensure the smooth functioning of the business. While, abiding by the health guidelines to ensure health and safety, we are eager to welcome our guests back to our hotels to extend our warm hospitality with utmost care.
## Related Companies which had Transactions with the Company

<table>
<thead>
<tr>
<th>Name of Company</th>
<th>Nature of Transactions</th>
<th>Value of Transactions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2020</td>
</tr>
<tr>
<td>JETWING HOTELS LTD</td>
<td>Hotel Operation and Marketing Fees</td>
<td>18,348,778</td>
</tr>
<tr>
<td></td>
<td>Advertising Expenses &amp; Other Reimbursements</td>
<td>9,208,179</td>
</tr>
<tr>
<td></td>
<td>Gratuity Received</td>
<td>7,500</td>
</tr>
<tr>
<td></td>
<td>Hotel Development Fee</td>
<td>5,075,496</td>
</tr>
<tr>
<td></td>
<td>Reimbursement of Expenses</td>
<td>675,944</td>
</tr>
<tr>
<td></td>
<td>Rent Received</td>
<td>-</td>
</tr>
<tr>
<td>SEASHELLS HOTEL (PVT) LTD</td>
<td>Sale of Accommodation and Transfers</td>
<td>18,016</td>
</tr>
<tr>
<td></td>
<td>Other Expenses</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Gratuity Transfer</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Reimbursement of Expenses</td>
<td>-</td>
</tr>
<tr>
<td>JETWING TRAVELS (PVT) LTD</td>
<td>Sale of Accommodation and Transfers</td>
<td>35,149,039</td>
</tr>
<tr>
<td></td>
<td>Transport Charges</td>
<td>12,480</td>
</tr>
<tr>
<td></td>
<td>IT Service Charges</td>
<td>775,604</td>
</tr>
<tr>
<td>YALA PROPERTIES (PVT) LTD</td>
<td>Sale of Accommodation and Transfers</td>
<td>371,635</td>
</tr>
<tr>
<td></td>
<td>Gratuity Transfer</td>
<td>-</td>
</tr>
<tr>
<td>JETWING EVENTS (PVT) LTD.</td>
<td>Sale of Accommodation and Transfers</td>
<td>1,123,040</td>
</tr>
<tr>
<td></td>
<td>Other Expenses</td>
<td>-</td>
</tr>
<tr>
<td>JET ENTERPRISES (PVT) LTD</td>
<td>Purchase of Food &amp; Beverage - Wine</td>
<td>4,081,965</td>
</tr>
<tr>
<td></td>
<td>Purchase of Asset</td>
<td>193,586</td>
</tr>
<tr>
<td></td>
<td>Purchase of Goods</td>
<td>169,616</td>
</tr>
<tr>
<td></td>
<td>Sale of Accommodation and Transfers</td>
<td>-</td>
</tr>
<tr>
<td>GO VACATION LANKA CO.( PVT) LTD.</td>
<td>Sale of Accommodation and Transfers</td>
<td>1,630,415</td>
</tr>
<tr>
<td>ST ANDREWS HOTEL (PVT) LTD</td>
<td>Sale of Accommodation and Transfers</td>
<td>12,944</td>
</tr>
<tr>
<td></td>
<td>Transport Charges</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Gratuity Transfer</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Other Expenses</td>
<td>-</td>
</tr>
<tr>
<td>THE FIRST RESORT (PVT) LTD</td>
<td>Sale of Accommodation and Transfers</td>
<td>153,658</td>
</tr>
<tr>
<td></td>
<td>Gratuity Received</td>
<td>300,800</td>
</tr>
<tr>
<td></td>
<td>Reimbursement of Expenses</td>
<td>9,392</td>
</tr>
</tbody>
</table>
## Related Companies which had Transactions with the Company contd.

<table>
<thead>
<tr>
<th>Name of Company</th>
<th>Nature of Transactions</th>
<th>Value of Transactions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2020</td>
</tr>
<tr>
<td></td>
<td></td>
<td>LKR</td>
</tr>
<tr>
<td>YALA SAFARI BEACH HOTEL (PVT) LTD</td>
<td>Transport Charges</td>
<td>132,258</td>
</tr>
<tr>
<td>NEGOMBO HOTELS LTD</td>
<td>Sale of Accommodation and Transfers</td>
<td>202,182</td>
</tr>
<tr>
<td></td>
<td>Reimbursement of Expenses</td>
<td>20,253</td>
</tr>
<tr>
<td></td>
<td>Other Expenses</td>
<td>-</td>
</tr>
<tr>
<td>BLUE OCEANIC BEACH HOTEL (PVT) LTD</td>
<td>Purchase of Food &amp; Beverage</td>
<td>81,554</td>
</tr>
<tr>
<td></td>
<td>Sale of Accommodation and Transfers</td>
<td>62,407</td>
</tr>
<tr>
<td></td>
<td>Reimbursement of Expenses</td>
<td>57,044</td>
</tr>
<tr>
<td>JETWING ECO HOLIDAYS (PVT) LTD</td>
<td>Sale of Accommodation and Transfers</td>
<td>1,476,549</td>
</tr>
<tr>
<td>VILLA PROPERTIES (PVT) LTD</td>
<td>Support Service Charges</td>
<td>10,611,310</td>
</tr>
<tr>
<td>LANKA HOUSEBOATS (PVT) LTD</td>
<td>Other Expenses</td>
<td>32,031</td>
</tr>
<tr>
<td>YARL HOTELS (PVT) LTD</td>
<td>Sale of Accommodation and Transfers</td>
<td>139,174</td>
</tr>
<tr>
<td>JETWING AYURVEDA (PVT) LTD</td>
<td>Sale of Accommodation and Transfers</td>
<td>21,821</td>
</tr>
<tr>
<td>THE ROYAL HERITAGE HOTEL (PVT) LTD</td>
<td>Reimbursement of Expenses</td>
<td>10,167</td>
</tr>
<tr>
<td></td>
<td>Sale of Accommodation and Transfers</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Gratuity Transfer</td>
<td>-</td>
</tr>
<tr>
<td>JETWING KADURUKETHA (PVT) LTD</td>
<td>Purchase of Food &amp; Beverage</td>
<td>16,208</td>
</tr>
<tr>
<td></td>
<td>Sale of Accommodation and Transfers</td>
<td>19,759</td>
</tr>
<tr>
<td>UNAWATUNA PROPERTIES (PVT) LTD</td>
<td>Sale of Accommodation and Transfers</td>
<td>46,730</td>
</tr>
<tr>
<td></td>
<td>Other Expenses</td>
<td>1,022,981</td>
</tr>
<tr>
<td></td>
<td>Gratuity Received</td>
<td>61,590</td>
</tr>
<tr>
<td></td>
<td>Investment in Subsidiary</td>
<td>50,000,000</td>
</tr>
<tr>
<td></td>
<td>Temporary Loan Given</td>
<td>11,072,000</td>
</tr>
<tr>
<td></td>
<td>Reimbursement of Expenses</td>
<td>1,467,249</td>
</tr>
<tr>
<td></td>
<td>Support Service Charges</td>
<td>-</td>
</tr>
</tbody>
</table>
## Related Companies which had Transactions with the Company contd.

<table>
<thead>
<tr>
<th>Name of Company</th>
<th>Nature of Transactions</th>
<th>Value of Transactions</th>
</tr>
</thead>
<tbody>
<tr>
<td>CULTURAL HERITAGE (PVT) LTD</td>
<td>Sale of Accommodation and Transfers</td>
<td>LKR 35,100</td>
</tr>
<tr>
<td></td>
<td>Gratuity Received</td>
<td>LKR 10,927</td>
</tr>
<tr>
<td></td>
<td>Support Service Charges</td>
<td></td>
</tr>
<tr>
<td>JETWING CITY (PVT) LTD</td>
<td>Sale of Accommodation and Transfers</td>
<td>LKR 83,112</td>
</tr>
<tr>
<td></td>
<td>Other Expenses</td>
<td>LKR 27,500</td>
</tr>
<tr>
<td></td>
<td>Rent Received</td>
<td>LKR 451,020</td>
</tr>
<tr>
<td></td>
<td>Gratuity Transfer</td>
<td>LKR 606,725</td>
</tr>
<tr>
<td></td>
<td>Reimbursement of Expenses</td>
<td>LKR 49,652</td>
</tr>
<tr>
<td>KADURUKETHA FARMERS (PVT) LTD</td>
<td>Purchase of Food &amp; Beverage</td>
<td>LKR 276,750</td>
</tr>
<tr>
<td>NEGOMBO PROPERTIES (PVT) LTD</td>
<td>Reimbursement of Expenses</td>
<td>LKR 22,299</td>
</tr>
<tr>
<td>POTTUVIL POINT (PVT) LTD</td>
<td>Other Expenses</td>
<td>LKR 19,500</td>
</tr>
<tr>
<td></td>
<td>Rent Received</td>
<td>LKR 95,238</td>
</tr>
<tr>
<td>THE RIVERBANK (PVT) LTD</td>
<td>Other Expenses</td>
<td>LKR 1,044</td>
</tr>
<tr>
<td></td>
<td>Gratuity Transfer</td>
<td>LKR 103,635</td>
</tr>
<tr>
<td>JETWING SYMPHONY PLC</td>
<td>Other Expenses</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Gratuity Transfer</td>
<td></td>
</tr>
</tbody>
</table>
Names of the Directors of the Related Companies which had Transactions with the Company

Jetwing Hotels Ltd.
Directors
Mr. N.J.H.M. Cooray
Ms. N.T.M.S. Cooray
Mr. R.A.E. Samarasinghe
Mr. C.S.R.S. Anthony
Mr. J.S.W. Kasturi Arachchi

Go Vacation Lanka Co (Pvt) Ltd.
Directors
Ms. N.T.M.S. Cooray
Mr. R.J. Arasaratnam
Mr. M.W. Rotter
Mr. C.C.E.J. Mueller

Jetwing Eco Holidays (Pvt) Ltd.
Directors
Mr. N.J.H.M. Cooray
Mr. R.A.E. Samarasinghe
Mr. C.S.R.S. Anthony

Seashells Hotel (Pvt) Ltd.
Directors
Mr. N.J.H.M. Cooray
Mr. R.A.E. Samarasinghe
Mr. B.K. Chaudhary
Mr. R.K. Chaudhary

St. Andrew’s Hotel (Pvt) Ltd.
Directors
Mr. N.J.H.M. Cooray
Mr. R.A.E. Samarasinghe

Villa Properties (Pvt) Ltd.
Directors
Mr. N.J.H.M. Cooray
Mr. R.A.E. Samarasinghe

Jetwing Travels (Pvt) Ltd.
Directors
Ms. N.T.M.S. Cooray
Mr. N.J.H.M. Cooray
Mr. R.A.E. Samarasinghe
Mr. R.J. Arasaratnam

The First Resort (Pvt) Ltd.
Directors
Mr. N.J.H.M. Cooray
Mrs. A.M.J. Cooray
Mr. R.A.E. Samarasinghe
Mr. C.S.R.S. Anthony

Lanka Houseboats (Pvt) Ltd.
Directors
Mr. N.J.H.M. Cooray
Ms. N.T.M.S. Cooray
Mr. R.A.E. Samarasinghe
Mr. K. Balasundaram
Mr. B.A.B. Goonetilleke

Yala Properties (Pvt) Ltd.
Directors
Mr. N.J.H.M. Cooray
Mr. R.A.E. Samarasinghe
Mr. N.H.V. Perera

Yala Safari Beach Hotel (Pvt) Ltd.
Directors
Mr. N.J.H.M. Cooray
Mr. R.A.E. Samarasinghe
Mr. N.H.V. Perera

Yarl Hotels (Pvt) Ltd.
Directors
Mr. N.J.H.M. Cooray
Ms. N.T.M.S. Cooray
Mr. R.A.E. Samarasinghe
Mr. K. Balasundaram
Mr. B.A.B. Goonetilleke
Mr. R.N. Asirwatham
Mr. H.D.A.D. Perera
Mr. W.L.P. Wijewardena
Mr. T.E.W. Hansen
Mrs. J. Moragoda

Jetwing Events (Pvt) Ltd.
Directors
Mr. N.J.H.M. Cooray
Ms. N.T.M.S. Cooray
Mr. R.A.E. Samarasinghe

Blue Oceanic Beach Hotel (Pvt) Ltd.
Directors
Mr. N.J.H.M. Cooray
Mrs. A.M.J. Cooray
Mr. R.A.E. Samarasinghe
Mr. N.H.V. Perera
Ms. M.D.H. Gunawardena

Jetwing Ayurveda (Pvt) Ltd.
Directors
Mr. N.J.H.M. Cooray
Mr. R.A.E. Samarasinghe
Names of the Directors of the Related Companies which had Transactions with the Company contd.

The Royal Heritage Hotel (Pvt) Ltd.

Directors
Mr. N.J.H.M. Cooray
Mr. R.A.E. Samarasinghe
Mr. B.K. Chaudhary
Mr. R.K. Chaudhary

Jetwing Kaduruketha (Pvt) Ltd.

Directors
Mr. N.J.H.M. Cooray
Mr. C.S.R.S. Anthony
Mr. R.A.E. Samarasinghe
Mr. U.L. Kadurugamuwa
Mr. L.R.M.G.L. Kadurugamuwa

Unawatuna Properties (Pvt) Ltd.

Directors
Mr. N.J.H.M. Cooray
Mr. R.A.E. Samarasinghe

Cultural Heritage (Pvt) Ltd.

Directors
Mr. N.J.H.M. Cooray
Mr. R.A.E. Samarasinghe

Jetwing City (Pvt) Ltd.

Directors
Mr. N.J.H.M. Cooray
Mr. R.A.E. Samarasinghe
Mrs. A.M.J. Cooray

Kaduruketha Farmers (Pvt) Ltd.

Directors
Mr. N.J.H.M. Cooray
Mr. R.A.E. Samarasinghe
Mr. L.R.M.G.L. Kadurugamuwa

Jetwing Symphony PLC

Directors
Mr. N.J.H.M. Cooray
Ms. N.T.M.S. Cooray
Mr. N.Wadugodapitiya
Ms. K.K. Reddy
Dr. V.J. Kannangara
Mr. L.K. Porter
Mr. G. Rocchi
Ms. Y. Fernando
Mr. S.D. Amalean

Negombo Properties (Pvt) Ltd.

Directors
Mr. N.J.H.M. Cooray
Mr. R.A.E. Samarasinghe

Pottuvil Point (Pvt) Ltd.

Directors
Mr. N.J.H.M. Cooray
Mr. R.A.E. Samarasinghe

The Riverbank (Pvt) Ltd.

Directors
Mr. N.J.H.M. Cooray
Mr. R.A.E. Samarasinghe
# Information to Shareholders and Investors

<table>
<thead>
<tr>
<th>Number of Shares held</th>
<th>Residents</th>
<th>Non-Residents</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of Shareholders</td>
<td>No. of Shares</td>
<td>%</td>
</tr>
<tr>
<td>1-1,000</td>
<td>966</td>
<td>259,457</td>
<td>0.56</td>
</tr>
<tr>
<td>1,001 - 10,000</td>
<td>174</td>
<td>658,733</td>
<td>1.43</td>
</tr>
<tr>
<td>10,001 - 100,000</td>
<td>18</td>
<td>806,834</td>
<td>1.75</td>
</tr>
<tr>
<td>100,001 - 1,000,000</td>
<td>9</td>
<td>3,832,956</td>
<td>8.33</td>
</tr>
<tr>
<td>Over 1,000,000</td>
<td>7</td>
<td>40,192,594</td>
<td>87.38</td>
</tr>
<tr>
<td>Total</td>
<td>1,174</td>
<td>45,750,574</td>
<td>99.46</td>
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</tbody>
</table>

## Categories of Shareholders

<table>
<thead>
<tr>
<th></th>
<th>No. of Shareholders</th>
<th>No. of Shares</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individuals</td>
<td>1,127</td>
<td>4,724,398</td>
<td>10.27</td>
</tr>
<tr>
<td>Institutions</td>
<td>63</td>
<td>41,275,602</td>
<td>89.73</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,190</strong></td>
<td><strong>46,000,000</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

## TWENTY LARGEST SHAREHOLDERS AS AT 31 MARCH 2020

<table>
<thead>
<tr>
<th>Name of Shareholder</th>
<th>No. of Shares as at 31 March 2020</th>
<th>%</th>
<th>No. of Shares as at 31 March 2019</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>JETWING HOTELS MANAGEMENT SERVICES (PVT) LTD</td>
<td>18,970,440</td>
<td>41.24</td>
<td>18,970,440</td>
<td>41.24</td>
</tr>
<tr>
<td>MERCANTILE INVESTMENTS AND FINANCE PLC</td>
<td>7,736,677</td>
<td>16.82</td>
<td>7,736,677</td>
<td>16.82</td>
</tr>
<tr>
<td>EMPLOYEES PROVIDENT FUND</td>
<td>5,084,800</td>
<td>11.05</td>
<td>5,084,800</td>
<td>11.05</td>
</tr>
<tr>
<td>BANK OF CEYLON-A/C NO - 2</td>
<td>4,474,620</td>
<td>9.73</td>
<td>4,474,620</td>
<td>9.73</td>
</tr>
<tr>
<td>MISS N.T.M.S.COORAY</td>
<td>1,395,695</td>
<td>3.03</td>
<td>789,803</td>
<td>1.72</td>
</tr>
<tr>
<td>MR. N.J.H.M.COORAY</td>
<td>1,354,695</td>
<td>2.94</td>
<td>748,803</td>
<td>1.63</td>
</tr>
<tr>
<td>NATIONAL SAVINGS BANK</td>
<td>1,175,667</td>
<td>2.56</td>
<td>1,175,667</td>
<td>2.56</td>
</tr>
<tr>
<td>JETWING TRAVELS (PRIVATE) LIMITED</td>
<td>840,200</td>
<td>1.83</td>
<td>840,200</td>
<td>1.83</td>
</tr>
<tr>
<td>DEE INVESTMENTS (PRIVATE) LIMITED</td>
<td>634,018</td>
<td>1.38</td>
<td>658,791</td>
<td>1.43</td>
</tr>
<tr>
<td>JETWING ECO HOLIDAYS (PVT) LTD</td>
<td>595,984</td>
<td>1.30</td>
<td>595,984</td>
<td>1.30</td>
</tr>
<tr>
<td>THE NUWARA ELIYA HOTELS COMPANY PLC</td>
<td>520,123</td>
<td>1.13</td>
<td>520,123</td>
<td>1.13</td>
</tr>
<tr>
<td>MR. D.J.DE SILVA WIJEYERATNE</td>
<td>347,200</td>
<td>0.75</td>
<td>347,200</td>
<td>0.75</td>
</tr>
<tr>
<td>CONFIFI MANAGEMENT SERVICES (PRIVATE) LTD</td>
<td>275,900</td>
<td>0.60</td>
<td>275,900</td>
<td>0.60</td>
</tr>
<tr>
<td>FERN HOLDINGS (PRIVATE) LTD</td>
<td>263,777</td>
<td>0.57</td>
<td>238,119</td>
<td>0.52</td>
</tr>
<tr>
<td>CONFIFI INVESTMENTS (PVT) LTD</td>
<td>250,000</td>
<td>0.54</td>
<td>250,000</td>
<td>0.54</td>
</tr>
<tr>
<td>MISS. A.M.WIKRAMANAYAKE</td>
<td>105,754</td>
<td>0.23</td>
<td>105,754</td>
<td>0.23</td>
</tr>
<tr>
<td>MR. S.MENDIS</td>
<td>100,000</td>
<td>0.22</td>
<td>100,000</td>
<td>0.22</td>
</tr>
<tr>
<td>MRS. C.A.D.S.WOODWARD</td>
<td>100,000</td>
<td>0.22</td>
<td>100,000</td>
<td>0.22</td>
</tr>
<tr>
<td>MR. I A R PERERA</td>
<td>100,000</td>
<td>0.22</td>
<td>100,000</td>
<td>0.22</td>
</tr>
<tr>
<td>SAMPATH BANK PLC/MR. ABISHEK SITHAMPALAM</td>
<td>97,700</td>
<td>0.21</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>44,423,250</strong></td>
<td><strong>96.57</strong></td>
<td><strong>44,324,665</strong></td>
<td><strong>96.35</strong></td>
</tr>
</tbody>
</table>

There were no non voting shares as at 31st March 2020.
31.45% of the issued capital of the Company was held by the public, comprising of 1,175 shareholders and a float adjusted market capitalisation of LKR 347,208,000/- as at 31st March 2020. In terms of Rule 7.13.1.(b) of the Listing Rules of the Colombo Stock Exchange, the Company qualifies under option 2 of the minimum public holding requirement.
MARKET VALUE AND TRADING OF SHARES

<table>
<thead>
<tr>
<th></th>
<th>31 March 2020</th>
<th>31 March 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Assets Value per share</td>
<td>69.40 LKR</td>
<td>64.44 LKR</td>
</tr>
<tr>
<td>Last Traded Price per share as at</td>
<td>24.00</td>
<td>25.60</td>
</tr>
<tr>
<td>Highest Market Value per share - During the period</td>
<td>42.00</td>
<td>42.00</td>
</tr>
<tr>
<td>Lowest Market Value per share - During the period</td>
<td>20.40</td>
<td>25.00</td>
</tr>
</tbody>
</table>

SHARE TRADING - DURING THE YEAR

<table>
<thead>
<tr>
<th></th>
<th>31 March 2020</th>
<th>31 March 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Transactions</td>
<td>482</td>
<td>485</td>
</tr>
<tr>
<td>Number of Shares Traded</td>
<td>191,731</td>
<td>65,074</td>
</tr>
<tr>
<td>Value of Shares Traded (Rs)</td>
<td>6,538,781</td>
<td>2,029,656</td>
</tr>
</tbody>
</table>

DIVIDENDS
The dividend policy of the company seeks to maximize shareholder wealth in the short, medium and long term, while ensuring sufficient funds are retained for future business expansions and to provide consistent stream of dividend to shareholders.

The Board of Directors of the Company have not declared a dividend for the financial year 2019/20 considering the prevailing economic situation.

Value Added Statement

GROUP
For the Year ended 31 March

<table>
<thead>
<tr>
<th></th>
<th>2020 LKR '000</th>
<th>2019 LKR '000</th>
<th>%</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue</td>
<td>509,568</td>
<td>850,117</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Income</td>
<td>3,393</td>
<td>8,761</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less: Purchase of Goods and Services</td>
<td>(305,420)</td>
<td>(434,454)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value Added</td>
<td>207,541</td>
<td>424,424</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Distributed as follows:
To Government as taxes          | 6,818         | 19,691        | 3     | 5     |
To employees as salaries and other benefits | 172,070 | 183,899       | 83    | 43    |
To providers of Capital
  - Dividends to shareholders |              |              | -     | -     |
  - Interest on borrowings     | 18,704        | 21,790        | 9     | 5     |
Retained within the business   | 9,949         | 199,044       | 5     | 47    |
Total                          | 207,541       | 424,424       | 100   | 100   |
## Ten Year Summary

### Operating Results

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>509,568</td>
<td>850,117</td>
<td>836,005</td>
<td>799,219</td>
</tr>
<tr>
<td><strong>Profit/(Loss) Before Taxation</strong></td>
<td>(89,492)</td>
<td>122,249</td>
<td>148,599</td>
<td>152,147</td>
</tr>
<tr>
<td><strong>Taxation</strong></td>
<td>6,818</td>
<td>19,691</td>
<td>15,881</td>
<td>14,963</td>
</tr>
<tr>
<td><strong>Profit/(Loss) After Taxation</strong></td>
<td>(96,311)</td>
<td>102,558</td>
<td>132,718</td>
<td>137,184</td>
</tr>
</tbody>
</table>

### Shareholders’ Funds

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Stated Capital</strong></td>
<td>460,001</td>
<td>460,001</td>
<td>460,001</td>
<td>460,001</td>
</tr>
<tr>
<td><strong>Reserves</strong></td>
<td>2,400,294</td>
<td>2,075,888</td>
<td>2,076,460</td>
<td>2,084,684</td>
</tr>
<tr>
<td><strong>Retained Earnings</strong></td>
<td>332,106</td>
<td>428,429</td>
<td>328,702</td>
<td>307,654</td>
</tr>
<tr>
<td><strong>Total Equity and Liabilities</strong></td>
<td>3,192,401</td>
<td>2,964,318</td>
<td>2,865,163</td>
<td>2,852,339</td>
</tr>
</tbody>
</table>

### Liabilities

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interest-Bearing Loans and Borrowings</strong></td>
<td>331,211</td>
<td>148,562</td>
<td>291,989</td>
<td>188,387</td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td>95,081</td>
<td>135,546</td>
<td>146,180</td>
<td>140,161</td>
</tr>
<tr>
<td><strong>Other Liabilities</strong></td>
<td>41,616</td>
<td>37,396</td>
<td>31,618</td>
<td>30,088</td>
</tr>
<tr>
<td><strong>Deferred Tax Liabilities</strong></td>
<td>176,292</td>
<td>125,709</td>
<td>122,704</td>
<td>30,088</td>
</tr>
<tr>
<td><strong>Total Equity and Liabilities</strong></td>
<td>3,836,601</td>
<td>3,411,531</td>
<td>3,457,654</td>
<td>3,210,975</td>
</tr>
</tbody>
</table>

### Assets

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Property, Plant and Equipment</strong></td>
<td>3,616,327</td>
<td>3,115,584</td>
<td>3,185,405</td>
<td>2,939,788</td>
</tr>
<tr>
<td><strong>Leasehold Property/Prepaid Lease Rent</strong></td>
<td>2,242</td>
<td>2,272</td>
<td>2,303</td>
<td>2,333</td>
</tr>
<tr>
<td><strong>Intangible Assets</strong></td>
<td>672</td>
<td>1,059</td>
<td>1,304</td>
<td>629</td>
</tr>
<tr>
<td><strong>Investments/Other Non-Current Financial Assets</strong></td>
<td>81,559</td>
<td>86,714</td>
<td>87,287</td>
<td>87,401</td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td>135,800</td>
<td>205,902</td>
<td>181,355</td>
<td>180,823</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>3,836,601</td>
<td>3,411,531</td>
<td>3,457,654</td>
<td>3,210,975</td>
</tr>
</tbody>
</table>

### Cash Flow

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>From Operating Activities</strong></td>
<td>44,490</td>
<td>212,257</td>
<td>238,003</td>
<td>213,898</td>
</tr>
<tr>
<td><strong>From/(Used in) Investing Activities</strong></td>
<td>(233,765)</td>
<td>(27,497)</td>
<td>(230,634)</td>
<td>(86,316)</td>
</tr>
<tr>
<td><strong>From/(Used in) Financing Activities</strong></td>
<td>184,149</td>
<td>(1,662)</td>
<td>(76,344)</td>
<td>(250,901)</td>
</tr>
<tr>
<td><strong>Net Cash Inflow/(Outflow)</strong></td>
<td>(5,126)</td>
<td>183,098</td>
<td>(68,975)</td>
<td>(123,319)</td>
</tr>
<tr>
<td><strong>Cash and Cash Equivalents as at 31 March</strong></td>
<td>503</td>
<td>5,629</td>
<td>(177,469)</td>
<td>(108,494)</td>
</tr>
</tbody>
</table>

### Key Indicators

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Earnings/(Loss) per Ordinary Share (LKR)</strong></td>
<td>(2.09)</td>
<td>2.23</td>
<td>2.89</td>
<td>2.98</td>
</tr>
<tr>
<td><strong>Net Assets per Ordinary Share (LKR)</strong></td>
<td>69.40</td>
<td>64.44</td>
<td>62.29</td>
<td>62.00</td>
</tr>
<tr>
<td><strong>Last Traded Price per Share (LKR)</strong></td>
<td>24.00</td>
<td>25.60</td>
<td>39.80</td>
<td>49.00</td>
</tr>
<tr>
<td><strong>Dividends per Share (LKR)</strong></td>
<td>-</td>
<td>-</td>
<td>2.50</td>
<td>2.00</td>
</tr>
<tr>
<td><strong>Price to Earnings Ratio (Times)</strong></td>
<td>-</td>
<td>11.48</td>
<td>13.77</td>
<td>16.44</td>
</tr>
<tr>
<td><strong>Dividend Payout Ratio (%)</strong></td>
<td>-</td>
<td>87%</td>
<td>67%</td>
<td>67%</td>
</tr>
</tbody>
</table>
### Operating Results

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
<th>Profit/(Loss) Before Taxation</th>
<th>Taxation</th>
<th>Profit/(Loss) After Taxation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>509,568</td>
<td>(89,492)</td>
<td>6,818</td>
<td>(96,311)</td>
</tr>
<tr>
<td>2015</td>
<td>850,117</td>
<td>122,249</td>
<td>19,691</td>
<td>102,558</td>
</tr>
<tr>
<td>2014</td>
<td>836,005</td>
<td>148,599</td>
<td>15,881</td>
<td>132,718</td>
</tr>
<tr>
<td>2013</td>
<td>799,219</td>
<td>152,147</td>
<td>14,963</td>
<td>137,184</td>
</tr>
<tr>
<td>2012</td>
<td>836,072</td>
<td>177,754</td>
<td>15,634</td>
<td>162,120</td>
</tr>
<tr>
<td>2011</td>
<td>731,743</td>
<td>140,456</td>
<td>11,049</td>
<td>129,407</td>
</tr>
</tbody>
</table>

### Shareholders' Funds

<table>
<thead>
<tr>
<th>Year</th>
<th>Stated Capital</th>
<th>Reserves</th>
<th>Retained Earnings</th>
<th>Shareholders' Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>460,001</td>
<td>2,400,294</td>
<td>332,106</td>
<td>3,192,401</td>
</tr>
<tr>
<td>2015</td>
<td>460,001</td>
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<td>428,429</td>
<td>2,964,318</td>
</tr>
<tr>
<td>2014</td>
<td>460,001</td>
<td>2,076,460</td>
<td>328,702</td>
<td>2,865,163</td>
</tr>
<tr>
<td>2013</td>
<td>460,001</td>
<td>2,084,684</td>
<td>378,240</td>
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<td>460,001</td>
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<td>2011</td>
<td>460,001</td>
<td>357,536</td>
<td>1,554,092</td>
<td>2,371,629</td>
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### Liabilities

<table>
<thead>
<tr>
<th>Year</th>
<th>Interest-Bearing Loans and Borrowings</th>
<th>Current Liabilities</th>
<th>Other Liabilities</th>
<th>Deferred Tax Liabilities</th>
<th>Total Equity and Liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>331,211</td>
<td>95,081</td>
<td>41,616</td>
<td>176,292</td>
<td>3,836,601</td>
</tr>
<tr>
<td>2015</td>
<td>148,562</td>
<td>135,546</td>
<td>37,396</td>
<td>125,709</td>
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<tr>
<td>2014</td>
<td>291,989</td>
<td>146,180</td>
<td>2,272</td>
<td>122,704</td>
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<tr>
<td>2013</td>
<td>188,387</td>
<td>140,161</td>
<td>2,333</td>
<td>-</td>
<td>3,210,975</td>
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<tr>
<td>2012</td>
<td>158,745</td>
<td>117,459</td>
<td>2,363</td>
<td>-</td>
<td>2,460,011</td>
</tr>
<tr>
<td>2011</td>
<td>158,745</td>
<td>117,459</td>
<td>2,485</td>
<td>-</td>
<td>2,410,275</td>
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### Assets

<table>
<thead>
<tr>
<th>Year</th>
<th>Property, Plant and Equipment</th>
<th>Leasehold Property/Prepaid Lease Rent</th>
<th>Intangible Assets</th>
<th>Investments/Other Non-Current Financial Assets</th>
<th>Current Assets</th>
<th>Total Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>3,616,327</td>
<td>2,242</td>
<td>672</td>
<td>81,559</td>
<td>135,800</td>
<td>3,836,601</td>
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<tr>
<td>2015</td>
<td>3,115,584</td>
<td>2,272</td>
<td>1,059</td>
<td>86,714</td>
<td>205,902</td>
<td>3,411,531</td>
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<tr>
<td>2014</td>
<td>3,185,405</td>
<td>2,303</td>
<td>1,304</td>
<td>87,287</td>
<td>181,355</td>
<td>3,457,654</td>
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<tr>
<td>2013</td>
<td>2,939,788</td>
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<td>629</td>
<td>87,401</td>
<td>180,823</td>
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<tr>
<td>2012</td>
<td>2,934,916</td>
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<td>1,170</td>
<td>87,592</td>
<td>169,806</td>
<td>2,460,011</td>
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<tr>
<td>2011</td>
<td>2,145,796</td>
<td>2,394</td>
<td>2,424</td>
<td>90,887</td>
<td>165,122</td>
<td>2,410,275</td>
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### Cash Flow

<table>
<thead>
<tr>
<th>Year</th>
<th>From Operating Activities</th>
<th>From/(Used in) Investing Activities</th>
<th>From/(Used in) Financing Activities</th>
<th>Net Cash Inflow/(Outflow)</th>
<th>Cash and Cash Equivalents as at 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>44,490</td>
<td>(233,765)</td>
<td>184,149</td>
<td>(5,126)</td>
<td>5,629</td>
</tr>
<tr>
<td>2015</td>
<td>212,257</td>
<td>(27,497)</td>
<td>(1,662)</td>
<td>183,098</td>
<td>(108,494)</td>
</tr>
<tr>
<td>2014</td>
<td>238,003</td>
<td>(230,634)</td>
<td>(76,344)</td>
<td>(68,975)</td>
<td>2,272</td>
</tr>
<tr>
<td>2013</td>
<td>213,898</td>
<td>(86,316)</td>
<td>(250,901)</td>
<td>(123,319)</td>
<td>3,303</td>
</tr>
<tr>
<td>2012</td>
<td>276,741</td>
<td>(90,887)</td>
<td>(65,208)</td>
<td>(6,522)</td>
<td>(287,404)</td>
</tr>
<tr>
<td>2011</td>
<td>231,455</td>
<td>(379,875)</td>
<td>(9,027)</td>
<td>2,371,629</td>
<td>14,825</td>
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</table>

### Key Indicators

<table>
<thead>
<tr>
<th>Year</th>
<th>Earnings/(Loss) per Ordinary Share (LKR)</th>
<th>Net Assets per Ordinary Share (LKR)</th>
<th>Last Traded Price per Share (LKR)</th>
<th>Dividends per Share (LKR)</th>
<th>Price to Earnings Ratio (Times)</th>
<th>Dividend Payout Ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>(2.09)</td>
<td>69.40</td>
<td>24.00</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>2015</td>
<td>2.23</td>
<td>64.44</td>
<td>25.60</td>
<td>2.50</td>
<td>11.48</td>
<td>87%</td>
</tr>
<tr>
<td>2014</td>
<td>2.89</td>
<td>62.29</td>
<td>39.80</td>
<td>2.00</td>
<td>13.77</td>
<td>71%</td>
</tr>
<tr>
<td>2013</td>
<td>2.98</td>
<td>62.00</td>
<td>52.90</td>
<td>2.50</td>
<td>16.44</td>
<td>71%</td>
</tr>
<tr>
<td>2012</td>
<td>3.52</td>
<td>63.55</td>
<td>52.84</td>
<td>2.00</td>
<td>21.35</td>
<td>75%</td>
</tr>
<tr>
<td>2011</td>
<td>2.44</td>
<td>52.25</td>
<td>44.40</td>
<td>2.00</td>
<td>51.56</td>
<td>82%</td>
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### Notes

- The Lighthouse Hotel PLC Annual Report 2019 | 2020
# Real Estate Holdings of the Group

<table>
<thead>
<tr>
<th>Location</th>
<th>Buildings in Sq.Ft.</th>
<th>No. of Buildings</th>
<th>Land Extent Area (in Acres)</th>
<th>Net Book Value as at 31st March, 2020 LKR ‘000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Galle</td>
<td>280,000</td>
<td>15</td>
<td>9.45</td>
<td>3,301,572</td>
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Corporate Information

NAME OF THE COMPANY
The Lighthouse Hotel PLC

COMPANY NUMBER
PQ 73

LEGAL FORM

BOARD OF DIRECTORS
N J H M Cooray – Chairman
R A E Samarasinghe – Managing Director
Ms N T M S Cooray
N Wadugodapitiya
C S R S Anthony
Ranil de Silva
E P A Cooray
Ms A M Ondaatjie
Dr C Pathiraja
T Nadesan
A T P Edirisinghe

AUDIT COMMITTEE
N Wadugodapitiya – Chairman
E P A Cooray
A T P Edirisinghe

REMUNERATION COMMITTEE
E P A Cooray – Chairman
N Wadugodapitiya
A T P Edirisinghe

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE
N Wadugodapitiya – Chairman
E P A Cooray
A T P Edirisinghe
C S R S Anthony

SECRETARIES
Corporate Services (Private) Limited
216, De Saram Place,
Colombo 10.
Phone: 4718200

AUDITORS
Messrs Ernst & Young
Chartered Accountants
201, De Saram Place,
Colombo 10.

HOTEL OPERATION AND MARKETING
Jetwing Hotels Ltd.
“Jetwing House”
46/26, Navam Mawatha,
Colombo 02.
Phone: 4709400

LEGAL ADVISORS
Messrs F J & G de Saram
Attorneys-at-Law and
Notaries Public
216, De Saram Place,
Colombo 10.

BANKERS
Commercial Bank of Ceylon PLC
Sampath Bank PLC
Hatton National Bank PLC

REGISTERED OFFICE
“Jetwing House”
46/26, Navam Mawatha,
Colombo 02.
Notice of Meeting

Notice is hereby given that the twenty sixth (26th) annual general meeting ("AGM") of The Lighthouse Hotel PLC (the "Company") will be held on Thursday, 27th August 2020 at 10.00 a.m. at Jetwing House II, 7th Floor, 46/26, Navam Mawatha, Colombo 02 for the following purposes:

1. To receive and consider the annual report of the board of directors together with the financial statements of the Company for the year ended 31st March 2020 and the report of the auditors thereon.

2. To re-appoint the following directors who retire by rotation:
   (a) Ms. N.T.M.S. Cooray, a director who retires in terms of article 29 (1) of the articles of association of the Company, and being eligible has offered herself for re-election.
   (b) Dr. C. Pathiraja, a director who retires in terms of article 29 (1) of the articles of association of the Company, and being eligible has offered himself for re-election.
   (c) Mr. R. de Silva, a director who retires in terms of article 29 (1) of the articles of association of the Company, and being eligible has offered himself for re-election.

3. To propose the following resolution for the re-appointment of Mr. A.T.P. Edirisinghe who is above the age of seventy (70) years.
   IT IS HEREBY RESOLVED that the age limit referred to in section 210 of the Companies Act No. 07 of 2007 shall not apply to Mr. A.T.P. Edirisinghe who is above the age of seventy (70) years and that he be re-appointed as a director of the Company.

4. To propose the following resolution for the re-appointment of Mr. E.P.A. Cooray who is above the age of seventy (70) years.
   IT IS HEREBY RESOLVED that the age limit referred to in section 210 of the Companies Act No. 07 of 2007 shall not apply to Mr. E.P.A. Cooray who is above the age of seventy (70) years and that he be re-appointed as a director of the Company.

5. To re-appoint Ernst & Young, who are deemed to be re-appointed as auditors of the Company until the conclusion of the next AGM of the Company in terms of section 158 (1) of the Companies Act No. 07 of 2007, to audit the financial statements of the Company for the financial year ending 31st March 2021 and to authorise the Directors to determine their remuneration therefor.

6. To authorise the directors to determine contributions to charities for the ensuing year.

By order of the Board

CORPORATE SERVICES (PRIVATE) LIMITED
Secretaries

THE LIGHTHOUSE HOTEL PLC
Colombo, on this 24th day of July 2020

Note:
Any shareholder entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote/speak in his/her stead and a form of proxy is sent herewith for this purpose. A proxy need not be a member of the Company.
A completed form of proxy must be deposited at 216, de Saram Place, Colombo 10, the secretaries of the Company not less than 48 hours before the time appointed for the holding of the meeting.
FORM OF PROXY

*I/We………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………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INSTRUCTIONS AS TO COMPLETION

1. The instrument appointing a proxy may be in writing under the hands of the appointor or of its attorney duly authorised in writing or if such appointor is a corporation under its common seal or the hand of its attorney or duly authorised person.

2. The instrument appointing a proxy and the Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of that Power of Attorney or other authority will have to be deposited at the office of the Company Secretaries, Corporate Services (Private) Limited not less than 48 hours before the time appointed for the holding of the meeting.
The Lighthouse Hotel PLC
Dadella, Galle,
Sri Lanka
T: +94 91 438 1393
F: +94 91 222 4021

Jetwing Hotels Limited
Jetwing House,
46/26, Nawam Mawatha,
Colombo 02,
Sri Lanka
T: +94 11 470 9400
F: +94 11 234 5729
E-mail: resv.lighthouse@jetwinghotels.com

www.jetwinghotels.com