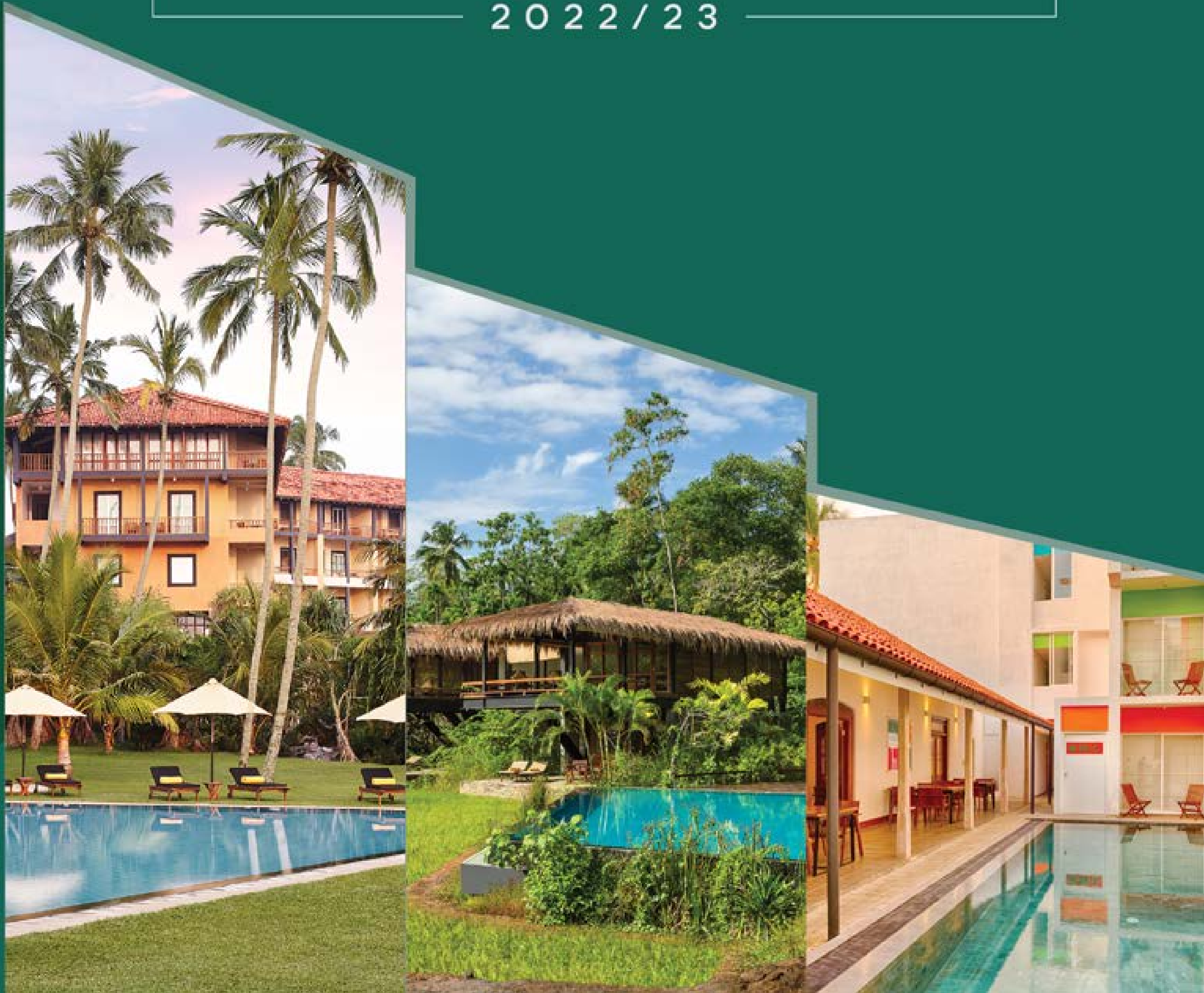
THE LIGHTHOUSE HOTEL PLC

ANNUAL REPORT

2022/23



At Jetwing Hotels, our bedrock is built on the timeless family values of passion, humility, integrity, and tenacity. These virtues resonate within every aspect of our operations, inspiring us to deliver nothing short of excellence to our beloved guests. From the moment you grace our homes of authentic Sri Lankan hospitality, our devoted associates are ready to greet you with their warm and welcoming smiles, a signature at every Jetwing Hotel around the emerald isle, making you feel right at home.

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About Us

Nestled along Sri Lanka's breathtaking southern coastal belt, The Lighthouse Hotel PLC boasts three unique properties that are sure to leave you captivated. Each of our hotels is steeped in its own unique charm, offering a quintessentially Sri Lankan experience that is truly unforgettable.

The iconic landmark of Galle, Jetwing Lighthouse, is the flagship resort in the portfolio, which also celebrated its 25th anniversary in the year 2022. From the inspired vision of Jetwing's founder, Herbert Cooray, to the boundless ingenuity of renowned architect Geoffrey Bawa, Jetwing Lighthouse stands as a tribute to the power of collaboration and the pursuit of excellence. In addition to Jetwing Lighthouse, the company also owns and operates Jetwing Kurulubedda – a uniquely constructed villa that perfectly blends with its natural surroundings. This hidden gem, comprised of two private dwellings and four rooms, exudes a sense of tranquility and serenity, offering guests the perfect jungle retreat. And finally, there's Hotel J Unawatuna – the epitome of a select-service hotel that seamlessly blends style and adventure with affordability. This trendy and easy-going property is perfect for those seeking a budget-friendly option without compromising on comfort or excitement.

Intricately carved copper and brass balustrades wrap around the staircase at Jetwing Lighthouse, forming an acclaimed masterpiece. One to marvel at when the sun shines through the domed ceiling, casting a natural filter, illuminating the warriors' ferocious expressions, breathing life into this timeless creation.

JETWING LIGHTHOUSE

Embark on a journey of architectural excellence, impeccable service, and contemporary luxury. The iconic landmark resort nestled on a scenic promontory in Galle stands as a testament to Sri Lanka's cultural heritage and epitomises luxury beach travel. The architectural genius and stunning natural surroundings create an ambiance of enchantment. Immerse yourself in 5 exquisitely designed themed suites and 80 luxury rooms that offer unparalleled comfort and relaxation. Relish world-class cuisine served at 4 restaurants and 2 bars. The picturesque event locations and rejuvenating spa offer an escape far from the mundane.

JETWING KURULUBEDDA

Nestled amidst verdant mangroves and lush paddy fields just a short journey from the vibrant city of Galle lies Jetwing Kurulubedda, a stunning villa with a name that translates to 'a jungle of birds'. Jetwing Kurulubedda is a sought-after destination for intimate luxury retreats, boasting two exquisitely designed dwellings with plunge pools, four deluxe rooms, an infinity pool, and a restaurant that offers unforgettable culinary experiences. The impeccable service provided at this exquisite boutique hotel ensures that every moment spent here is one to be cherished.

HOTEL J - UNAWATUNA

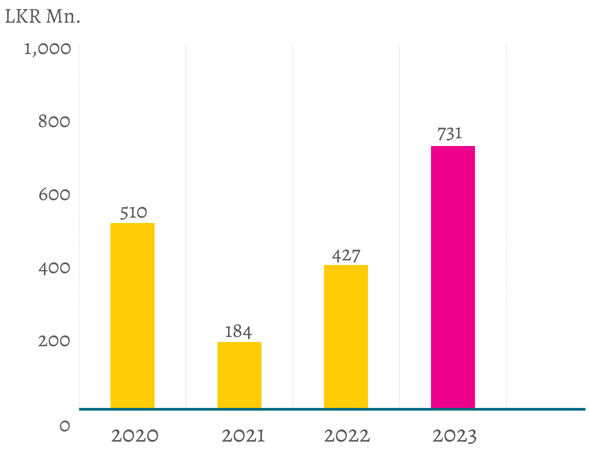
Low on budget and high on adventure, Hotel J is a charming retreat located in the bustling town of Unawatuna, just a stone's throw away from one of Sri Lanka's most breathtaking beaches. Boasting 31 comfortable rooms and 5 spacious dormitories, this select-service hotel offers the perfect accommodation for families or groups of friends. Guests can enjoy a refreshing dip in the pool or indulge in delicious, value-for-money dishes at the restaurant and bar. Hotel J's prime location guarantees an exciting and unforgettable experience.

Financial Highlights

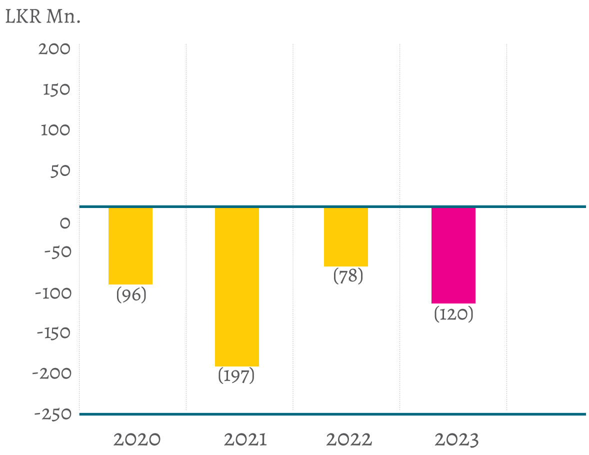
Performance for the year ended 31 March		2023	2022
Revenue	LKR '000	731,240	426,818
Earnings before interest, tax, depreciation & amortisation (EBITDA)	LKR '000	85,290	98,451
Profit/(Loss) before tax	LKR '000	(105,639)	(70,920)
Profit/(Loss) after tax	LKR '000	(119,537)	(78,274)
Earnings/(Loss) per share	LKR	(2.60)	(1.70)
Return on Equity	%	(4)	(3)
Financial Position as at 31 March			
Total Assets	LKR '000	3,838,534	3,947,944
Total Debt	LKR '000	394,822	429,082
Total Equity	LKR '000	2,774,402	3,145,484
Number of shares in issue	No. 000s	46,000	46,000
Net Assets per share	LKR	60.31	68.38
Debt/Equity	%	14	14
Debt/Total Assets	%	10	11
Current Ratio		0.44:1	0.72:1
Quick Asset Ratio		0.37:1	0.65:1
Market/Shareholder information			
Market price per share as at 31 March	LKR	27.30	27.50
Market Capitalisation	LKR '000	1,255,800	1,265,000
Value added for the year ended 31 March			
To Government	LKR '000	13,897	7,354
To Employees	LKR '000	168,987	120,618
To Shareholders	LKR '000	-	-

Financial Highlights Contd.

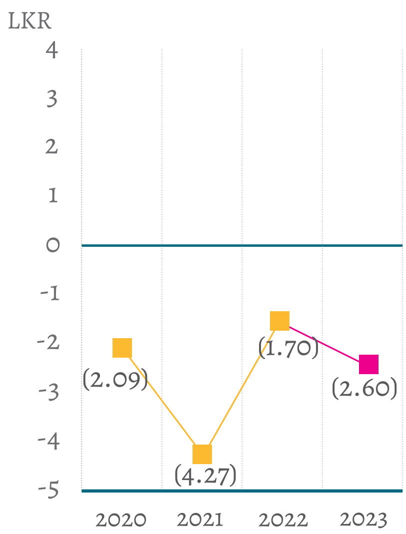
Revenue



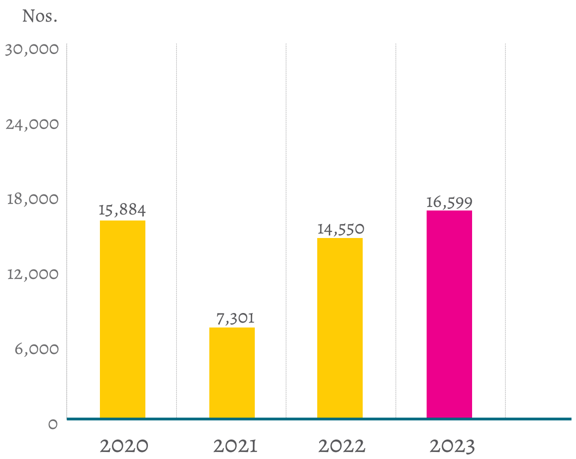
Profit/ (Loss) after Tax



Earnings/ (Loss) per Share



Room Nights Occupied



Chairman's Letter

To the shareholders and well-wishers of The Lighthouse Hotel PLC

Ayubowan (may you live long),

At least once in your life, you may have come across the saying "when the going gets tough, the tough get going." This message resonates with every single Sri Lankan, especially those who remained in the country and fought through the many challenges over the last few decades. Having lived through four of the most volatile and frightening years in the history of tourism, this resonates even more with those engaged in Sri Lanka's hospitality and tourism industry. In my near 60 years of life, I have never felt more uncertain and lost than I did in the first quarter of the recently concluded financial year. The preceding calamities, the Easter Sunday attacks and the pandemic, were shadowed by what our country faced last year. I have never doubted the potential and future prospects of Sri Lanka, but for a moment, I too feared that our country could have collapsed, both economically and politically. I thank God every single day that the fears of all Sri Lankans did not become a reality. At the onset of this statement, I would like to offer my deepest gratitude to the Governor and his team at the Central Bank and the current administration for bringing stability to our nation and forging a pragmatic path for recovery.

Sri Lanka's economic crisis was fuelled by successive fundamental mistakes, and one of the detrimental outcomes was a severe shortage of foreign currency. Tourism plays a key role in sourcing foreign currency, and I am delighted that after the removal of the travel bans from our primary source markets towards the end of the second quarter of the financial year, our industry was able to contribute to the country's economy once again. The money earned through tourism goes a long way, both directly and indirectly, and all the stakeholders are grateful that the industry has been recognised as one that will drive Sri Lanka's economic revival. While we are now in a much stronger position than we were 12 months ago, there are many areas in which we can improve to further the prospects of tourism and its economic and social benefits to the people of this country.

Sri Lanka: the pearl of the Indian Ocean, a land like no other, small miracle, the wonder of Asia, and So Sri Lanka. Over the years, many attempts have been made to launch a consistent marketing campaign to position the destination in key markets such as the United Kingdom, Germany, France, and India. Sadly, these have never come to fruition, and apart from one-off boosts, none of the campaigns have sustained for a significant amount of time, and as a result, we have failed to position the country and its diverse offering to discerning travellers. The promotions of the destination have been essentially organic, fuelled by independent travellers and the stakeholders in the industry. Despite the limitations, this too has yielded substantial results, and we saw continued growth in arrival figures until the pandemic hit the world, and even now, we see a quick revival in tourism figures. Experiences such as the scenic train ride from Kandy to Ella have become world-famous and draw thousands of travellers to the country. As industry stakeholders, we too focused on communicating the wonderful experiences Sri Lanka has on offer to all our partners overseas, and through our own digital and traditional consumer-focused communications. While this is essential to draw people to the paradise island, the world has forgotten that we also have iconic hotels in Sri Lanka, such as Jetwing Lighthouse.

As a result, a majority of those visiting Sri Lanka choose to stay in more affordable accommodation options; and the luxury hotels have been forced to constantly bring prices down due to the lack of awareness and demand from target audiences. Once a communication plan is set in motion, I urge the authorities and stakeholders in the industry to showcase Sri Lanka's iconic resorts, along with the experiences, so that we have a strategy in place to yield more income per traveller, as opposed to flooding our destinations with tourists yielding minimum returns. Global demand for luxury travel is still very strong, and these segments are least impacted by macro-level economic challenges that may persist in our key markets in the short-term.

Unfortunately, Sri Lanka is not a destination that is effectively positioned to these travellers, even though we have the products and services to cater to them. We need to have strategies and implementation plans in place to attract more high-value travellers, both in terms of product and destination marketing as well as infrastructure development, especially at places of interest. If this is done proactively, we will not only draw more high-yielding travellers, but we will also build confidence within the industry to increase rates across the spectrum of accommodation available, resulting in higher income to the country and its people.

The lack of confidence in Sri Lanka's future has resulted in a mass exodus of talented youth in our industry and others. There is no country worth fighting for without its people. My heart aches each time one of our youngsters tell me they are leaving to another country in search of greener pastures. We have seen tremendous positive momentum in the last few months alone, and this should renew confidence in the youth, but this message has to be driven consistently by the media, and religious, political and industry leaders. While we are not out of the woods yet, the path is clearer, and better times seem nearer. We have an opportunity to rebuild our nation, with tourism leading the way, and I encourage all leaders to share a strong message with the youth, to encourage them to stay on and help this country reach its potential.

The Lighthouse Hotel PLC owns 3 properties in and around Galle that are operated by Jetwing Hotels Ltd. – Jetwing Lighthouse, Jetwing Kurulubedda, and Hotel J – Unawatuna. Your company's flagship property, Jetwing Lighthouse, is one of Sri Lanka's most iconic beach resorts, owing to its grandeur, location, and the role it played in transforming Galle into a sought-after tourist destination In 2019, the property underwent a significant upgrade in the rooms and public spaces. Unfortunately, due to the local and global challenges faced since the renovation, we have been unable to reposition the property in order to get the desired rates and occupancies.

The unfavourable market conditions due to the lack of destination marketing has also resulted in lower rates as the hotel had to remain competitive in order to get sufficient bookings. Our objective for the upcoming financial year is to launch a marketing campaign for the property in key markets through constant press and social media engagement, sales representation, and a mix of digital and traditional advertising.

The campaign will feature Jetwing Lighthouse as the iconic landmark of Galle and focus on the property's architecture and its lead architect – Geoffrey Bawa, the rooms and facilities, dining options, venues for weddings and events, and the nearby experiences ranging from exploring the historic Galle fort to a nautical wildlife expedition in search of the largest mammal on the planet. Jetwing Kurulubedda and Hotel J – Unawatuna will also have their own marketing and operational plans in place to effectively reach the target audiences and deliver what we promise.

As a part of Jetwing Hotels' six-pillared sustainability strategy, we have introduced multiple initiatives at Jetwing Lighthouse throughout the last 26 years, with a focus on developing the local communities and protecting our environment. From on-site biomass boilers for generating steam that fuel the hotel's central hot water system, air-conditioning and laundry requirements, to 125 kW of roof-mounted solar power; an effluent treatment plant that treats all the wastewater at the property which is later used for garden irrigation, to generating biogas from food waste that is used to fuel modified stoves in the associate kitchen; an onsite cetacean information centre to educate our guests of all ages on these magnificent marine mammals; developing and maintaining a community pool that offers regular swimming lessons to local schoolchildren for free, to collaborating with local tuk-tuk drivers to offer taxi services with a high level of customer care; our award-winning projects such as the Jetwing Youth Development Project that has brought dozens of youth from the local community into the industry with free training in hospitality skills and English, and Second Careers which brought middle-aged women into the industry and gave them a source of steady income despite them having no prior work experience; an onsite water bottling plant that produces the entire drinking water requirement at the property by refilling glass bottles, and prioritising local food sourcing; these initiatives, and many more, have helped us position Jetwing Lighthouse as a leader in responsible tourism both in the South coast and across the emerald isle. At Jetwing Hotels, we believe that sustainability is a journey of discovery, innovation, and tenacity and making changes today, however small, can lead to a better future for all. By sharing our journey of sustainability, what we have learnt, and what we hope to achieve, we aim to inspire change and create a butterfly effect. I encourage you to visit the back-of-house operations at the property and see for yourself the investments made by your company to create a sustainable model for the hospitality industry, so that future generations of travellers will also be able to enjoy these spectacular spaces and natural wonders.

Moving on to your company's financial performance, I'm pleased to note that we ended the year with a 71% increase in revenue from the previous year, amounting to LKR 731million. This was mainly fuelled with the surge in business in the 4th quarter of the financial year, as foreign travel in the previous quarters was impacted severely by the travel bans, and the shortages in fuel and other concerns caused a reduction in domestic travel for most of the year. Despite the increase in revenue, net loss for the period increased by 53%, amounting to LKR 120 million. This was primarily caused by unprecedented increases in; interest rates, resulting in a 290% increase in finance costs; power and energy rates, payroll cost, and property maintenance, resulting in an 82% increase in administrative expenses. While this is an extremely challenging time to operate businesses in Sri Lanka owing to the economic conditions, we are confident that your company will return to better performance in the upcoming financial year, assuming that macro-economic conditions remain stable. We are grateful and appreciate the commitment, loyalty, and patience of all shareholders. As you are aware, The Lighthouse Hotel PLC has historically paid maximum dividends, amounting to over 2.5 times of the original investment. Our commitment to you is that we will resume paying out dividends once the company returns to profitability, subject to the accumulated losses and further investments.

We had a change in leadership at the properties during the course of the financial year. Priyanthika Wijenaike, who served as the company's General Manager for the past 9 years, is taking on a bigger responsibility in the cultural triangle, and Indika Gamage, who was formerly the General Manager of Jetwing Lake and Head of Cultural Triangle Hotels, joined as the Head of Galle Hotels. On behalf of the board of directors, I would like to thank Priyanthika for steering the properties through extremely challenging times and being a mother-figure to all the associates of the company. Indika is one of the younger leaders at Jetwing, and we are confident that he will take the properties to greater heights along with his team. I must express my gratitude to the teams at all 3 properties for staying strong and fighting through the storm. I also thank our banking partners, for supporting us in critical times and ensuring that we were able to continue our operations and make all our payments on-time; our suppliers, for giving us the best produce at competitive rates; our tour operators and travel agents, both in Sri Lanka and overseas, for continuously supporting our properties and promoting Jetwing Lighthouse as a premier beach resort on the South coast; our managing agents, Jetwing Hotels Ltd., for guiding the company during these difficult times; and finally, our guests, from Sri Lanka and around the world, for keeping us motivated and encouraging us to continue innovating and creating new experiences to offer memorable experiences along with our authentic Sri Lankan hospitality.

Our resilience as a nation and industry is second to none. No matter the challenge, we rise up again, taking it one day at a time, and persevere to be our best selves in every way. That is the true beauty of Sri Lanka: its people. I have travelled to nearly 100 countries in the world thanks to our work, but I am yet to find a place as beautiful as Mother Lanka. The warm and loving people, the delectable food, the amazing natural and manmade wonders, and of course, the beaches; there is no other place I can call home. Stay strong, stay resilient. Our country will rise again, and we will be a leading destination for luxury and responsible travel. All of us at Jetwing will continue the fight and change the norms, pursuing excellence in every way and playing our part in reviving this magical land.

Thank you and may God bless you all,

Hiran Cooray
Hiran Cooray
Chairman
The Lighthouse Hotel PLC
17th May 2023

Operating Environment

The Global Economy

The global growth is estimated to have slowed to 2.9% in 2022. Further, the global growth is expected to decelerate to 1.7% in 2023 – the third weakest pace of growth in nearly three decades, overshadowed only be the global recessions caused by the pandemic and the global financial crisis as per the World Bank. Economic conditions deteriorated substantially in advanced economies in 2022 as high inflation eroded household purchasing power and reduced confidence, while rapid monetary policy tightening weighed on demand. The Russia-Ukraine war resulted in severe energy supply disruptions in the euro area, pushing up energy prices and prices of some food items, thereby hampering production and consumption fueling uncertainty.

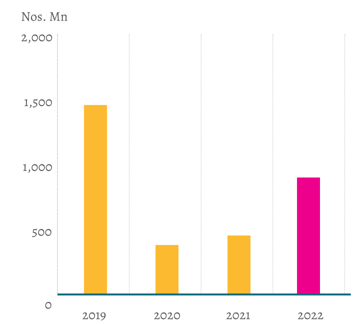
Tightening financial conditions amidst the global fight against inflation and the continuation of the Russian-Ukraine war are expected to impact global economic activity in 2023, while reopening of China is expected to partially offset this impact as per the World Economic Outlook updated of January 2023. Further, the Global inflation is estimated to have peaked in 2022 and projected to be easing in 2023 amidst weakening demand and easing commodity prices. Risks to the global economic outlook, on an aggregate basis, indicate possible lower than expected global growth and higher inflation.

Global Tourism

Global tourism recorded 917 million international tourist arrivals in 2022 from destinations worldwide compared to 455 million in 2021. This is an increase of 102% compared to 2021. International tourism has also recovered 63% of pre pandemic year 2019 according to the UNWTO. International tourism saw stronger than expected results in 2022, backed up by large pent-up demand and the easing of travel restrictions in many countries. (157 countries had no COVID 19 travel restrictions in May 2023, according to the UNWTO/IATA Destination Tracker – Easy Travel). Further, international tourism showed resilience as shown in its strong recovery despite to the emergence of the omicron covid variant at the beginning of the year, the start of the Russian war against Ukraine and challenging economic environment.

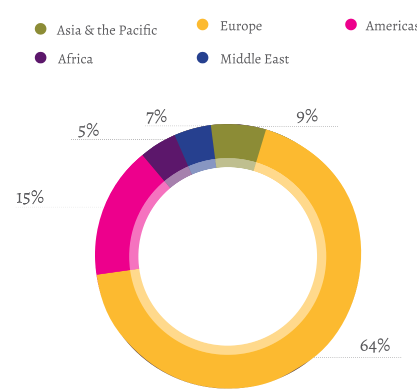
All regions enjoyed significant increases in 2022 over the previous year. Europe and the Americas recorded the strongest results by region relative to 2021 with arrivals up 92% and 75% respectively, though both remained 21% and 35% respectively below 2019 levels. Africa saw a 132% increase in 2022 compared to 2021, though remained 35% below 2019 levels. In the middle east arrivals increased by 144% compared to 2021 and 17% below 2019 levels. In Asia and the Pacific, arrivals increased by 241% from 2021 levels and 23% when compared to pre-pandemic values according to the UNWTO World Tourism Barometer.

International Tourist Arrivals



Tourists are expected to increasingly seek value for money and travel short haul flights in response to the challenging economic environment. The improved performance of Air traffic is expected to contribute to the ongoing recovery of international tourism in 2023. According to UNWTO, Domestic tourism will continue to support to tourism recovery, fueled by demand for destinations closer to homes as tourists look for different experiences such as nature based products and rural tourism.

International Tourist Arrivals by Region



According to Statista.com, the international tourism receipts is estimated at USD 1 trillion in 2022, above USD 626.8 Bn in 2021 but still below the pre-pandemic value of USD 1.5 trillion.

UNWTO Panel of Experts survey in January 2023 indicates that 72% of tourism professionals expect better performance in 2023 than in 2022. However, 65% also believe international tourism will not return to 2019 levels until 2024 or later.

Operating Environment Contd.

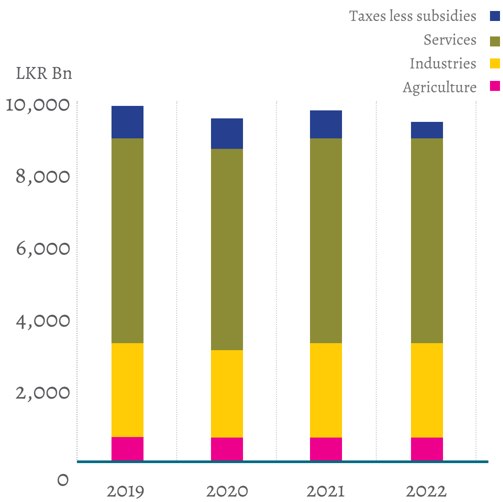
The Sri Lankan Economy

The Sri Lankan economy recorded its deepest economic contraction since independence in 2022, mainly driven by the ripple effects of the unprecedented economic crisis amidst the domestic and global headwinds that reversed the post-pandemic recovery. As per the estimates the Sri Lankan economy recorded a contraction of 7.8% in 2022 in real terms compared to the growth of 3.5% in 2021.

The Gross Domestic Product (GDP) at current market prices of Sri Lankan economy was estimated at USD 77.1 billion in 2022 compared to USD 88.5 billion in 2021. The per capita GDP also declined to USD 3,474 in 2022 from USD 3,997 in 2021.

All sectors of the economy recorded a contraction during the year (agriculture, forestry and fishing by 4.6%, industry by 16%, and services by 2% compared to the previous year).

GDP



The year-on-year headline inflation based on CCPI accelerated rapidly to reach historical high in September 2022 and commenced a descending path thereafter, with the realization of the impact of the tight monetary conditions and the gradual easing of the supply side disruptions. Accordingly, year on year headline inflation based on CCPI recorded 57.2 percent by end 2022 from 12.1 percent at end 2021. This is mainly due to global and domestic supply side disturbances, the surge in global commodity prices and upward revisions to administered prices. The acceleration in inflation is attributed to acceleration in both food and non-food inflation though food inflation accounted for a larger share.

In April 2022, the Central Bank raised policy rates significantly by 700 basis points, the highest single day adjustment in recent history to arrest the build up of excessive demand driven inflationary pressure. The Average Weighted Lending Rate (AWLR), which is based on interest rates of all outstanding loans and advances extended by LCBs, stood 18.7% as at end 2022. The Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) stood at 14.5% and 15.5% as at end 2022.

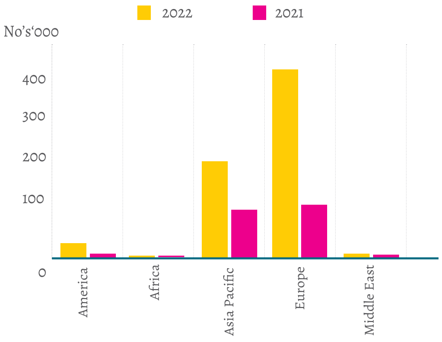
The adjustment in exchange rate in March 2022 and subsequent market pressure, the Sri Lankan rupee depreciated sharply by 33% against the USD by end March 2022 and thereafter to LKR 363.11 by end December 2022. However, the exchange rate appreciated to LKR 327.29 by end March 2023 with the improvement foreign exchange market conditions.

Sri Lankan Tourism

Tourist arrivals in Sri Lanka recorded a steady recovery in 2022 despite significant challenges due to heightened political and social tensions, fuel shortages, power outages and adverse travel advisories among others. The tourist arrivals recorded an overall increase of 270% to 719,978 in 2022 compared to 194,495 arrivals in 2021.

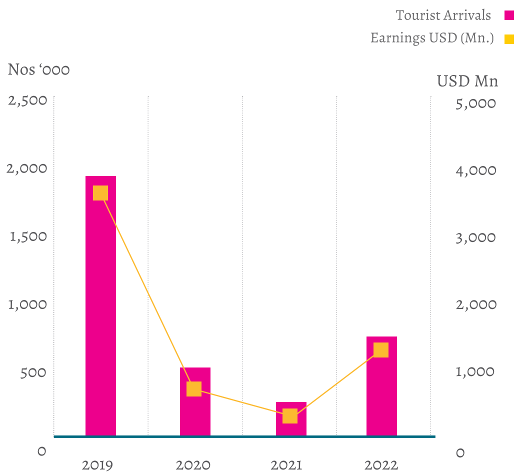
Earnings from Tourism increased significantly by 124.2% to USD 1,135 million in 2022, in comparison to USD 507 million in 2021.

Tourist Arrival by Country of Residence 2022



Operating Environment Contd.

Annual Tourist Arrivals/Tourism Earnings



India (17%), Russia (13%), United Kingdom (12%), Germany (8%) and France (5%) were Sri Lanka's top five international tourist generating markets for the year 2022. Further, Tourist arrivals from all major regions, increased in 2022. Europe was the largest tourist origin recording 60% of total tourist arrivals.

A tranquil ambiance embraces you as you enter Chef Nihal's restaurant, amplified by the soothing sound of waves caressing the rocks and the gentle rustling of coconut fronds. The perfect setting to indulge in a sublime Sri Lankan culinary experience.

Group Financial Review

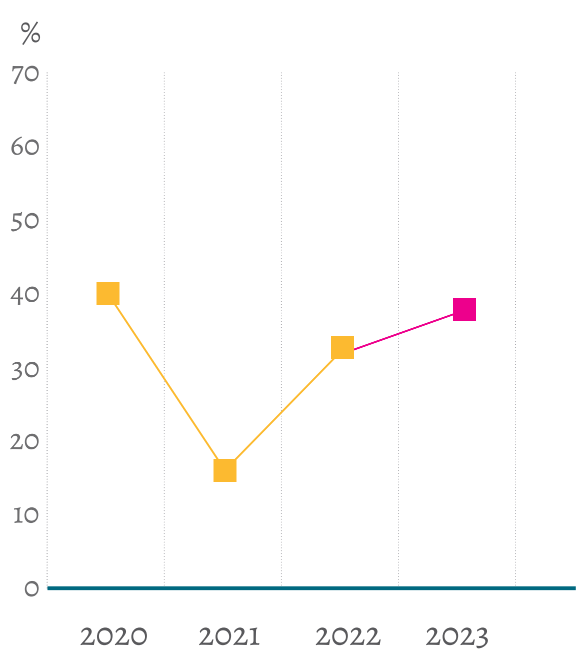
REVENUE

The Group recorded total revenue of LKR 731 million during the financial year under review compared to LKR 427 million achieved during the previous period. The increase in revenue by 71% is primarily due to the increase in number of rooms nights and average room rate by 14% and 27% respectively. Jetwing Lighthouse generated 56% of the total room revenue for the financial year during the period December 2022 to March 2023. The group revenue also positively impacted due to the significant depreciation of the Sri Lankan rupee against the US$ in April 2022. Further, the hotel had an even mix of Sri Lankan and International travelers during the period under review.

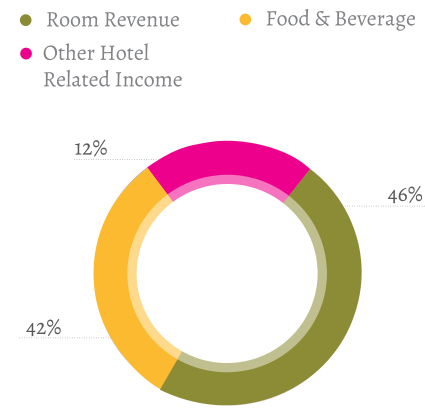
During the period under review the food and beverage income increased by 101% compared to previous period. The relaxation of COVID 19 travel restrictions helped to host higher banquet functions and other F&B related activities resulting higher food and beverage income.

Hotel J – Unawatuna operated for the full financial year, which contributed revenue amounting to LKR 57 million to the Group. The occupancy of the group stood at 37% for the financial year.

Occupancy



Revenue Composition 2023



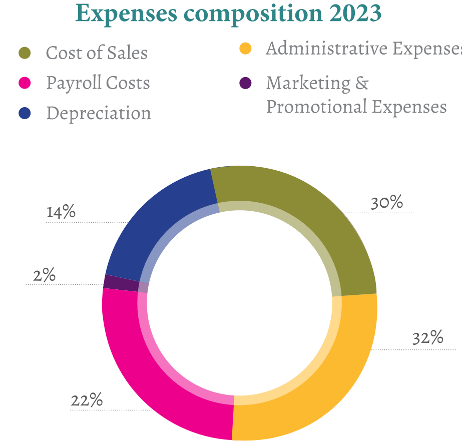
EXPENSES

During the period under review total expenses excluding finance cost and exchange loss on USD loans have increased by 71% to LKR 752 million from LKR 440 million in the previous period.

The increase in expenses is primarily due to increase in administrative costs (132%) and payroll cost (40%) due to increase in occupancy, significantly high inflation, increase in electricity cost etc. Further, the company also carried out several property maintenance work which included the renovation of the banquet hall incurring LKR 16 million. Cost of sales have increased mainly due to increase in business volume and increase in prices. Further exchange loss on conversion of foreign currency loan has amounted to LKR 13 million during the period under review.

Depreciation for the year was reported at LKR 104 million which is a decrease of LKR 4 million compared to the previous period.

Expenses composition 2023

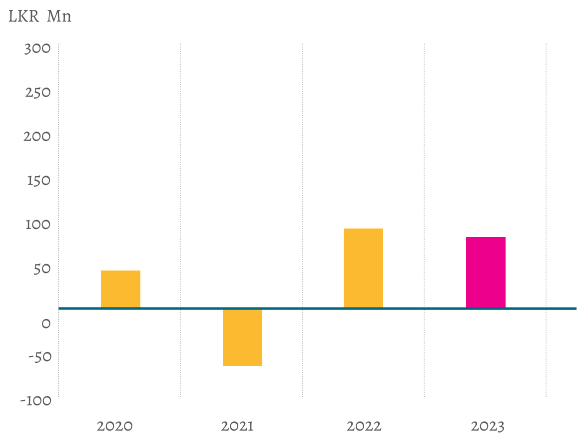


Group Financial Review Contd.

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

The Group has reported an EBITDA of LKR 85 million for the period under review compared to LKR 98 million achieved during the previous period. The decrease in EBITDA is primarily due to the increase in administrative, power & energy, payroll and property maintenance expenses during the period under review.

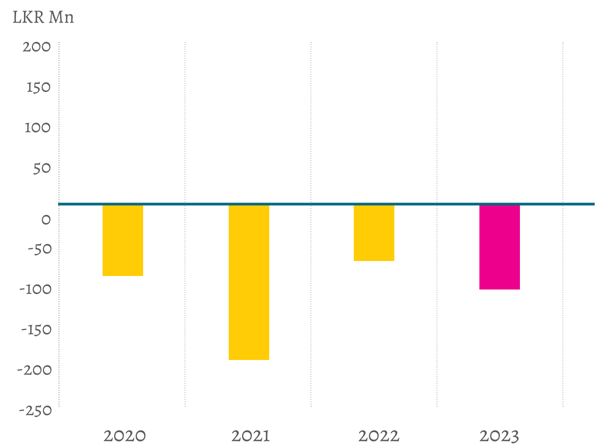
EBITDA



PROFITABILITY

The Group recorded a Loss before tax of LKR 106 million during the year under review compared to Loss before tax of LKR 71 million during the previous period. The increase in Loss before tax is primarily due to the increase in operating expenses resulting from high inflation. Further, the finance cost has increased substantially by LKR 56 million mainly due to the significant increase in interest rates. Income tax charge for the year has increased to LKR 14 million compared to the previous year mainly due to increase in revenue. Loss after tax of the Group amounted to LKR 120 million compared to Loss after tax of LKR 78 million achieved in the previous period.

Profit/ (Loss) before Tax



STATEMENT OF FINANCIAL POSITION

The Group reported a financial position as at 31st March, 2023 with Total Assets amounting to LKR 3,839 million compared to LKR 3,948 million in the previous period. During the year under review, Property, Plant and Equipment additions amounted to LKR 20 million. The increase in income tax rate to 30% resulted in an increase in the deferred tax charge on land revaluation and thereby reducing the revaluation reserve by LKR 247 million.

As at 31st March, 2023 the Group gearing level remained at 14%.

SHAREHOLDERS' FUNDS

Shareholders' funds as at 31st March, 2023 decreased to LKR 2,774 million from LKR 3,145 million in the previous period. The Group's net assets per share as at 31st March, 2023 stood at LKR 60.31 per share.

STATEMENT OF CASH FLOW

Cash position of the Group as at 31st March 2023 decreased to negative LKR 56 million compared to negative LKR 40 million last year. Operational cash flows generated LKR 33 million. Cash flows from investing activities amounted to LKR 29 million. Investing activities included withdrawal of an investment in USD fixed deposit amounting to LKR 46 million. The net cash flows used in financing activities amounted to LKR 78 million due to repayment of the loans.

Embark on a captivating voyage at Cardamom Café, where dining recreates the enchantment of being aboard a ship. Immerse yourself in maritime allure, choosing between indoor elegance or alfresco bliss amidst the caress of ocean breeze.

Sustainability Review

ENVIRONMENT

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. 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.

Our approach to identify and effectively manage operational impact areas is outlined in the *Jetwing Hotels' Sustainability Strategy*, with specific measures for maintaining a clean and healthy environment highlighted in the *Environmental Policy*, and commitment to continually improve our energy performance via efficient and innovative strategies outlined in the *Energy Management Policy*.

With the understanding that energy is a valuable commodity and its conservation is the need of the hour, along with the consideration that fossil fuel combustion in energy generation is the largest contributor greenhouse gas emissions; in order to reduce the energy 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, transitioning to clean power.

Freshwater demand of The Lighthouse Hotel properties is met via the city water supply and extracted groundwater. Recognizing the importance of water conservation, all properties have implemented strict measures to regulate and minimize water consumption, reduce wastages and reuse wherever possible. 100% of wastewater generated at Jetwing Lighthouse and Hotel J - Unawatuna is sent to on-site effluent treatment plants, with the treated water used for garden irrigation. An accredited external company routinely checks quality of the discharged water to ensure it meets the required national standards.

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 is inventoried and sold to external parties for recycling or reuse; while organic waste is fed to onsite biogas digesters, composted onsite, or sent to a local piggery to be used at animal feed. Minimal quantities of mixed waste items which can neither be recycled nor biodegraded, are collected by local authorities for disposal.

The management initiatives 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 systems and achieved Gold level in Travelife's sustainability criteria.

EMPLOYEES

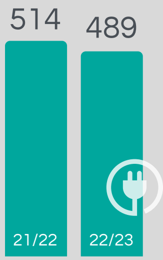
From the regional beauty to architecture and level of service offered, properties of The Lighthouse Hotel PLC are considered iconic. We are thankful and proud of our associates whom we call our family, in delivering such remarkable service filled with a warmth that is quintessentially Sri Lankan.

Understanding the importance of our own family, our associates are created a supporting environment to perform their roles, while motivation is provided to achieve their personal and professional goals. As such, various policies and practices covering areas such as remuneration, human rights, health and safety, grievance handling, zero tolerance on child abuse etc. are complied with to assure a constructive working environment. Our structured programmes too offer our associates the chance to develop themselves personally as well as professionally.

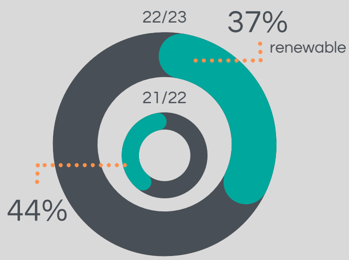
With the industry steadily recovering post COVID, our associates are geared and motivated to take on the challenges ahead. To create a safe, healthy, and conducive work environment, regular training and development programmes and associate engagement programmes are conducted, to upskill and encourage our associates. During the year under review, there were no material issues pertaining to employees and industrial relations. The below infographic is a depiction of information relating to associate demographics, training and development and health and safety related details within the year under review.

SUSTAINABILITY PERFORMANCE

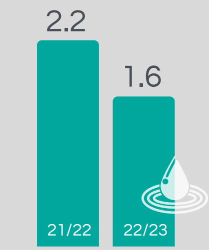
Environmental Performance



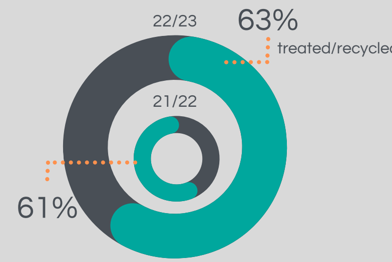
energy used per guest (MJ)



renewables in energy mix

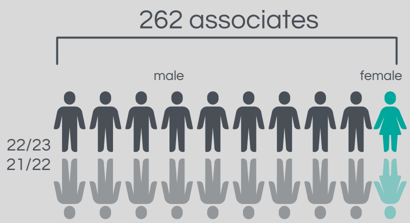


water used per guest (m3)



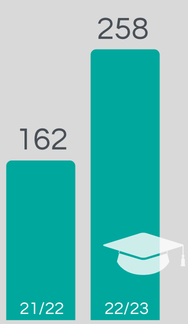
solid waste treated/recycled

Employee Relations



gender distribution

regional distribution



training hours

health & safety issues reported

Community Engagement

08 (22/23) | 09 (21/22)

community engagement programs conducted

66 (22/23) | 39 (21/22)

local youth trained

75 (22/23) | 75 (21/22)

(%) supplies sourced locally (within the district)

* 21/22 - year ending 31st March 2022 and 22/23 - year ending 31st March 2023

Jetwing Sustainability
CREATING A BUTTERFLY EFFECT

Sustainability Review Contd.

COMMUNITY

The Lighthouse Hotel PLC has maintained lasting relations with the host community, thus finding a footing in the South of Sri Lanka. Through the assimilation of sustainable practices into our business operations, we have integrated the local community, as valued stakeholders of our business as associates and suppliers.

Extending support to these communities, many initiatives and practices have been conducted during the year under review. The Lighthouse Community Pool initiative and the Taxi Line through the Community are some such flagship programmes which have been continued to date.

The Lighthouse Community Pool, an intervention which aimed at imbuing aquatic skills within a coastal community for survival was launched in 2008. Since, the community facility has been instrumental in extending swimming lessons to many children within the locality free-of-charge.

Taxi Line through the Community is another programme that was initiated, with the intention of upskilling local tuk-tuk drivers to become competent tour guides, thus enhancing the already existing skills and knowledge to create an extra income earner. The programme has been conducted for 18 years, providing quality services for guests at Jetwing Lighthouse.

Apart from these signature projects, and other community engagement programmes such as donations, educational tours and industry insight tours have been conducted during 2022/2023.

To view our sustainability policies and read more on the sustainability initiatives mentioned above, visit our website:

Indulge in the harmonious embrace of nature at our secluded jungle retreat, where Jetwing's renowned Sri Lankan hospitality enchants every moment of your sojourn.

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 threats:

1. Strategic and Market Threats	Threats to the Group's high-level strategic objectives or threats from the external environment.
2. Operational Threats	Threats that arise from day-to-day operations of the Hotels.
3. Financial Threats	Those threats that arise from the adverse movements in market prices, those 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.

These main threats are then further analyzed into subcomponents risks.

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 (eg, 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

		Likelihood				
		1 Unlikely 0% to 10%	2 Possible 10% to 40%	3 Likely 40% to 70%	4 Probable 70% to 90%	5 Almost Certain
Impact	5 Catastrophic		1.1			
	4 Major		1.2, 2.1	1.4, 2.3, 2.5, 2.6, 3.4, 3.5	1.3, 3.2, 3.3	
	3 Moderate		2.2, 2.7	2.4		
	2 Tolerable		3.1	2.8		
	1 Insignificant					

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.

Risk Management Contd.

	Potential Impact	Actions Taken to Mitigate Risk
1. STRATEGIC AND MARKET RISKS		
1.1. Risks relating to Infectious Diseases	**Risk Rating**	**High**
Infectious diseases 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.	- Reduced travel and demand for hotel rooms thereby reduced revenue, cash flow and profitability. - Increase in operational expenses due to enhanced health and hygiene requirements. - Increase in the level of debt may adversely affect financial and operating activities or ability to incur additional debt. - 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.	- Evaluate the resilience of its businesses under multiple scenarios by considering a wide range of factors. - Take steps to curtail fixed costs whilst continuously enacting stringent protocols to minimize other direct costs. - Defer non-essential capital expenditure. - The board to monitor all possible cash flow positions and mitigating factors.
1.2. Business Risk	**Risk Rating**	**Medium**
The inability of the Group to achieve its business objectives.	- Reduced revenue, cash flow and profitability. - 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.

	Potential Impact	Actions Taken to Mitigate Risk
1.3. Political, Economic and Environmental Risks		
	Risk Rating	**Very High**
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.	- 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.
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.	- The Group has in place contingency and recovery plans to enable it to respond to major incidents or crises.
Risks from natural or man- created disasters.	- Loss of assets.	- Transferring risks to third parties through insurance policies. The adequacy of insurance covers is regularly reviewed and adjusted when necessary.
1.4. Competitive Risk		
	Risk Rating	**High**
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.

Risk Management Contd.

	Potential Impact	Actions Taken to Mitigate Risk
2. OPERATIONAL RISKS		
2.1. Reputation and Intellectual Property Rights Risk		
	Risk Rating	**Medium**
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		
	Risk Rating	**Medium**
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		
	Risk Rating	**High**
Failure to attract and retain skilled employees may threaten the success of the Group's operations. Migration of employees to overseas jobs. The younger generation is more inclined towards other career fields such as IT and technology.	- 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. - Realigning of service standards.

Risk Management Contd.

	Potential Impact	Actions Taken to Mitigate Risk
2.4. Technology Risk	**Risk Rating**	**Medium**
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.
2.5. Cybersecurity Risk	**Risk Rating**	**High**
The loss of confidentiality, integrity, or availability of information, data, or information (or control) systems	- loss of revenue. - reduce profitability. - loss of data. - Adverse impact on reputation.	- Conduct of cybersecurity assessment. - Dual authentication to be used for remote work. - Establish network access controls. - Implementation of SD WAN and antivirus software. - Continuously monitor network traffic.
2.6. Safety	**Risk Rating**	**High**
The Group could experience significant food safety or allergen related incidents through failings in food preparation, storage or supply chain. Physical security and safety incidents at one or more of our properties could jeopardise the safety of our guests and team members.	- Adverse impact on reputation - Injury or fatality of guest or associate and the related legal liability exposure	- Complying to HACCP/ISO 22000 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. - Availability of on call medical officers/ medical assistance. - Adequate public liability insurance covers are taken.

Risk Management Contd.

2.7. Statutory and Legal Risk	Potential Impact	Actions Taken to Mitigate Risk
	Risk Rating	Medium
Threat of litigation due to legal and statutory requirements not being fulfilled.	- Legal fees and penalties resulting in reduced profitability. - Adverse impact on reputation. - Loss arising from defective contracts.	- 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.

2.8. Internal Operational Processes

	Risk Rating	Medium
Threat of financial loss due to breakdown in internal controls.	- Internal process failures - Fraud - Loss of data	- 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 .

3. FINANCIAL RISKS

3.1. Credit Risk

	Risk Rating	Low
Threat arising due to default of payment.	- Reduce profitability. - Increase working capital.	- 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. - Actively monitor and review debtors.

3.2. Exchange Rate Risk

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

3.3. Interest Rate Risk

	Risk Rating	Very High
Threat arising from the volatility of fair value or future cash flows of a financial instrument fluctuating because of changes in market interest rates.	- Reduced profitability. - Reduced cash flows.	- Negotiate favourable terms and conditions with banks for loan facilities obtained .

Risk Management Contd.

	Potential Impact	Actions Taken to Mitigate Risk
3.4. Liquidity Risk	**Risk Rating**	**High**
Risk that the Group will not be able to meet its financial obligations as they fall due.	- Reduced cash flows - Reduced profitability	- 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. - Monitor and review bank balances regularly. - Preparation and review of actual performance against the budget monthly. - Reschedule the capital repayments in order to suit the forecasted Cash flows.
3.5. Inflation Risk	**Risk Rating**	**High**
Risk that the future value of Group investment, asset, or profitability will be reduced by high level of inflation.	- Reduced profitability. - Reduced return on investment.	- Preparation of forecasts in line with projected occupancy and cost. - Initiated cost control activities. - Review of pricing and make necessary adjustments.

Precautionary Approach

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

Corporate Governance

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, (ceased to be a director w.e.f 30th June 2022 and appointed w.e.f 14th July 2022)

Dr. C. Pathiraja,

Mr. T. Nadesan, (retired with effect 14th July 2022)

Mr. A.T.P. Edirisinghe. (ceased to be a director w.e.f 30th June 2022)

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 four occasions. The attendance at these meetings was:

Name of the Director		Attendence
Mr. N.J.H.M. Cooray (Chairman)	Executive	4/4
Mr. R.A.E. Samarasinghe (Managing Director)	Executive	4/4
Ms. N.T.M.S. Cooray	Executive	4/4
Mr. C.S.R.S. Anthony	Executive	4/4
Ms. A.M. Ondaatjie	Non-Executive	2/4
Mr. N. Wadugodapitiya	Non-Executive Independent	3/4
Mr. R. de Silva	Non-Executive Independent	3/4
Mr. E.P.A. Cooray (ceased to be a director w.e.f 30th June 2022 and appointed w.e.f 14th July 2022)	Non-Executive Independent	2/4
Dr. C. Pathiraja	Non-Executive Independent	3/4
Mr. T. Nadesan (retired w.e.f 14th July 2022)	Non-Executive Independent	1/1
Mr. A.T.P. Edirisinghe (ceased to be a director w.e.f 30th June 2022)	Non-Executive Independent	0/1

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 year ended 31st March, 2023 can be seen on page 41 in the Directors' Report.

Corporate Governance Cotd.

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.

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 four 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 two 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 two Independent Non-Executive Directors. The Remuneration Committee Report appears on page 38 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.

Corporate Governance Contd.

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 46 of this Report.

Going Concern

In determining the basis of preparing the financial statements for the year ended 31st March 2023, based on available information, the management has assessed the impact of current economic condition and continuity effects of COVID 19 on the Company and its subsidiary 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 reschedulements, 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 subsidiary 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 Company constituted its own Audit Committee on 12th February, 2008. The Committee consists of two Independent Non-Executive Directors. The meetings of the Audit Committee were attended by the Chairman, Managing Director, Executive Director, General Manager and the Head of Finance by invitation when matters relating to the Company were taken up for discussion. The External Auditor/Internal Auditor attended the meetings when his presence was deemed necessary.

The Audit Committee has written terms of reference and is empowered to examine any matters relating to the financial affairs of the Company and its internal and external audits.

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 r elevant 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 39 of this Report.

Related Party Transactions Review Committee

The Company has its own Related Party Transactions Review Committee. The Committee consists of two 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 40 in this Report .

Corporate Governance Contd.

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:

Rule No.	Subject	Applicable Requirement	Level of Compliance
7.10.1	Non-Executive Directors	At least one-third of the total number of Directors should be Non-Executive Directors	Five out of Nine Directors are Non-Executive Directors
7.10.2 (a)	Independent Directors	Two or one-third of Non-Executive Directors, whichever is higher should be Independent	Four out of five Non-Executive Directors are Independent
7.10.2 (b)	Independent Directors	Each Non-Executive Director should submit a declaration of his independence/non-independence in the prescribed format.	Non-Executive Directors have submitted the declaration
7.10.3 (a)	Disclosure relating to Directors	Names of Independent Directors should be disclosed in the Annual Report	Please refer page 42
7.10.3 (b)	Disclosure relating to Directors	The basis for Board to determine a Director as independent, if specified criteria for independence is not met	Please refer page 42
7.10.3 (c)	Disclosure relating to Directors	A brief rèsumè of each Director should be included in the Annual Report including the areas of Expertise	Please refer pages 35 to 37
7.10.3 (d)	Disclosure relating to Directors	Forthwith provide a brief rèsumè of new Directors appointed to the Board with details specified in 7.10.3 (d) to the CSE	A brief résumé provided to the CSE
7.10.5	Remuneration Committee	A listed company shall have a Remuneration Committee	Company has formed a Remuneration Committee
7.10.5 (a)	Composition of Remuneration Committee	Shall comprise of Non-Executive Directors a majority of whom will be independent	Remuneration Committee consists two Independent Non-Executive Directors
7.10.5 (b)	Functions of Remuneration Committee	The Remuneration Committee shall recommend the remuneration of Chief Executive Officer and Executive Directors	Please refer Remuneration Committee Report on page 38
7.10.5 (c)	Disclosure in the Annual Report relating to Remuneration Committee	The Annual Report should set out: (a) Names of Directors comprising the Remuneration Committee	Names of the members of the Remuneration Committee are stated in this report under the heading of Remuneration Committee on page 113
		(b) Statement of Remuneration Policy	Please refer Remuneration Committee Report on page 38
		(c) Aggregated remuneration paid to Executive Directors and Non-Executive Directors	Given in this Report under the heading of Directors' Remuneration on page 41
7.10.6	Audit Committee	The Company shall have an Audit Committee	Company has formed an Audit Committee
7.10.6 (a)	Composition of Audit Committee	Shall comprise of Non-Executive Directors, a majority of whom will be independent	Audit Committee consists of two Independent Non-Executive Directors
		Non-Executive Director shall be appointed as the Chairman of the Committee	Chairman of the Audit Committee is an Independent Non-Executive Director

Corporate Governance Contd.

Rule No.	Subject	Applicable Requirement	Level of Compliance
		Chief Executive Officer and the Head of Finance shall attend Audit Committee meetings unless otherwise determined	Chairman, Managing Director, Executive Director, General Manager and Head of Finance attend meetings by invitation
		The Chairman of the Audit Committee or one member should be a member of a professional accounting body	Chairman of the Audit Committee is a Fellow Member of the Chartered Institute of Management Accountants – UK
7.10.6 (b)	Audit Committee Functions	Should be as outlined in the Section 7 of the Listing Rules of the Colombo Stock Exchange	The terms of reference of the Audit Committee adopted by the Board is listed on page 39
7.10.6 (c)	Disclosure in the Annual Report relating to the Audit Committee	(a) Names of Directors comprising the Audit Committee stated in this Report under the heading of Audit Committee	Names of the members of the Audit Committee are stated in this Report under the heading of Audit Committee on page 113
		(b) The Audit Committee shall make a determination of the independence of the Auditors and disclose such determination	Please refer Audit Committee Report on page 39
		(c) The Annual Report shall contain a Report of the Audit Committee setting out the manner of Compliance of the functions	Please refer Audit Committee Report on page 39

Board of Directors

N.J.H.M. Cooray

(Chairman)
Executive Director

Hiran joined his father, the founder of Jetwing, late Herbert Cooray, in the late 1980s. He learnt to love nature, work with local communities and to explore areas where others wouldn't from his father; today, this is called sustainable tourism. He has seen the Jetwing brand being recognized as Sri Lanka's most responsible hospitality entity.

His efforts were acknowledged internationally with him being the first Sri Lankan to be appointed Chairman of the Pacific Asia Travel Association (PATA) based in Bangkok. He also served on the Board of Small Luxury Hotels of the World from 2007-2014 and the UNWTO Tourism Ethics Committee as an alternate member from 2013-2021.

In Sri Lanka, he was elected President of the Tourist Hotels Association (THASL) from 2005-2008 and from 2014-2016. He also served as a Board member of the Sri Lanka Tourism Development Authority (SLTDA) and the Sri Lanka Tourism Promotions Bureau (SLTPB). His passion for sustainable tourism makes him a sought after speaker within his motherland and around the world.

R.A.E. Samarasinghe

Managing Director

Ruan Samarasinghe has been a doyen of the hospitality industry for the past 50 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. Ruan 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 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

Sanjeewa Anthony is an Attorney-at-Law of the Supreme Court of the Democratic Socialist Republic 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), an Associate Member of the Institute of the Chartered Accountants of Sri Lanka (ACA), 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 two Publicly Quoted companies. Sanjeewa is a Life Member of the Bar Association of Sri Lanka ("BASL").

Board of Directors Contd.

A.M. Ondaatjie (Ms)

Non-Executive Director

Angeline Ondaatjie (Ms) is the Chairperson 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, Safety advisor Princeton in Asia and a former Director, Sri Lanka Tourism Promotions Bureau and serves on the Education Council of MIT.

N. 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.

E.P.A. 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). Prema 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. Prema also represents many public listed companies as a Director.

Prema 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.

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. A Council Member at University of the Visual and Performing Arts – Colombo.

Board of Directors Contd.

R. 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.

Remuneration Committee Report

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 two Non-Executive Independent Directors, as shown in below table. The members of the Committee met once in the year under review.

Members of the Remuneration Committee		Attendance at the Meeting
Mr. E.P.A. Cooray (Chairman)	Non-Executive Independent	1/1
Mr. N. Wadugodapitiya	Non-Executive Independent	1/1
Mr. A.T.P. Edirisinghe (ceased to be a director w.e.f 30th June 2022)	Non-Executive Independent	1/1

The aggregate remuneration paid to Directors is set out in page 41.

E.P.A. Cooray
Chairman – Remuneration Committee
17th May, 2023

Audit Committee Report

The Audit Committee, comprises two Non-Executive Independent Directors. The Chairman of the Audit Committee is a Fellow Member of the Chartered Institute of Management Accountants, UK. The Committee meetings were held on a quarterly basis. The Audit Committee met on four occasions during the financial year.

The Committee, as at 31st March 2023, comprised of the following members:

Members of the Audit Committee		Attendance at the Meeting
Mr. N. Wadugodapitiya (Chairman)	Non-Executive Independent	4/4
Mr. E.P.A. Cooray	Non-Executive Independent	4/4
Mr. A.T.P. Edirisinghe (ceased to be a director w.e.f 30th June 2022)	Non-Executive Independent	1/1

The Chairman, Managing Director, Executive Director, General Manager, Chief Accountant and the Chief Financial Officer attend meetings of the Audit Committee by invitation. The Committee is empowered to examine any matter relating to the financial reporting systems and its internal and external audits. Its duties include detailed reviews of Financial Statements of the Company and its subsidiary, internal control procedures, accounting policies and compliance with accounting standards. It also reviews the adequacy of systems for compliance with the relevant legal, regulatory and ethical requirements and company policies.

The Committee endeavours to assist the Directors to discharge their duties and responsibilities in respect of regulatory compliance and risk management.

The following activities were carried out by the Committee:

- 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 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 IT system controls and reports submitted by the General Manager and Accountant of the Company.

- 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, 2024.

Nihal Wadugodapitiya
Chairman – Audit Committee
17th May, 2023

Related Party Transactions Review Committee Report

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, 2023 it comprised two Non-Executive Independent Directors and one Executive Director as shown in below table. Chairman of the Committee is a Non-Executive Independent Director.

Members of the Related Party Transactions Review Committee		Attendance at the Meeting
Mr. N. Wadugodapitiya (Chairman)	Non-Executive Independent	4/4
Mr. E.P.A. Cooray	Non-Executive Independent	4/4
Mr. A.T.P. Edirisinghe (ceased to be a director w.e.f 30th June 2022)	Non-Executive Independent	1/1
Mr. C.S.R.S. Anthony	Executive	4/4

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.

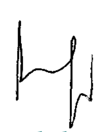
Committee Meetings

The Committee meetings were held on a quarterly basis. During the year under review, the Committee met on four occasions. The attendance at these meetings are given in 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 Note 24.2 and 24.3 in page 94 to the Financial Statements.



Nihal Wadugodapitiya
Chairman
Related Party Transactions Review Committee
17th May, 2023

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, 2023.

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 52 to 100 in this Annual Report.

Auditor's Report

The Auditor's Report on the Consolidated Financial Statements is given on page 48 to 51.

Accounting Policies

The accounting policies adopted by the Group in the preparation of Consolidated Financial Statements are given on pages 58 to 70 in this Annual Report.

The accounting policies adopted are consistent with these of the previous financial year.

Interests Register

The Directors of the Company have made the general disclosures in interest in transactions as 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 103 to 107.

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 LKR 1,830,000/- is reflected on page 93 in Note 24.1 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 LKR 25,000,000/-. The premium is LKR 369,000/- +Taxes.

Directors' Interests in Shares

There were no changes in the Directors' direct shareholdings during the year.

Directors' Shareholding

	Directors' Direct Shareholding	
	As at 31st March, 2023	As at 1st April, 2022
Mr. N.J.H.M. Cooray	1,354,695	1,354,695
Ms. N.T.M.S. Cooray	1,395,695	1,395,695
Mr. R.A.E. Samarasinghe	50,000	50,000
Mr. C.S.R.S. Anthony	1,000	1,000
Mr. R. de Silva	10,000	10,000

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 (Ceased to be a director w.e.f. 30/06/2022 and appointed w.e.f. 14/07/2022)
Dr. C. Pathiraja
Mr. T. Nadesan (Retired w.e.f. 14/07/2022)
Mr. A.T.P. Edirisinghe (Ceased to be a director w.e.f. 30/06/2022)

Mr. N. Wadugodapitiya, Mr. R. de Silva, Mr. E.P.A. Cooray and Dr. C. Pathiraja have served as Non-Executive Directors of the Company for more than nine (9) years. They have not been directly involved in the management of the Company and continues 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, and Dr. C. Pathiraja are Independent Directors notwithstanding the fact that they have served on the Board for more than nine (9) years and that they should continue in office as such because it is beneficial to the Company and its shareholders.

Ordinary resolutions for the re-appointment of Mr. E.P.A. Cooray who has reached the age of 75 years and the re-appointment of Mr. N. Wadugodapitiya who has reached the age of 71 years will be considered at the AGM on 30th June 2023.

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 LKR 33,500/-.

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 LKR 776,000/- and LKR 915,000/- as audit fees and expenses by the Company and Group respectively. In addition, they were paid LKR 264,032/- and LKR 360,126/- by the Company and Group 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 LKR 731,239,686/- (2021/22 – LKR 426,818,102/-).

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

Profit/(Loss)

	Group	
	2023 LKR	2022 LKR
Net Profit/(Loss) for the Year after Providing for all Expenses, known Liabilities and Depreciation of Fixed Assets was	119,536,816	(78,274,317)
Other Comprehensive Income/(Loss)	372,222	2,392,184
Prior Year Retained Profit	59,669,873	135,552,006
Retained Profit at the End of the Year	(59,494,721)	59,669,873

Reserves

	Group	
	2023 LKR	2022 LKR
Revaluation Reserve	1,079,465,561	1,326,200,547
Special Reserve	1,325,671,060	1,325,671,060
Fair value Reserve of Financial Assets at FVOCI	(31,241,198)	(26,058,412)
As at 31st March,	2,373,895,423	2,625,813,195

Revaluation Reserve

	Group	
	2023 LKR	2022 LKR
As at the beginning of the Year	1,326,200,547	1,080,326,538
Effect on Revaluation carried out during the year	-	286,395,000
Deferred Tax attributable to Revaluation surplus	(246,734,986)	(40,520,991)
As at 31st March,	1,079,465,561	1,326,200,547

Special Reserve

	Group	
	2023 LKR	2022 LKR
As at the beginning of the Year	1,325,671,060	1,325,671,060
Transferred from Retained Earnings	–	–
As at 31st March,	1,325,671,060	1,325,671,060

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.

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

Fair value Reserve of Financial Assets at FVOCI

	Group	
	2023	**2022**
	LKR	**LKR**
As at the beginning of the Year	(26,058,412)	(6,098,624)
Loss on Fair value through other comprehensive income Financial Instruments	(5,182,786)	(19,959,788)
As at 31st March,	(31,241,198)	(26,058,412)

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 Unawatuna and Jetwing 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 LKR 19,879,227/- (2022 – LKR 17,535,661/-) and LKR 18,082,301/- (2022 – LKR 17,479,305/-) respectively. Further, details of which are given in Note 4.1 to the Financial Statements on page 71 to 72.

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 76.

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 LKR 460,000,974/- as at 31st March, 2023 (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 disclosure in the Financial Statements.

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

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.

Public Shareholding

As at 31^{st} March, 2023, 31.45% of the issued capital of the Company was held by the public, comprising 1,351 shareholders and the float adjusted market capitalisation of LKR 394,949,100/-. In terms of Rule 7.14.1 (i) (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 2023, based on available information, the management has assessed the impact of existing economic circumstances on the Group Companies and the appropriateness of the use of the going concern basis. The Group evaluated the resilience of its businesses considering, the Company's budget for the ensuing year, ability to defer non-essential capital expenditure, future prospects and risks, cash flows 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, the Directors are satisfied that the Company and its subsidiary 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,

Director

Director

Corporate Services (Pvt) Ltd.
Secretaries
The Lighthouse Hotel PLC
17^{th} May, 2023

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 its subsidiary 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 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 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 page 48 to 51 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 and its subsidiary 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.
17th May, 2023

Financial Calendar

Audited Financial Statements signed on 17th May 2023

Annual General Meeting 30th June 2023

Interim Financial Statements

1st Quarter Interim report released on 09th August 2022

2nd Quarter Interim report released on 02nd November 2022

3rd Quarter Interim report released on 08th February 2023

4th Quarter Interim report released on 17th May 2023

Independent Auditor's Report
TO THE SHAREHOLDERS OF THE LIGHTHOUSE HOTEL PLC

EY
Building a better working world

Ernst & Young
Chartered Accountants
201, De Saram Place
P.O. Box 101
Colombo 10, Sri Lanka

Tel: +94 11 246 3500
Fax (Gen): +94 11 269 7369
Fax (Tax): +94 11 557 8180
Email: eysl@lk.ey.com
ey.com

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying 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 2023 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 2023, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, 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.

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Key audit matters common to the Group

Key audit matter	How our audit addressed the key audit matter
Revenue The Group's revenue during the year amounted to LKR 731 Mn. Further information is provided in Notes 2.7.3 and 3 to the financial statements. Revenue was a key audit matter due to the significance of the amount of revenue reported during the year and the increase of 71% it represents, over the previous year.	Our audit procedures included the following: • Assessed the appropriateness of the Group's revenue recognition accounting policy • Evaluated the design of internal controls and tested the operating effectiveness of relevant controls relating to revenue recognition • Performed analytical procedures to understand and assess the reasonableness of the reported revenues • Assessed the adequacy of the disclosures in respect of revenue in Notes 2.7.3 and 3 to the financial statements.
Management's assessment of carrying values of Property, Plant and Equipment and Right of Use Assets As at 31 March 2023, the Group's Property, Plant and Equipment amounted to LKR 3,631 Mn and Right of Use Assets amounted to LKR 2.1 Mn respectively. The related accounting policies are given in Notes 2.7.9, 2.7.10 and 2.7.15. Management performed an assessment of carrying values of the Group's non current assets used to generate cash flows, considering each respective hotel as a result of the current industry conditions. We selected management's assessment of the carrying values of Property, Plant and Equipment and Right of Use Assets, as a key audit matter, due to the subjectivity of management judgments used, and significant estimation uncertainty in the determination of the estimated future discounted cash flows. The key judgements and assumptions used in the determination of estimated future discounted cash flows included : the management expected period of time for recovery, anticipated occupancy, average room rates and escalating cost which were assessed together using multiple future economic scenarios, that are disclosed in Note 2.8(a).	Our audit procedures included the following: • We gained an understanding of how management has developed its estimation of future discounted cash flows which included consideration of the industry conditions related to the business of the respective hotels of the Group. • We assessed the reasonableness of significant assumptions used such as expected period of time for recovery, anticipated occupancy and average room rates by comparing them with other entities and relevant industry data available. • We checked the calculations of the future discounted cash flows and traced the data to underlying accounting records, to evaluate their reasonableness. • We assessed the adequacy of the disclosures made in Notes 2.8 (a) in the financial statements.

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Other Information included in the 2023 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the management and those charged with governance

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 2199.

Ernst & Young

17 May 2023
Colombo

Statement of Financial Position

As at 31 March

	Note	Group 2023 LKR	Group 2022 LKR	Company 2023 LKR	Company 2022 LKR
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	4	3,631,121,728	3,715,781,199	3,369,267,951	3,446,002,146
Right of Use Assets	5	2,151,516	2,181,819	2,151,516	2,181,819
Investments in Subsidiary	7	-	-	275,000,000	225,000,000
Intangible Assets	6	907,292	1,266,523	473,958	670,689
Other Non-current Financial Assets	8.1	56,022,062	61,204,848	56,022,062	61,204,848
		3,690,202,598	3,780,434,389	3,702,915,487	3,735,059,502
Current Assets					
Inventories	9	25,054,258	15,917,452	23,296,090	15,180,259
Trade and Other Receivables	10	92,016,321	97,062,587	85,505,630	90,534,297
Other Current Financial Asset	8.4	-	38,323,300	-	38,323,300
Cash at Bank and in Hand	21	31,261,171	16,206,032	9,047,824	6,978,120
		148,331,750	167,509,371	117,849,544	151,015,976
Total Assets		3,838,534,348	3,947,943,760	3,820,765,031	3,886,075,478
EQUITY AND LIABILITIES					
Equity Attributable to Equity holders of the Parent					
Stated Capital	11	460,000,974	460,000,974	460,000,974	460,000,974
Reserves	12	2,373,895,423	2,625,813,195	2,349,822,673	2,596,238,102
Retained Earnings		(59,494,721)	59,669,873	131,961,038	214,943,290
		2,774,401,676	3,145,484,042	2,941,784,685	3,271,182,366
Non-controlling Interests		-	-	-	-
Total Equity		2,774,401,676	3,145,484,042	2,941,784,685	3,271,182,366
Non-Current Liabilities					
Post-employment Benefit Liability	13	43,587,756	44,064,796	42,571,402	43,248,889
Interest-bearing Loans and Borrowings	14	220,842,211	309,023,686	136,688,000	203,354,845
Deferred Tax Liabilities	19	462,127,736	215,754,799	451,810,843	210,940,249
		726,557,703	568,843,281	631,070,245	457,543,983
Current Liabilities					
Trade and Other Payables	15	156,750,424	109,906,073	143,981,062	99,525,463
Current portion of Interest-bearing Loans and Borrowings	14	173,980,084	120,058,537	97,084,578	54,171,839
Income Tax Payable		6,844,461	3,651,827	6,844,461	3,651,827
		337,574,969	233,616,437	247,910,101	157,349,129
Total Liabilities		1,064,132,672	802,459,718	878,980,346	614,893,112
Total Equity and Liabilities		3,838,534,348	3,947,943,760	3,820,765,031	3,886,075,478

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

Director

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

Director **Director**

The Accounting Policies and Notes on pages 58 through 100 form an integral part of the Financial Statements.

17th May 2023

Colombo

Statement of Profit or Loss

Year ended 31 March

	Note	Group 2023 LKR	Group 2022 LKR	Company 2023 LKR	Company 2022 LKR
Revenue	3	731,239,686	426,818,102	674,627,418	390,715,682
Cost of Sales		(229,257,917)	(99,193,303)	(216,578,143)	(92,417,523)
Gross Profit		501,981,769	327,624,799	458,049,275	298,298,159
Other Income & Gains	16	2,195,684	3,471,109	2,195,684	3,374,689
Marketing and Promotional Expenses		(13,257,121)	(9,921,400)	(11,739,472)	(9,029,878)
Administrative Expenses		(405,630,780)	(222,723,272)	(373,359,891)	(203,006,916)
Profit from operations before the following items		85,289,552	98,451,236	75,145,596	89,636,054
Depreciation & Amortization		(104,052,807)	(108,353,734)	(94,168,106)	(97,872,686)
Finance Cost	17.1	(76,414,722)	(19,589,521)	(52,994,186)	(13,118,242)
Finance Income	17.2	2,079,523	813,894	2,171,102	802,125
Exchange Loss on Foreign Currency Loan Conversion		(12,540,875)	(42,241,793)	-	-
Profit/(Loss) before Tax	18	(105,639,329)	(70,919,918)	(69,845,594)	(20,552,749)
Income Tax Expense	19	(13,897,487)	(7,354,399)	(13,780,905)	(7,305,394)
Profit/(Loss) for the Year		(119,536,816)	(78,274,317)	(83,626,499)	(27,858,143)
Attributable to:					
Equity holders of the Parent Company		(119,536,816)	(78,274,317)		
Non-controlling Interests		-	-		
		(119,536,816)	(78,274,317)		
Earnings/(Loss) Per Share	20	(2.60)	(1.70)		

The Accounting Policies and Notes on pages 58 through 100 form an integral part of the Financial Statements.

Statement of Comprehensive Income

Year ended 31 March

	Note	Group 2023 LKR	Group 2022 LKR	Company 2023 LKR	Company 2022 LKR
Profit/(Loss) for the Year		(119,536,816)	(78,274,317)	(83,626,499)	(27,858,143)
Other Comprehensive Income Other Comprehensive Income to be reclassified to Statement of Profit or Loss in subsequent periods :					
Other Comprehensive Income not to be reclassified to Statement of Profit or Loss in subsequent period :					
Loss on Fair Value Through Other Comprehensive Income Financial Instruments	8	(5,182,786)	(19,959,788)	(5,182,786)	(19,959,788)
Actuarial Gain/(Losses) on Post Employment Benefit Liability	13	531,746	2,781,609	920,352	2,581,694
Deferred Tax Attributable to Post Employment Benefit Liability	19.3	(159,524)	(389,425)	(276,105)	(361,437)
Revaluation Surplus of Freehold Land	4.4	-	286,395,000	-	271,645,000
Deferred Tax Attributable to Revaluation Surplus	19.3	(246,734,986)	(40,520,991)	(241,232,643)	(38,030,300)
Other Comprehensive Income/(Loss) for the Year, net of tax		(251,545,550)	228,306,405	(245,771,182)	215,875,169
Total Comprehensive Income/(Loss) for the Year, net of tax		(371,082,366)	150,032,088	(329,397,681)	188,017,026
Attributable to:					
Equity holders of the Parent Company		(371,082,366)	150,032,088		
Non-controlling Interests		-	-		
		(371,082,366)	150,032,088		

The Accounting Policies and Notes on pages 58 through 100 form an integral part of the Financial Statements.

Statement of Changes in Equity

Year ended 31 March	Attributable to Equity Holders of Parent							
Group	**Stated Capital (Note 11) LKR**	**Revaluation Reserve (Note 12.1) LKR**	**Fair value Reserve of Financials Assets at FVOCI (Note 12.3) LKR**	**Special Reserve (Note 12.2) LKR**	**Retained Earnings LKR**	**Total LKR**	**Non-controlling Interest LKR**	**Total Equity LKR**
Balance as at 01 April 2021	460,000,974	1,080,326,538	(6,098,624)	1,325,671,060	135,552,006	2,995,451,954	-	2,995,451,954
Profit / (Loss) for the Year	-	-	-	-	(78,274,317)	(78,274,317)	-	(78,274,317)
Other Comprehensive Income/(Loss)	-	245,874,009	(19,959,788)	-	2,392,184	228,306,405	-	228,306,405
Total Comprehensive Income/(Loss)	-	245,874,009	(19,959,788)	-	(75,882,133)	150,032,088	-	150,032,088
Balance as at 31 March 2022	460,000,974	1,326,200,547	(26,058,412)	1,325,671,060	59,669,873	3,145,484,042	-	3,145,484,042
Profit/(Loss) for the Year	-	-	-	-	(119,536,816)	(119,536,816)	-	(119,536,816)
Other Comprehensive Income/(Loss)	-	(246,734,986)	(5,182,786)	-	372,222	(251,545,550)	-	(251,545,550)
Total Comprehensive Income/(Loss)	-	(246,734,986)	(5,182,786)	-	(119,164,594)	(371,082,366)	-	(371,082,366)
Balance as at 31 March 2023	460,000,974	1,079,465,561	(31,241,198)	1,325,671,060	(59,494,721)	2,774,401,676	-	2,774,401,676

The Accounting Policies and Notes on pages 58 through 100 form an integral part of the Financial Statements.

Statement of Changes in Equity

Year ended 31 March

Company

	Stated Capital (Note 11) LKR	Revaluation Reserve (Note 12.1) LKR	Fair value Reserve of Finanicals Assets at FVOCI (Note 12.3) LKR	Special Reserve (Note 12.2) LKR	Retained Earnings LKR	Total Equity LKR
Balance as at 01 April 2021	460,000,974	1,063,010,754	(6,098,624)	1,325,671,060	240,581,176	3,083,165,340
Profit / (Loss) for the Year	-	-	-	-	(27,858,143)	(27,858,143)
Other Comprehensive Profit/ (Loss)	-	233,614,700	(19,959,788)	-	2,220,257	215,875,169
Total Comprehensive Income/ (Loss)	-	233,614,700	(19,959,788)	-	(25,637,886)	188,017,026
Balance as at 31 March 2022	460,000,974	1,296,625,454	(26,058,412)	1,325,671,060	214,943,290	3,271,182,366
Profit/(Loss) for the Year	-	-	-	-	(83,626,499)	(83,626,499)
Other Comprehensive Income/ (Loss)	-	(241,232,643)	(5,182,786)	-	644,247	(245,771,182)
Total Comprehensive Income/ (Loss)	-	(241,232,643)	(5,182,786)	-	(82,982,252)	(329,397,681)
Balance as at 31 March 2023	460,000,974	1,055,392,811	(31,241,198)	1,325,671,060	131,961,038	2,941,784,685

The Accounting Policies and Notes on pages 58 through 100 form an integral part of the Financial Statements.

Statement of Cash Flows

Year ended 31 March

	Note	Group 2023 LKR	Group 2022 LKR	Company 2023 LKR	Company 2022 LKR
Cash Flows From Operating Activities					
Profit/(Loss) before Tax		(105,639,329)	(70,919,918)	(69,845,594)	(20,552,749)
Adjustments for :					
Depreciation	4.2	103,663,274	107,972,074	93,941,071	97,770,674
Amortization of Right of Use Assets	5	30,303	30,303	30,303	30,303
Income from Investments- Interest Income	17.2	(2,079,523)	(813,894)	(2,171,102)	(802,125)
(Profit)/Loss on Disposal of Property, Plant and Equipment	18	632,830	615,657	632,830	608,146
Finance Costs	17.1	76,414,722	19,589,521	52,994,186	13,118,242
Provision for Defined Benefit Plans	13	8,446,758	5,497,406	8,139,805	5,221,252
Allowance for Doubtful Debts	18	(282,616)	(691,948)	(282,616)	(691,948)
Amortization of Intangible Assets	6	359,229	351,357	196,733	71,709
Exchange (Gain)/Loss on Foreign Currency Deposits		(8,146,134)	(8,293,751)	(8,146,134)	(8,293,751)
Exchange Loss from Conversion of Foreign Currency Loans	14	12,540,875	42,241,793	-	-
Operating Profit before Working Capital Changes		85,940,389	95,578,600	75,489,482	86,479,752
(Increase)/Decrease in Inventories		(9,136,807)	6,481,039	(8,115,832)	6,502,291
(Increase)/Decrease in Trade and Other Receivables		5,328,883	(49,638,368)	5,311,283	(46,474,282)
Increase/(Decrease) in Trade and Other Payables		46,844,352	30,521,774	44,455,599	28,338,472
Cash Generated from Operations		128,976,817	82,943,044	117,140,532	74,846,233
Income Tax Paid		(11,226,420)	(6,196,992)	(11,226,420)	(6,196,992)
Finance Cost paid		(76,414,722)	(16,360,882)	(52,994,186)	(13,118,242)
Defined Benefit Plan Costs Paid Net of Transfers	13	(8,392,052)	(4,263,861)	(7,896,940)	(4,224,445)
Net Cash from Operating Activities		32,943,622	56,121,309	45,022,986	51,306,554
Cash Flows From/(Used in) Investing Activities					
Acquisition of Property, Plant and Equipment	4.6	(19,879,227)	(17,535,661)	(18,082,301)	(17,479,305)
Acquisition of Intangible Assets	6	-	(1,300,000)	-	(650,000)
Investment (made)/redeem in Fixed Deposits	8	46,469,434	(21,436,859)	46,469,434	(21,436,859)
Proceeds from Sale of Property, Plant and Equipment		242,589	-	242,589	-
Interest Income	17.2	2,079,523	230,005	2,171,102	218,237
Investment in Unawatuna Properties (Pvt) Ltd	7	-	-	(50,000,000)	-
Net Cash Flows Used in Investing Activities		28,912,319	(40,042,515)	(19,199,176)	(39,347,927)
Cash Flows From/(Used in) Financing Activities					
Repayment of Interest Bearing Loans & Borrowings	14	(78,148,415)	(1,834,889)	(53,998,688)	(1,662,000)
Net Cash Flows Used in Financing Activities		(78,148,415)	(1,834,889)	(53,998,688)	(1,662,000)
Net Increase/(Decrease) in Cash and Cash Equivalents		(16,292,473)	14,243,905	(28,174,878)	10,296,627
Cash and Cash Equivalents at the Beginning of the Year	21	(40,218,729)	(54,462,634)	(23,195,031)	(33,491,658)
Cash and Cash Equivalents at the End of the Year	21	(56,511,202)	(40,218,729)	(51,369,909)	(23,195,031)

The Accounting Policies and Notes on pages 58 through 100 form an integral part of the Financial Statements.

Notes to 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.

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 31st March 2023 were authorized for issue in accordance with a resolution of the Board of Directors on 17th May 2023.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements of The Lighthouse Hotel PLC ("the Company") and the consolidated financial statements of the Company and its subsidiary ("the Group"), comprise the statement of financial position as at 31st March 2023 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.

The financial statements of the Company and the Consolidated Financial Statements of the Group have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs and LKASs) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), and in compliance with the requirements of Companies Act No. 7 of 2007.

2.2 Basis of measurement

The Financial Statements of the Company and the Group 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 31st March 2023, based on available information, the management has assessed the impact of existing economic circumstances on the Group Companies and the appropriateness of the use of the going concern basis. The Group evaluated the resilience of its businesses considering, the Company's budget for the ensuing year, ability to defer non-essential capital expenditure, future prospects and risks, cash flows 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, the Directors are satisfied that the Company and its subsidiary 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.

2.4 Changes in Accounting Policies

The accounting policies adopted by the Group are consistent with those of the previous financial year.

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.

Notes to the Financial Statements Contd.

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 31st March 2023.

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 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.

Notes to the Financial Statements Contd.

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.

Rate of exchange rate used for the conversion of monetary assets and liabilities were : 1 USD = LKR 327, 1 EUR = LKR 357.

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 to 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.

Notes to the Financial Statements Contd.

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 30% (2021/22-24%)

Income tax on operations of, 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 financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

No deferred tax asset or liability has been recognised in the companies which are enjoying the Board of Investment (BOI) Tax Holiday period, if there are no qualifying assets or liabilities beyond the tax holiday period.

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.

2.7.8 Cash and Cash Equivalents

Cash & cash equivalents in the Statement of Financial Position comprise short-term highly liquid deposits that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. Cash & cash equivalents include cash in hand and balances with banks.

For the purpose of the statement of cash flows of the Company and Group, cash and cash equivalents consist of cash in hand and balances with banks (with a maturity of three months or less) net of outstanding bank overdrafts as they are considered an integral part of cash management.

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.

Notes to the Financial Statements Contd.

2.7.10 Leases

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.

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.

Notes to the Financial Statements Contd.

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.

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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.

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.

Notes to the Financial Statements Contd.

Subsequent Measurement

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

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 14.

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

Notes to the Financial Statements Contd.

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 is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

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 intangble asset are measured as the difference between the net dispoal 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 Company and Group is liable to pay gratuity in terms of the Gratuity Act No.12 of 1983 Payment of Gratuity Act No. 12 of 1983.

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.

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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 The Financial Statements of the Company and the Group 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.

a. Management's Assessment of the impacts of the current economic situation on the operations of Group:

The Directors, after making necessary inquiries and reviews including reviews of the hotel budgets for the ensuing year. Capital expenditure requirements, future prospects along with risks, cash flows and borrowing facilities have a reasonable expectation that the Company and the Group has adequate resources to continue in operational existence for the foreseeable future. Therefore, the going concern basis has been adopted in the preparation of the Financial Statements.

In determining the basis of preparing the financial statements for the year ended 31st March 2023, based on available information, the management has assessed the existing and anticipated effects of current economic situation on the Group. The Group evaluated the resilience of its business considering a wide range of factors under multiple circumstances.

Notes to the Financial Statements Contd.

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

Key assumption	Details	Stress condition and sensitivity	Indication of adequacy of funding available if the assumed stress condition occurs*
Revenue (LKR)	April 2023 through March 2024 - at progressively increasing occupancy between 35% to 75%	Decrease of Revenue by 15% from April 2023 to March 2024 will deplete cash balances by LKR 107.8 million	Adequate
Anticipated cost management measure	Assumed to take place up to 12 months from the reporting date	Reduction of favourable results of cost management measures by 10% will deplete cash balances by LKR 80.5 million	Adequate

*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. Fair Value Measurement of Freehold Land

The Freehold Land of the Group are reflected at fair value. Freehold Land is 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. Valuations are performed frequently enough to ensure that the fair value of a revalued land does not differ materially from its carrying amount. To determine the frequency of valuations, the management uses its judgement supported by the advice of an independent professional valuer.

Further information including key inputs use in the valuation of the land of the Group 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 10 & 25.

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 a nalysis. Further details are given in Note 8.

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 13.

Notes to the Financial Statements Contd.

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. Impairemnet 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 value 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 2023.

- SLFRS 17 Insurance Contracts
- Amendment to SLFRS 16 Leases : Covid – 19 related rent concessions.
- Amendments to SLFRS 9, LKAS 39, SLFRS 4, SLFRS 7 & SLFRS 16 [Interest Rate Benchmark Reform – phase 1 and 2]
- Amendment to SLFRS 3: Reference to the Conceptual Framework.
- Amendment to LKAS 16 : Property, Plant & Equipment – Proceeds before intended Use.
- Amendment to LKAS 37 : Onerous Contracts – Cost of Fulfilling a Contract.
- Amendment to LKAS 1 : Classification of liabilities as Cur rent or Non-current.

The Group will not be significantly affected by these amendments as at the reporting date. Further, the amended standards and interpretations are not expected to have a significant impact on Group's Financial Statements.

3. REVENUE

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

	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Room Revenue	338,869,575	233,795,853	304,676,582	210,155,471
Food and Beverage Revenue	305,932,919	151,854,124	283,540,060	139,458,042
Other Hotel Related Revenue	86,437,192	41,168,125	86,410,776	41,102,169
Total Revenue	731,239,686	426,818,102	674,627,418	390,715,682

Notes to the Financial Statements Contd.

4. PROPERTY, PLANT AND EQUIPMENT

4.1 Gross Carrying Amounts

Group	Balance As at 01.04.2022 LKR	Additions LKR	Disposals LKR	Balance As at 31.03.2023 LKR
At Cost				
Buildings and Building Integrals	2,433,753,157	274,250	(276,050)	2,433,751,357
Plant and Equipment	106,531,681	702,260	(94,620)	107,139,321
Sewerage Treatment Plant	9,403,179	-	-	9,403,179
Kitchen/Bar Equipment	71,369,907	1,810,835	(63,972)	73,116,770
Electrical Equipment	80,661,483	2,044,926	(81,394)	82,625,015
Solar Electrical System	14,299,434	95,000	-	14,394,434
Office Equipment	1,506,557	93,775	-	1,600,332
Sports Equipment	11,865,426	-	-	11,865,426
Furniture and Fittings	135,440,929	5,361,914	-	140,802,843
Swimming Pool Equipment	9,176,414	82,850	-	9,259,264
Audio & Video System	1,926,000	70,850	-	1,996,850
Generator	20,299,144	-	-	20,299,144
Motor Vehicles	18,595,223	-	-	18,595,223
Water Treatment Plant	4,317,724	-	-	4,317,724
Linen, Cutlery and Crockery	71,499,918	4,480,964	(242,589)	75,738,293
Laundry and Hot Water Equipment	28,460,889	-	-	28,460,889
Telephone System	6,005,621	123,500	(124,042)	6,005,079
Elevators	12,172,694	-	-	12,172,694
SMA TV System	18,199,523	1,449,990	(1,601,406)	18,048,107
Maintenance Tools	1,205,386	71,113	(112,200)	1,164,299
Music Instruments	2,955,076	-	-	2,955,076
Bar Furniture and Equipment	27,085,480	175,500	-	27,260,980
Computer Equipment & Systems	26,646,730	3,041,500	(619,573)	29,068,657
Bio Gas Plant	4,077,984	-	-	4,077,984
	3,117,455,559	19,879,227	(3,215,846)	3,134,118,940
At Fair Value				
Freehold Land	1,654,919,962	-	-	1,654,919,962
	1,654,919,962	-	-	1,654,919,962
Total Gross Carrying Amount	4,772,375,521	19,879,227	(3,215,846)	4,789,038,902

Notes to the Financial Statements Contd.

4. PROPERTY, PLANT AND EQUIPMENT

4.1 Gross Carrying Amounts

Company	Balance As at 01.04.2022 LKR	Additions LKR	Disposals LKR	Balance As at 31.03.2023 LKR
At Cost				
Buildings and Building Integrals	2,251,125,944	274,250	(276,050)	2,251,124,144
Plant and Equipment	94,492,768	702,260	(94,620)	95,100,408
Sewerage Treatment Plant	7,567,445	-	-	7,567,445
Kitchen/Bar Equipment	67,694,072	1,753,290	(63,972)	69,383,390
Electrical Equipment	64,549,298	2,044,926	(81,394)	66,512,830
Solar Electrical System	14,299,434	95,000	-	14,394,434
Office Equipment	1,506,557	93,775	-	1,600,332
Sports Equipment	11,865,426	-	-	11,865,426
Furniture and Fittings	116,879,456	5,330,610	-	122,210,066
Swimming Pool Equipment	9,176,414	82,850	-	9,259,264
Audio & Video System	1,926,000	70,850	-	1,996,850
Generator	17,349,144	-	-	17,349,144
Motor Vehicles	18,595,223	-	-	18,595,223
Water Treatment Plant	2,046,799	-	-	2,046,799
Linen, Cutlery and Crockery	68,200,437	2,795,787	(242,589)	70,753,635
Laundry and Hot Water Equipment	28,460,889	-	-	28,460,889
Telephone System	4,476,204	123,500	(124,042)	4,475,662
Elevators	8,398,694	-	-	8,398,694
SMA TV System	16,602,723	1,449,990	(1,601,406)	16,451,307
Maintenance Tools	1,190,436	48,213	(112,200)	1,126,449
Music Instruments	2,955,076	-	-	2,955,076
Bar Furniture and Equipment	26,346,345	175,500	-	26,521,845
Computer Equipment & Systems	21,406,893	3,041,500	(619,573)	23,828,820
Bio Gas Plant	4,077,984	-	-	4,077,984
	2,861,189,661	18,082,301	(3,215,846)	2,876,056,116
At Fair Value				
Freehold Land	1,592,145,000	-	-	1,592,145,000
	1,592,145,000	-	-	1,592,145,000
Total Gross Carrying Amount	4,453,334,661	18,082,301	(3,215,846)	4,468,201,116

Notes to the Financial Statements Contd.

4.2 Deprecation

Group	Balance As at 01.04.2022 LKR	Charge for the year LKR	Disposals/ Transferred LKR	Balance As at 31.03.2023 LKR
At Cost				
Buildings and Building Integrals	591,514,428	52,806,752	(276,050)	644,045,130
Plant and Equipment	55,976,296	6,699,412	(40,032)	62,635,676
Sewerage Treatment Plant	5,252,446	347,391	-	5,599,837
Kitchen/Bar Equipment	56,010,433	4,739,514	(46,550)	60,703,397
Electrical Equipment	45,552,117	7,247,321	(40,784)	52,758,654
Solar Electrical System	7,149,718	1,434,028	-	8,583,746
Office Equipment	1,304,607	63,001	-	1,367,608
Sports Equipment	8,590,203	671,439	-	9,261,642
Furniture and Fittings	96,656,692	10,459,290	-	107,115,982
Swimming Pool Equipment	7,425,333	478,833	-	7,904,166
Audio & Video System	150,228	385,200	-	535,428
Generator	11,527,881	1,452,911	-	12,980,792
Motor Vehicles	16,989,996	1,518,017	-	18,508,013
Water Treatment Plant	2,847,573	274,319	-	3,121,892
Linen, Cutlery and Crockery	65,919,149	5,478,075	(192,736)	71,204,488
Laundry and Hot Water Equipment	18,894,919	1,784,793	-	20,679,712
Telephone System	4,068,040	243,510	(92,038)	4,219,512
Elevators	3,222,852	608,635	-	3,831,487
SMA TV System	11,317,552	1,684,755	(976,765)	12,025,542
Maintenance Tools	901,303	93,346	(83,113)	911,536
Music Instruments	1,537,233	231,953	-	1,769,186
Bar Furniture and Equipment	19,533,933	2,022,075	-	21,556,008
Computer Equipment & Systems	23,538,762	2,632,857	(592,354)	25,579,265
Bio Gas Plant	712,628	305,848	-	1,018,476
Total Depreciation	1,056,594,322	103,663,274	(2,340,422)	1,157,917,174

Notes to the Financial Statements Contd.

4.2 Deprecation

Company	Balance As at 01.04.2022 LKR	Charge for the year LKR	Disposals/ Transferred LKR	Balance As at 31.03.2023 LKR
At Cost				
Buildings and Building Integrals	576,172,255	49,574,091	(276,050)	625,470,296
Plant and Equipment	51,839,479	5,796,494	(40,032)	57,595,941
Sewerage Treatment Plant	4,855,864	255,604	-	5,111,468
Kitchen/Bar Equipment	54,478,970	4,369,475	(46,550)	58,801,895
Electrical Equipment	38,291,333	5,636,103	(40,784)	43,886,651
Solar Electrical System	7,149,718	1,434,028	-	8,583,746
Office Equipment	1,304,607	63,001	-	1,367,608
Sports Equipment	8,590,203	671,439	-	9,261,642
Furniture and Fittings	88,228,112	8,603,140	-	96,831,252
Swimming Pool Equipment	7,425,333	478,833	-	7,904,166
Audio & Video System	150,228	385,200	-	535,428
Generator	10,576,507	1,231,661	-	11,808,168
Motor Vehicles	16,989,996	1,518,017	-	18,508,013
Water Treatment Plant	1,846,184	47,227	-	1,893,410
Linen, Cutlery and Crockery	62,625,149	5,275,130	(192,736)	67,707,543
Laundry and Hot Water Equipment	18,894,919	1,784,793	-	20,679,712
Telephone System	3,633,042	128,804	(92,038)	3,669,808
Elevators	2,355,115	419,935	-	2,775,050
SMA TV System	10,634,771	1,525,075	(976,765)	11,183,081
Maintenance Tools	894,875	91,851	(83,113)	903,613
Music Instruments	1,537,233	231,953	-	1,769,186
Bar Furniture and Equipment	19,191,907	1,948,161	-	21,140,068
Computer Equipment & Systems	18,954,088	2,165,209	(592,354)	20,526,943
Bio Gas Plant	712,628	305,848	-	1,018,476
Total Depreciation	1,007,332,516	93,941,071	(2,340,422)	1,098,933,165

Notes to the Financial Statements Contd.

4.3 Net Book Values	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
At Cost				
Buildings and Building Integrals	1,789,706,228	1,842,238,729	1,625,653,848	1,674,953,689
Plant and Equipment	44,503,644	50,555,385	37,504,467	42,653,289
Sewerage Treatment Plant	3,803,342	4,150,733	2,455,977	2,711,581
Kitchen/Bar Equipment	12,413,373	15,359,474	10,581,495	13,215,102
Electrical Equipment	29,866,361	35,109,366	22,626,178	26,257,965
Solar Electrical System	5,810,688	7,149,716	5,810,688	7,149,716
Office Equipment	232,724	201,950	232,724	201,950
Sports Equipment	2,603,784	3,275,223	2,603,784	3,275,223
Furniture and Fittings	33,686,862	38,784,237	25,378,814	28,651,344
Swimming Pool Equipment	1,355,098	1,751,081	1,355,098	1,751,081
Audio & Video System	1,461,422	1,775,772	1,461,422	1,775,772
Generator	7,318,352	8,771,263	5,540,976	6,772,637
Motor Vehicles	87,210	1,605,227	87,210	1,605,227
Water Treatment Plant	1,195,831	1,470,150	153,389	200,615
Linen, Cutlery and Crockery	4,533,805	5,580,769	3,046,092	5,575,288
Laundry and Hot Water Equipment	7,781,177	9,565,970	7,781,177	9,565,970
Telephone System	1,785,567	1,937,581	805,854	843,162
Elevators	8,341,207	8,949,842	5,623,644	6,043,579
SMA TV System	6,022,565	6,881,972	5,268,226	5,967,953
Maintenance Tools	252,763	304,083	222,836	295,561
Music Instruments	1,185,890	1,417,843	1,185,890	1,417,843
Bar Furniture and Equipment	5,704,972	7,551,547	5,381,777	7,154,438
Computer Equipment & Systems	3,489,393	3,107,968	3,301,877	2,452,805
Bio Gas Plant	3,059,508	3,365,356	3,059,508	3,365,356
	1,976,201,766	2,060,861,237	1,777,122,951	1,853,857,146
At Fair Value				
Freehold Land	1,654,919,962	1,654,919,962	1,592,145,000	1,592,145,000
	1,654,919,962	1,654,919,962	1,592,145,000	1,592,145,000
Total Carrying Amount of Property, Plant and Equipment	3,631,121,728	3,715,781,199	3,369,267,951	3,446,002,146

Notes to the Financial Statements Contd.

4.4 The freehold Lands have been revalued by Messrs. K. Arthur Perera & Company (Independent firm of valuers) on the basis of current market value. The details are tabulated below:

Company	Location	No of Perches	Estimated range of market values per Perch as at 31.03.2023 LKR	Estimated range of market values per Perch as at 31.03.2022 LKR	Carrying Amount as at 31.03.2023 (LKR 000)	Carrying Amount as at 31.03.2022 (LKR 000)
The Lighthouse Hotel PLC	Dadella, Galle	1451	125,000 to 1,600,000	125,000 to 1,600,000	1,592,145	1,592,145
Unawatuna Properties (Pvt) Ltd	Unawatuna, Galle	59	1,250,000	1,250,000	62,775	62,775

Valuation process 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 it's 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. The last revaluation was carried out with an effective date of 31st March 2022.

Sensitivity :

Increase or decrease in estimated price per perch in isolation would result in a higher or lower fair value measurement. Accordingly, a change of 5% estimated price per perch will cause a LKR 82,745,998/- (2022 - LKR 82,745,998/-) change in the fair value of freehold land, directionally.

The following table provides an analysis of the non-financial assets carried at fair value, by valuation method. The different levels have been defined in Note 8.2.

	Fair Value measurement as at 31 March 2023			
	Level 01 LKR	Level 02 LKR	Level 03 LKR	Total LKR
Group				
Freehold Land	-	-	1,654,919,962	1,654,919,962
Company				
Freehold Land	-	-	1,592,145,000	1,592,145,000

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:

	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Class of Asset				
Freehold Land	112,826,303	112,826,303	84,440,984	84,440,984

4.6 During the financial year, the Group acquired Property, Plant and Equipment to the aggregate value of LKR 19,879,227/- (2022 - LKR 17,535,661/-) and the Company acquired Property, Plant and Equipment to the aggregate value of LKR 18,082,301/- (2022 - LKR 17,479,305/-) Cash payment amounting to LKR 19,879,227/-(2022 - LKR 17,535,661/-) and LKR 18,082,301/- (2022 - LKR 17,479,305/-) were made during the year for the purchase of Property Plant and Equipment by Group and Company respectively.

Notes to the Financial Statements Contd.

4.7 Property, Plant and Equipment includes fully depreciated assets having a gross carrying amount of LKR 235,973,453/- (2022 - LKR 188,667,416/-) that consisted of individually insignificant items.

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

	Group/Company	
	2023 Year	**2022 Year**
Buildings and Building Integrals	15 to 60	15 to 60
Plant and Equipment	13.33	13.33
Sewerage Treatment Plant	20	20
Kitchen/Bar Equipment	10	10
Electrical Equipment	04 to 10	04 to 10
Solar Electrical System	10 to 20	10 to 20
Office Equipment	10	10
Sports Equipment	10	10
Furniture and Fittings	10	10
Swimming Pool Equipment	10	10
Generator	13.33	13.33
Audio & Video System	5	5
Motor Vehicles	05 to 08	05 to 08
Water Treatment Plant	10	10
Linen, Cutlery and Crockery	02 to 03	02 to 03
Laundry and Hot Water Equipment	10 to 13.33	10 to 13.33
Telephone System	13.33	13.33
Elevators	20	20
SMA TV System	10	10
Maintenance Tools	10	10
Music Instruments	10	10
Bar Furniture and Equipment	10	10
Computer Equipment & Systems	04	04
Bio Gas Plant	13.33	13.33

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 31st March 2023 using a straight line method for each individual significant component of building, based on the following estimated useful lives.

Components included in Buildings & Building Integrals:

	Group/Company	
	2023 Year	**2022 Year**
Super Structure	60	60
Roof, Railing and Ceiling work	15	15
Wood, Aluminum and Glass work	15	15
Bathroom Fittings	15	15
Restaurant Floors - Wood	15	15
Tennis and Squash Court	60	60

Notes to the Financial Statements Contd.

5. RIGHT OF USE ASSETS

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

5.1 Lease hold Properties

	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
As at 1st April	2,181,819	2,212,122	2,181,819	2,212,122
Amortisation for the Year	(30,303)	(30,303)	(30,303)	(30,303)
As at 31st March	2,151,516	2,181,819	2,151,516	2,181,819

5.2 Right of use Asset 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.

6. INTANGIBLE ASSETS

6.1 Cost

	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
As at 1st April	7,074,952	5,774,952	5,240,605	4,590,605
Purchased during the Year	-	1,300,000	-	650,000
As at 31st March	7,074,952	7,074,952	5,240,605	5,240,605
Amortisation				
As at 1st April	(5,808,429)	(5,457,072)	(4,569,916)	(4,498,207)
Amortised during the Year	(359,231)	(351,357)	(196,731)	(71,709)
As at 31st March	(6,167,660)	(5,808,429)	(4,766,647)	(4,569,916)
Net Book Value				
As at 1st April	1,266,523	317,880	670,689	92,398
As at 31st March	907,292	1,266,523	473,958	670,689

6.2 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.

Notes to the Financial Statements Contd.

7. INVESTMENTS IN SUBSIDIARY

7.1 Non-Quoted Investment

	Holding		Cost	
	2023	2022	2023	2022
	%	%	LKR	LKR
Unawatuna Properties (Pvt) Ltd (Note 7.2)	100	100	275,000,000	225,000,000
			275,000,000	225,000,000

7.2 The Group has determined that there is no impairment as at the reporting date.

7.3 During the period under review, the company made an equity investment of LKR 50 million in Unawatuna Properties (Pvt) Ltd.

8. OTHER FINANCIAL ASSETS

8.1 Other Non-Current Financial Assets

Financial Assets Measured at Fair Value through OCI

8.1.1 Investments in Equity Securities - Non quoted :

	Group		Company	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
Rainforest Ecolodge (Pvt) Ltd. (Note 8.1.2)				
Fair Value at the beginning of the Year	61,204,848	81,164,636	61,204,848	81,164,636
Loss recognised in Other Comprehensive Income (Note 12.3)	(5,182,786)	(19,959,788)	(5,182,786)	(19,959,788)
Fair Value at the end of the Year	56,022,062	61,204,848	56,022,062	61,204,848

8.1.2 The Company held 18.32% (2022 - 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:

Valuation Technique	Significant Unobservable Inputs	Sensitivity of the input to fair value
Discounted cash flow (DCF) method	Long term growth rate 5% (2022 - 5%)	1% increase/(decrease) in the growth rate would result in increase/(decrease) in fair value by LKR 5 Mn and (LKR 4.3 million) respectively
	Weighted Average Cost of Capital (WACC) 18% (2022 - 17%)	1% increase/(decrease) in the WACC would result in (decrease)/Increase in fair value by (LKR 6.2 million) and LKR 7.3 million respectively

Notes to the Financial Statements Contd.

8.2 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 31st March 2023, the Group/Company held the following financial instruments carried at fair value on the Statement of Financial Position.

8.3 Assets Measured at Fair Value

	Total LKR	Level 1 LKR	Level2 LKR	Level 3 LKR
Financial Assets Measured at fair value through OCI				
Non-quoted Equity Investment (8.1.1)	56,022,062	-	-	56,022,062
2023	56,022,062	-	-	56,022,062
2022	61,204,848	-	-	61,204,848

During the reporting year ending 31st March 2023, there were no transfers between Level 2 and Level 3 fair value measurements.

8.4 Other current financial assets

Amortised Cost

	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Investment in Fixed Deposits	-	38,323,300	-	38,323,300
	-	38,323,300	-	38,323,300

9. INVENTORIES

	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Food and Beverage	13,766,400	10,658,674	12,826,045	10,239,185
Other Inventories	11,287,858	5,258,778	10,470,045	4,941,074
	25,054,258	15,917,452	23,296,090	15,180,259

Notes to the Financial Statements Contd.

10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Trade Debtors - Related Parties (Note 10.1)	17,468,446	6,056,238	17,468,446	6,056,238
Trade Debtors - Other	43,443,487	41,514,741	41,346,948	40,030,038
Less: Impairment of Trade Debtors	(2,312,408)	(2,595,024)	(2,312,408)	(2,595,024)
	58,599,525	44,975,955	56,502,986	43,491,252
Loans and Other Receivables - Related Parties (Note 10.2)	-	-	163,073	111,675
- Others	26,554,141	44,566,955	23,294,677	41,359,763
	85,153,666	89,542,910	79,960,736	84,962,691
Prepayments	6,862,655	7,519,677	5,544,894	5,571,606
	92,016,321	97,062,587	85,505,630	90,534,297

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

See Note 25 (1) 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.

10.1Related Parties

	Relationship	Group		Company	
		2023 LKR	2022 LKR	2023 LKR	2022 LKR
Jetwing Travels (Pvt) Ltd	Other Related Party	11,886,627	4,373,020	11,886,627	4,373,020
Jetwing Eco Holidays (Pvt) Ltd	Other Related Party	1,799,967	442,652	1,799,967	442,652
Go Vacation Lanka Co. (Pvt) Ltd	Other Related Party	329,493	861,263	329,493	861,263
Jetwing Journeys (Pvt) Ltd	Other Related Party	792,042	277,733	792,042	277,733
Jetwing City (Pvt) Ltd	Other Related Party	-	1,570	-	1,570
Jetwing Kaduruketha (Pvt) Ltd	Other Related Party	147,436	100,000	147,436	100,000
Tangerine Tours (Pvt) Ltd	Other Related Party	2,512,881	-	2,512,881	-
		17,468,446	6,056,238	17,468,446	6,056,238

10.2 Loans and Other receivables - Related Parties

	Relationship	Company	
		2023 LKR	2022 LKR
Unawatuna Properties (Pvt) Ltd	Subsidiary	163,073	111,675
		163,073	111,675

Notes to the Financial Statements Contd.

11. STATED CAPITAL

	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
At the beginning of the Year - 46,000,000 Ordinary Shares	460,000,974	460,000,974	460,000,974	460,000,974
At the end of the Year - 46,000,000 Ordinary Shares	460,000,974	460,000,974	460,000,974	460,000,974

12. RESERVES

	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Revaluation Reserve (Note 12.1)	1,079,465,561	1,326,200,547	1,055,392,811	1,296,625,454
Special Reserve (Note 12.2)	1,325,671,060	1,325,671,060	1,325,671,060	1,325,671,060
Fair value Reserve of Financials Assets at FVOCI (Note 12.3)	(31,241,198)	(26,058,412)	(31,241,198)	(26,058,412)
	2,373,895,423	2,625,813,195	2,349,822,673	2,596,238,102

12.1 Revaluation Reserve

	Group		Company	
	2023 LKR	2022 LKR	2022 LKR	2022 LKR
On: Freehold Land				
As at 1st April	1,326,200,547	1,080,326,538	1,296,625,454	1,063,010,754
Revaluation Surplus (Note 12.4)	-	286,395,000	-	271,645,000
Deferred Tax Attributable to Revaluation Surplus	(246,734,986)	(40,520,991)	(241,232,643)	(38,030,300)
At at 31st March	1,079,465,561	1,326,200,547	1,055,392,811	1,296,625,454

12.2 Special Reserve (Note 12.5)

	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
As at 1st April	1,325,671,060	1,325,671,060	1,325,671,060	1,325,671,060
At at 31st March	1,325,671,060	1,325,671,060	1,325,671,060	1,325,671,060

Notes to the Financial Statements Contd.

12.3 Fair value Reserve of Financials Assets at FVOCI

	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
As at 1st April	(26,058,412)	(6,098,624)	(26,058,412)	(6,098,624)
Gain/(Loss) on Financials Assets at FVOCI (Note 8.1.1)	(5,182,786)	(19,959,788)	(5,182,786)	(19,959,788)
At at 31st March	(31,241,198)	(26,058,412)	(31,241,198)	(26,058,412)

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

12.5 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.

13. POST-EMPLOYMENT BENEFIT LIABILITY

	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
As at 1st April	44,064,796	45,612,860	43,248,889	44,833,776
Charge for the Year (Note 13.1)	7,915,012	2,715,797	7,219,453	2,639,558
Transfers (Net) during the year	(5,847,207)	(901,231)	(5,352,095)	(861,815)
Payments made during the year	(2,544,845)	(3,362,630)	(2,544,845)	(3,362,630)
At at 31st March	43,587,756	44,064,796	42,571,402	43,248,889

13.1 Defined Benefit Plan Cost

	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Current Service Cost	3,158,982	3,027,875	2,949,938	2,817,112
Past Service Cost	-	(1,179,498)	-	(1,182,562)
Interest cost on Benefit Obligation	5,287,776	3,649,029	5,189,867	3,586,702
Recognised in the Statement of Profit or Loss	8,446,758	5,497,406	8,139,805	5,221,252
Actuarial (Gain)/Loss for the year recognised in Other Comprehensive Income	(531,746)	(2,781,609)	(920,352)	(2,581,694)
Charge for the year	7,915,012	2,715,797	7,219,453	2,639,558

Notes to the Financial Statements Contd.

13.2 As at 31st March 2023 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:

	Group/Company	
	2023	**2022**
Discount Rate	17% p.a	12% p.a
Salary Increase	15% p.a	10% p.a
Staff Turnover	5% at each age	5% at each age

13.3 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 2022/2023. 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.

	Group		Company	
Change in Assumptions	**Effect on Total Comprehensive Income - (reduction)/ increase in results LKR**	**Pro Forma Post Employment Benefit Liability LKR**	**"Effect on Total Comprehensive Income - (reduction)/ increase in results LKR**	**Pro Forma Post Employment Benefit Liability LKR**
+1% Change in Discount Rate	2,312,843	41,274,913	2,239,518	44,810,920
-1% Change in Discount Rate	(2,601,058)	46,188,814	(2,514,397)	40,057,005
+1% Change in rate of Salary Increase	(2,624,853)	46,212,609	(2,537,374)	40,034,028
-1% Change in rate of Salary Increase	2,370,218	41,217,538	2,295,117	44,866,519
+1% change in Rate of Employee Turnover	(341,076)	43,928,832	(327,189)	42,244,213
-1% change in Rate of Employee Turnover	382,399	43,205,357	365,548	42,936,950

Notes to the Financial Statements Contd.

13.4 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.

	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Less than or equal 1 year	10,280,379	3,100,035	10,226,985	3,067,692
Over 1 year and less than or equal 5 years	13,496,892	26,687,493	12,859,825	26,257,741
Over 5 year and less than or equal 10 years	37,152,249	17,108,932	36,561,779	16,735,851
Total	60,929,520	46,896,460	59,648,589	46,061,284

14. INTEREST BEARING LOANS AND BORROWINGS

	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Bank Loans (Note 14.1)				
As at 1st April	372,657,462	329,021,919	227,353,533	229,015,533
Effect of movement in Exchange Rate	12,540,875	42,241,793	-	-
Accrued Interest	-	3,228,639	-	-
Loan repayments during the Year	(78,148,415)	(1,834,889)	(53,998,688)	(1,662,000)
As at 31st March	307,049,922	372,657,462	173,354,845	227,353,533
Bank Overdrafts (Note 21.2)	87,772,373	56,424,761	60,417,733	30,173,151
	394,822,295	429,082,223	233,772,578	257,526,684
Current portion of Interest-bearing Borrowings	173,980,084	120,058,537	97,084,578	54,171,839
Non-current portion of Interest-bearing Borrowings	220,842,211	309,023,686	136,688,000	203,354,845
	394,822,295	429,082,223	233,772,578	257,526,684

Notes to the Financial Statements Contd.

14.1 Bank Loans - Group

	As At 01.04.2022 LKR	Accrued Interest Convert to Term Loan LKR	Exchange (Gain)/Loss LKR	Repayment LKR	As At 31.03.2023 LKR
Hatton National Bank - USD Term Loan *	106,616,911	-	10,071,878	(17,333,364)	99,355,425
Hatton National Bank - USD Term Loan**	10,033,448	(10,884,548)	2,087,198	(1,236,098)	-
Hatton National Bank - USD Term Loan ***	5,677,634	(6,572,042)	1,179,873	(285,465)	-
Hatton National Bank - USD Term Loan ****	4,345,593	(4,270,947)	1,091,874	(1,166,520)	-
Hatton National Bank - USD Term Loan *****	-	21,727,537	(1,889,948)	(1,928,280)	17,909,309
Hatton National Bank - Term Loan	225,028,000	-	-	(41,259,000)	183,769,000
Hatton National Bank - Saubagya Loan	19,570,188	-	-	(13,554,000)	6,016,188
Sampath Bank PLC - LKR Term Loan	1,385,688	-	-	(1,385,688)	-
	372,657,462	-	12,540,875	(78,148,415)	307,049,922

*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

*****Term loan of USD 60,162 repayable in 33 monthly installments at an interest rate of LIBOR + premium

Secured Term Loan consist of Rs 270 Mn repayable in 60 installments at an interest rate of AWPLR + premium. Jetwing Hotels Ltd has given a Corporate guarantee as a security.

Saubagya Loan of LKR 19,570,188 repayable in 36 monthly installments at an interest rate of 4% pa.

14.2 Bank Loans - Company

	As At 01.04.2022 LKR	Loans Obtained LKR	Repayment LKR	As At 31.03.2023 LKR
Hatton National Bank - Working Capital Loan *	208,360,000	-	(40,418,000)	167,942,000
Sampath Bank PLC - LKR Term Loan**	1,385,688	-	(1,385,688)	-
Hatton National Bank - Saubagya Loan***	17,607,845	-	(12,195,000)	5,412,845
	227,353,533	-	(53,998,688)	173,354,845

*Secured Working Capital Loan consist of Rs 250 Mn repayable in 60 installments at an interest rate of AWPLR + premium. Jetwing Hotels Ltd has given a Corporate guarantee as a security.

**Unsecured Saubagya Loan of LKR 17,607,845 repayable in 36 monthly installments at an interest rate of 4% pa.

Notes to the Financial Statements Contd.

15. TRADE AND OTHER PAYABLES

	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Trade Payables - Other	32,134,513	19,815,849	31,366,853	18,983,554
Other Payables - Related Party (Note 15.1)	5,490,676	6,614,766	4,800,257	6,100,490
- Other	77,913,910	47,583,338	67,607,401	39,554,073
Guest Refundable Deposit	11,214,044	17,531,871	11,204,046	17,521,873
Sundry Creditors including Accrued Expenses	27,112,433	16,312,231	26,256,662	15,456,460
	153,865,576	107,858,055	141,235,219	97,616,450
Statutory Payables	2,884,848	2,048,018	2,745,843	1,909,013
	156,750,424	109,906,073	143,981,062	99,525,463

15.1 Other Payables - Related parties

		Group		Company	
	Relationship	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Jetwing Hotels Ltd.	Other Related Party	4,099,556	6,614,766	3,563,697	6,100,490
Jet Enterprices (Pvt) Ltd	Other Related Party	1,254,560	-	1,100,000	-
Pearl Gardens Mills (Pvt) Ltd	Other Related Party	136,560	-	136,560	-
		5,490,676	6,614,766	4,800,257	6,100,490

16. OTHER INCOME AND GAINS

	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Insurance Claim Received	229,176	1,500,181	229,176	1,403,761
Rent Income	1,966,508	1,060,000	1,966,508	1,060,000
Sundry Income	-	910,928	-	910,928
	2,195,684	3,471,109	2,195,684	3,374,689

Notes to the Financial Statements Contd.

17. FINANCE INCOME & FINANCE COST

17.1 Finance Cost

	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Interest Expense on Bank Loan	63,461,444	16,844,605	48,665,504	12,082,876
Interest Expense on Bank Overdraft	12,953,278	2,744,917	4,328,682	1,035,366
	76,414,722	19,589,521	52,994,186	13,118,242

17.2 Finance Income

	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Interest on Foreign Currency Deposits	145,307	41,558	5,653	29,789
Interest on Deposits - LKR	661,368	188,447	661,368	188,447
Interest on Inter Company Loan	-	-	231,233	-
Interest on Fixed Deposit	1,272,848	583,889	1,272,848	583,889
	2,079,523	813,894	2,171,102	802,126

18. PROFIT/(LOSS) BEFORE TAX

	Group		Company	
Stated after Charging /(Crediting)	2023	2022	2023	2022
Included in Administrative Expenses	LKR	LKR	LKR	LKR
Employees Benefits (including the following)	168,997,284	120,617,748	156,334,526	112,139,856
- Defined Benefit Plan Costs - Gratuity	8,446,758	5,497,406	8,139,805	5,221,252
- Defined Contribution Plan Costs - EPF & ETF	16,206,083	12,946,187	15,059,676	12,073,132
Depreciation	103,663,273	107,972,074	93,941,072	97,770,674
Amortization of Leasehold Property	30,303	30,303	30,303	30,303
Amortization of Intangible Assets	359,231	351,357	196,731	71,709
Exchange (Gain)/Loss	(8,146,134)	(8,690,281)	(8,146,134)	(8,113,667)
(Profit)/Loss on Disposal of Property, Plant and Equipment	632,830	615,657	632,830	608,146
Hotel Operating and Marketing Fees	29,191,424	20,238,791	26,585,727	18,450,074
Non-Executive Directors' Fees	1,830,000	2,100,000	1,830,000	2,100,000
Donations	33,500	-	33,500	-
Allowance for doubtful debts	(282,616)	(691,948)	(282,616)	(691,948)
Short Term Lease Rental Expense	736,500	736,500	436,500	436,500
Included in Marketing and Promotional Expenses				
Advertisements and Promotional Expenses	4,125,609	2,344,431	3,466,409	2,161,163

Notes to the Financial Statements Contd.

19. INCOME TAX

	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Computation of Tax Charge is as follows:				
Current Income Tax;				
Statutory Income from Hotel Income at 2% (Note 19.2)	13,520,016	7,387,059	13,520,016	7,387,059
Statutory Income from Hotel Income at 14% (Note 19.1)	36,024	497,741	36,024	497,741
Statutory Income from Other Sources (Note 19.1)	863,019	299,627	863,019	299,627
Deferred Tax charge/(reversal) at 30% (Note 19.3)	(521,572)	(907,020)	(638,154)	(879,032)
Under/(Over) Provision of current taxes in respect of prior years	-	-	-	-
Irrecoverable Economic Service Charge	-	76,993	-	-
Income Tax Expense Reported in the Statement of Profit or Loss	13,897,487	7,354,400	13,780,905	7,305,395

19.1 Current Tax Expenses/(Income) from Other Sources

	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Accounting Profit/(Loss) before tax	(105,639,329)	(70,919,918)	(69,845,594)	(20,552,749)
Deduction/Addition (Note 19.2)	72,360,711	26,824,541	72,360,711	26,824,541
Accounting Profit/(Loss) from Other Sources	(33,278,618)	(44,095,377)	2,515,117	6,271,792
Aggregate Disallowed Items	25,745,184	56,546,880	3,012,656	3,496,938
Aggregate Allowable Income	(25,517,203)	(28,306,847)	(5,013,146)	(4,986,146)
Tax losses not utilized in the current financial year	33,565,264	19,407,785	-	(1,227,294)
Taxable Profit for the year	514,627	3,552,441	514,627	3,555,290
Current Income Tax Expense at 14% (Note 19.2)	36,024	497,741	36,024	497,741
Current Income Tax Expense at 24% (Note 19.2)	287,631	299,627	287,631	299,627
Current Income Tax Expense at 30% (Note 19.2)	575,388	-	575,388	-
	899,043	797,368	899,043	797,368

19.2 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 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.

Notes to the Financial Statements Contd.

19.3 Deferred Tax Charge/(Reversal)

19.3.1 Deferred Tax Charge/(Reversal) recognised through;

	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Statement of Profit or Loss				
Charge/ (Reversal) Arising on During the Year Movement	(363,499)	(907,020)	(480,081)	(879,032)
Charge/ (Reversal) Due to Change in Tax Rates	(158,073)	-	(158,073)	-
	(521,572)	(907,020)	(638,154)	(879,032)
Other Comprehensive Income				
Charge/ (Reversal) Arising on During the Year Movement	159,524	40,910,416	276,105	38,391,737
Charge/ (Reversal) Due to Change in Tax Rates	246,734,986	-	241,232,643	-
	246,894,510	40,910,416	241,508,748	38,391,737

19.3.2 Deferred Tax Assets, Liabilities

	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Deferred Tax Liabilities	511,652,065	237,616,226	464,582,264	216,995,093
Deferred Tax Assets	(49,524,329)	(21,861,427)	(12,771,421)	(6,054,844)
Net Deferred Tax Liabilities	462,127,736	215,754,799	451,810,843	210,940,249

Deferred Taxation Charge/(Reversal) - Statement of Profit or Loss /Other Comprehensive Income

	Statement of Financial Position		Statement of Profit or Loss		Other Comprehensive income / Directly through Equity	
Group	2023 LKR	2022 LKR	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Deferred Tax Lability						
Capital allowances for tax purposes	49,023,967	21,723,114	27,300,853	915,557	-	-
On Land revaluation surplus	462,628,098	215,893,112	-	-	246,734,986	40,520,991
	511,652,065	237,616,226	27,300,853	915,557	246,734,986	40,520,991
Deferred Tax Assets						
Defined Benefit Plans	(13,076,327)	(6,169,071)	(7,066,779)	(172,696)	159,524	389,425
Carry forward tax losses	(36,448,002)	(15,692,356)	(20,755,646)	(1,649,881)	-	-
	(49,524,329)	(21,861,427)				
Deferred Income Tax Charge recognize in OCI					246,894,510	40,910,416
Deferred Income Tax (Income)/ Expense			(521,572)	(907,020)		
Deferred Tax Asset/Liability	462,127,736	215,754,799				

Notes to the Financial Statements Contd.

Company	Statement of Financial Position		Statement of Profit or Loss		Other Comprehensive income / Directly through Equity	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Deferred Tax Liability						
Capital allowances for tax purposes	12,271,059	5,916,531	6,354,528	(739,479)	-	-
On Land revaluation surplus	452,311,205	211,078,562	-	-	241,232,643	38,030,300
	464,582,264	216,995,093	6,354,528	(739,479)	241,232,643	38,030,300
Deferred Tax Assets						
Defined Benefit Plans	(12,771,421)	(6,054,844)	(6,992,682)	(139,553)	276,105	361,437
	(12,771,421)	(6,054,844)				
Deferred Income Tax Charge recognize in OCI					241,508,748	38,391,737
Deferred Income Tax (Income)/ Expense			(638,154)	(879,032)		
Net Deferred Tax Liability/ (Assets)	451,810,843	210,940,249				

The Group recognizes a deferred tax asset on unused tax losses which is expected to reduce the future tax expense based on the Group's forecasted business plans as a response to COVID-19 pandemic. However, Deferred tax Assets have not been recognized for unused tax losses amounting to Rs. 103,980,792/- . These unused tax losses will expire in 2025/26 - Rs 15,398,432/-, 2026/27 - Rs. 34,383,020/- , 2027/28 Rs. 20,631,365 & 2028/29 Rs. 33,567,976.

20 EARNINGS PER SHARE

20.1 Basic Earnings Per Share is calculated by dividing the earnings 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.

Notes to the Financial Statements Contd.

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

	Group	
	2023 LKR	**2022 LKR**
Amount Used as the Numerator:		
Net Profit/(Loss) Attributable to Ordinary Shareholders for Basic Earnings Per Share	(119,536,816)	(78,274,317)

	2023 Number	**2022 Number**
Number of Ordinary Shares Used as Denominator:		
Weighted Average number of Ordinary Shares in issue	46,000,000	46,000,000
Applicable to Basic Earnings/(Loss) Per Share (LKR)	(2.60)	(1.70)

21. CASH AND CASH EQUIVALENTS

Components of Cash and Cash Equivalents

21.1 Favourable Cash and Cash Equivalents Balance

	Group		Company	
	2023 LKR	**2022 LKR**	**2023 LKR**	**2022 LKR**
Cash at Bank and in Hand	31,261,171	16,206,032	9,047,824	6,978,120
	31,261,171	16,206,032	9,047,824	6,978,120

21.2 Unfavourable Cash & Cash Equivalents Balance

	Group		Company	
	2023 LKR	**2022 LKR**	**2023 LKR**	**2023 LKR**
Bank Overdrafts (Note 14)	(87,772,373)	(56,424,761)	(60,417,733)	(30,173,151)
Total Cash and Cash Equivalents for the Purpose of Cash Flow Statement	(56,511,202)	(40,218,729)	(51,369,909)	(23,195,031)

Notes to the Financial Statements Contd.

22. 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:

	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Authorised by the Board, but not Contracted for	8,546,000	4,812,000	8,131,000	3,942,000
	8,546,000	4,812,000	8,131,000	3,942,000

b) Contingent Liabilities

There are no significant contingent liabilities as at 31st March 2023, other than the following

- Local authorities has claimed a fee amounting to 1% of turnover for the issuance of trade license for the year 2022 from the group. The group 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 of the group as at 31st March 2023 is LKR 15.4 million. At the moment there are three cases pending at magistrate's court in Galle

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

23. ASSETS PLEDGED

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

24. RELATED PARTY DISCLOSURES

Details of significant related party disclosures are as follows:

24.1 Transactions with Key Management Personnel of the Group/Company

The Key Management Personnel are the members of its Board of Directors.

Key Management Personnel Compensation

	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Executive Directors' Fees	-	-	-	-
Non-Executive Directors' Fees	1,830,000	2,100,000	1,830,000	2,100,000
Other KMPs	-	-	-	-
	1,830,000	2,100,000	1,830,000	2,100,000

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

Notes to the Financial Statements Contd.

24.2 Transactions with Subsidiary

	Company	
	2023 LKR	2022 LKR
Amount Receivable as at 31 March (Note 10.2)	163,073	111,675
Nature of Transactions		
Investment in Shares	50,000,000	-
Purchase of Food and Beverages	1,523,933	261,763
Reimbursement of Expenses	1,436,127	762,071
Short term Loan Interest	231,233	-
Gratuity Transfer In	474,577	-
Sale of Accomodation and Transfers	-	7,181,800
Sale of Goods	-	16,240

24.2.1 Guarantees

a) Guarantees given by the Company to banks on behalf of subsidiary are disclosed in the Note 22 to these financial statements.

b) Guarantee given by the Other Related party to banks on behalf of the company are disclosed in the Note 14.2 to these financial statements.

24.3 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 transactions, summarised as follows:

	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Amount Receivable as at 31 March (Note 10.1)	17,468,446	6,056,238	17,468,446	6,056,238
Amount Payable as at 31 March (Note 15.1)	5,490,676	6,614,766	4,800,257	6,100,490
Nature of Transactions				
Hotel Operation and Marketing Fees	29,191,424	20,238,979	26,585,727	18,450,048
Purchases of Food & Beverage	2,706,707	2,674,815	2,706,696	2,655,930
Advertising Expenses & Other Reimbursements	8,483,080	2,679,600	7,174,559	2,329,075
Sale of Accommodation and Transfers	54,440,277	23,866,334	53,824,429	20,486,766
Other Expenses	9,260	29,567	9,260	29,567
Transport Charges	1,011,268	109,745	1,011,268	109,745
Vehicle Rent	1,317,949	400,000	1,317,949	400,000
Gratuity Transfer Out	5,847,207	901,231	5,826,672	861,815
Support Service Charges	9,199,179	7,167,077	8,573,614	6,812,844
Purchases of Goods	1,261,437	2,847	1,127,037	2,847
Purchases of Assets	1,554,410	-	1,554,410	-
Sale of Linen	113,373	-	113,373	-
Sale of Goods	-	827,842	-	827,842
Reimbursement of Expenses	2,925,756	493,157	2,925,756	389,541

24.4 Terms and Conditions

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

Notes to the Financial Statements Contd.

25. 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 procedures for measuring and managing risks are detailed below: The rates of exchange as at 31st March that were used in the financial statements are disclosed in 2.7.2

25.1 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.

Due to the continuing impact from the pandemic and current economic condition ,the individual receivable balances were re-assessed ,specific provisions were made wherever neceessary ,and the existing practice on the provisioning of trade receivables were re-visited and adjusted.

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:

	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Cash at Bank and in Hand	31,261,171	16,206,032	9,047,824	6,978,120
Unquoted Equity Securities	56,022,062	61,204,848	56,022,062	61,204,848
Trade and Other Receivables	85,153,666	89,542,910	79,797,663	84,851,016

Notes to the Financial Statements Contd.

Details of deposits with institutions and their credit ratings are as follows.

The Group held current financial assets other than cash, in various financial and related institutions.

Group

Institution	Instrument	Credit Rating for 2023	Total Investment 2023 LKR	Credit Rating for 2022	Total Investment 2022 LKR
Hatton National Bank PLC	Fixed Deposit	A	-	AA-	18,239,000
Commercial Bank of Ceylon PLC	Fixed Deposit	A	-	AA-	16,795,300
Central Bank of Sri Lanka	SLDB	RD	-	RD	3,289,000

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

	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
As at 1st April	2,595,024	3,286,972	2,595,024	3,286,972
Written back of Bad Debt	(282,616)	(691,948)	(282,616)	(691,948)
At at 31st March	2,312,408	2,595,024	2,312,408	2,595,024

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

Group	2023			2022		
	Gross Carrying Amount LKR	Impairment Allowance LKR	Net Carrying Amount LKR	Gross Carrying Amount LKR	Impairment Allowance LKR	Net Carrying Amount LKR
Neither past due, nor Impaired	42,575,519	-	42,575,519	71,672,930	-	71,672,930
Past due 31-60, but not Impaired	17,868,493	-	17,868,493	16,531,741	-	16,531,741
Past due 61-180	8,745,106	-	8,745,106	899,151	-	899,151
Past due more than 180 days	18,207,856	(2,312,408)	15,895,448	3,034,112	(2,595,024)	439,088
	87,396,974	(2,312,408)	85,084,566	92,137,934	(2,595,024)	89,542,910

Company	2023			2022		
	Gross Carrying Amount LKR	Impairment Allowance LKR	Net Carrying Amount LKR	Gross Carrying Amount LKR	Impairment Allowance LKR	Net Carrying Amount LKR
Neither past due, nor Impaired	38,103,225	-	38,103,225	67,181,015	-	67,181,015
Past due 31-60, but not Impaired	17,077,149	-	17,077,149	16,355,027	-	16,355,027
Past due 61-180	8,745,106	-	8,745,106	899,151	-	899,151
Past due more than 180 days	18,184,591	(2,312,408)	15,872,183	3,010,847	(2,595,024)	415,823
	82,110,071	(2,312,408)	79,797,663	87,446,040	(2,595,024)	84,851,016

Notes to the Financial Statements Contd.

25.2 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 had access to undrawn overdraft facilities of LKR 312 million as at 31st March 2023.

a The following are the undiscounted contractual cash flows of Financial Liabilities as at 31 March 2023.

Summary of Financial Liabilities:

	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Interest Bearing Loans and Borrowings (Note 14.1)	307,049,922	372,657,462	173,354,845	227,353,533
Bank Overdraft (Note 21.2)	87,772,373	56,424,761	60,417,733	30,173,151
Trade and Other Payables (Note 15)	153,865,576	107,858,055	141,235,219	97,616,450
	548,687,871	536,940,277	375,007,797	355,143,134

Maturity Analysis

Group	1 - 6 Months LKR	7 - 12 Months LKR	1 - 5 Years LKR	Total LKR
Interest Bearing Loans and Borrowings	46,111,950	40,095,762	220,842,210	307,049,922
Bank Overdraft	87,772,373	-	-	87,772,373
Trade and Other Payables	153,865,576	-	-	153,865,576
Total 2023	287,749,899	40,095,762	220,842,210	548,687,871
Total 2022	188,135,862	39,780,730	309,023,686	536,940,277

Company	1 - 6 Months LKR	7 - 12 Months LKR	1 - 5 Years LKR	Total LKR
Interest Bearing Loans and Borrowings	21,039,845	15,627,000	136,688,000	173,354,845
Bank Overdraft	60,417,733	-	-	60,417,733
Trade and Other Payables	141,235,219	-	-	141,235,219
Total 2023	222,692,797	15,627,000	136,688,000	375,007,797
Total 2022	137,894,801	13,893,488	203,354,845	355,143,134

b Following are the maturities of financial liabilities and assets denominated in foreign currency

Financial liabilities denominated in foreign currency	1-6 months	7-12 months	1-2 years	3- 5 years	Total
Interest Bearing Borrowings and Loan Payable in USD	(70,944)	(70,944)	(141,888)	(74,514)	(358,290)
Financial assets in USD and EUR (in Equivalent USD)	73,401	-	-	-	73,401
Net financial assets/ (financial Liabilities) expressed in USD					
Net Total 2023 (Net Asset/ (Net Liability)	2,457	(70,944)	(141,888)	(74,514)	(284,889)
Net Total 2022 (Net Asset/ (Net Liability)	55,176	(10,158)	(150,064)	(148,943)	(253,989)

c As at the reporting date, the Group had cash of LKR 31,261,171/- (Company LKR 16,206,032/-) which is held in bank funds which allow daily withdrawals.

Notes to the Financial Statements Contd.

25.3 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 Group has exposure to foreign currency risk where it has foreign currency transactions and balances which are affected by foreign exchange rate movements.

An analysis of carring amount of financial instruments based on the currency that they are denominated as at 31st March 2023 are as follows:

Group	In USD	In EURO	In GBP
Cash at Bank and in Hand	71,595	1,588	218
Other Current Financial Asset	-	-	-
Interest Bearing Loan and Borrowings	(358,290)	-	-
Net aggregate carrying value	(286,695)	1,588	218
Net Aggregate Carrying Value in LKR 2023	(93,832,407)	567,075	88,499
Net Aggregate Carrying Value in LKR 2022	(80,440,386)	3,537,234	989,796

Company	In USD	In EURO	In GBP
Cash at Bank and in Hand	4,295	1,588	218
Other Current Financial Asset	-	-	-
Net aggregate Carrying Value	4,295	1,588	218
Net Aggregate Carrying Value in LKR 2023	1,405,711	567,075	88,499
Net Aggregate Carrying Value in LKR 2022	37,676,072	3,537,234	989,796

Foreign Currency Sensitivity

The following table demonstrate the sensitivity of Group's profit before tax to a reasonably possible change in USD exchange rates, assuming all other veriables being held constant.

Notes to the Financial Statements Contd.

		Effect on Profit Before Tax (LKR)	
		Group	Company
Sensitivity related to Interest bearing Loans and borrowings:			
Changes in USD Rate of Exchange	(+10%)	(11,716,083)	-
	(-10%)	11,716,083	-
Changes in USD Rate of Exchange	(+25%)	(29,290,208)	-
	(-25%)	29,290,208	-
Sensitivity related to Cash at Bank			
Changes in USD Rate of Exchange	(+10%)	2,341,156	140,446
	(-10%)	(2,341,156)	(140,446)
Changes in USD Rate of Exchange	(+25%)	5,852,891	351,116
	(-25%)	(5,852,891)	(351,116)

In managing the foreign currency risk the Group invoices Tour operators and Travel agents based on the contracted foreign currency. Tour operators and certain key travel agents make settlements in foreign currency.

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.

Interest rate sensitivity

The following table demonstrates the sensitivity of the Company's profit before tax as affected through an impact on floating rate borrowings to a reasonably possible change in interest rates assuming all other variables being held constant.

	Assumed impact due to Increase/(decrease) in basis points	Effect on Profit Before Tax (LKR) 31.03.2023
Sensitivity to Interest rates of Interest bearing borrowings in LKR	+ 1000 basis points	(18,978,519)
	- 1000 basis points	18,978,519
	+ 500 basis points	(9,489,259)
	- 500 basis points	9,489,259
	+ 200 basis points	(3,795,704)
	- 200 basis points	3,795,704
Sensitivity to Interest rates of Interest bearing borrowings in USD	+ 200 basis points	(2,343,216)
	- 200 basis points	2,343,216
	+ 100 basis points	(1,171,608)
	- 100 basis points	1,171,608
	+ 50 basis points	(585,804)
	- 50 basis points	585,804

Notes to the Financial Statements Contd.

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 and AWPLR.

An explanation of significant changes that occurred after the reporting date is given in Note 27.

25.4 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.

26. 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 2023, the carrying amounts of such borrowings are not materially different from their calculated fair values.

27. 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.

Light on the pocket, heavy on adventure - discover an impeccable blend of comfortable luxury, a prime location, and devoted service, culminating in an unforgettable stay.

Nestled harmoniously within nature's embrace, Jetwing Kurulubedda emerges as an exquisite jungle haven. Seamlessly blending with its captivating surroundings, this serene villa embodies unparalleled tranquilly and timeless allure-a sanctuary beyond compare.

Related Companies which had Transactions with the Company

Name of the Company	Nature of Transactions	Value of Transactions 2023 LKR	2022 LKR
JETWING HOTELS LTD	Hotel Operation and Marketing Fees	29,191,424	20,238,979
	Advertising Expenses & Other Reimbursements	8,483,080	2,679,600
	Other Expenses	9,260	-
	Gratuity Transfer In	35,000	-
	Reimbursement of Expenses	-	35,944
SEASHELLS HOTEL (PVT) LTD	Sale of Accommodation and Transfers	22,186	15,000
	Purchases of Asset	454,410	-
	Reimbursement of Expenses	6,950	-
	Sale of Goods	-	166,307
JETWING TRAVELS (PVT) LTD	Sale of Accommodation and Transfers	32,549,648	15,656,373
	Transport Charges	606,274	109,745
	Reimbursement of Expenses	926,000	-
YALA PROPERTIES (PVT) LTD	Sale of Accommodation and Transfers	805,299	69,817
	Gratuity Transfer Out	329,724	520,386
	Purchases of Goods	11,840	2,225
	Reimbursement of Expenses	48,542	69,495
	Purchases of Food & Beverage	-	6,185
JETWING EVENTS (PVT) LTD	Sale of Accommodation and Transfers	94,229	187,750
	Other Expenses	-	4,000
	Purchases of Food & Beverage	694,960	2,418,700
JET ENTERPRISES (PVT) LTD	Purchases of Asset	1,100,000	-
	Purchases of Goods	916,320	-
GO VACATION LANKA CO.(PVT) LTD	Sale of Accommodation and Transfers	3,569,714	2,249,941
ST ANDREWS HOTEL (PVT) LTD	Sale of Accommodation and Transfers	42,269	179,767
	Purchases of Food & Beverage	317,381	22,250
THE FIRST RESORT (PVT) LTD	Sale of Accommodation and Transfers	381,597	529,639
	Gratuity Transfer Out	191,482	-
	Reimbursement of Expenses	28,827	-
	Sale of Goods	-	294,645
NEGOMBO HOTELS LTD	Sale of Accommodation and Transfers	65,317	55,609

Related Companies which had Transactions with the Company Contd.

Name of the Company	Nature of Transactions	Value of Transactions 2023 LKR	2022 LKR
BLUE OCEANIC BEACH HOTEL (PVT) LTD	Purchases of Food & Beverage	4,950	36,930
	Sale of Accommodation and Transfers	489,158	447,995
	Transport Charges	360,000	-
	Purchase of Goods	333,277	-
	Sale of Linen	113,373	-
	Reimbursement of Expenses	-	48,680
	Gratuity Transfer Out	-	181,114
	Sale of Goods	-	192,714
JETWING ECO HOLIDAYS (PVT) LTD	Sale of Accommodation and Transfers	4,584,686	3,029,746
VILLA PROPERTIES (PVT) LTD	Support Service Charges	9,199,179	7,167,077
LANKA HOUSEBOAT (PVT) LTD	Reimbursement of Expenses	-	18,882
JETWING AYURVEDA (PVT) LTD	Sale of Goods	-	62,069
THE ROYAL HERITAGE HOTEL (PVT) LTD	Purchases of Food & Beverage	7,000	38,250
	Sale of Accommodation and Transfers	324,322	90,010
	Gratuity Transfer Out	10,991,614	57,826
JETWING KADURUKETHA (PVT) LTD	Sale of Accommodation and Transfers	320,643	256,409
	Reimbursement of Expenses	1,057,400	216,540
	Vehicle Rent	1,317,949	400,000
UNAWATUNA PROPERTIES (PVT) LTD	Reimbursement of Expenses	1,436,127	762,071
	Purchases of Food & Beverage	1,523,933	16,240
	Sale of Accommodation and Transfers	-	7,181,800
	Investment in Subsidiary	50,000,000	-
	Short Term Loan Interest	231,233	-
	Gratuity Transfer In	474,577	-
	Sale of Food & Beverage	-	261,763
CULTURAL HERITAGE (PVT) LTD	Sale of Accommodation and Transfers	88,344	78,016
	Gratuity Transfer In	5,575,955	-
	Reimbursement of Expenses	236,342	-
JETWING CITY (PVT) LTD	Sale of Accommodation and Transfers	448,168	106,887
	Reimbursement of Expenses	15,865	-
	Other Expenses	-	25,567
	Gratuity Transfer Out	-	26,393
	Sale of Goods	-	71,209

Related Companies which had Transactions with the Company Contd.

Name of the Company	Nature of Transactions	Value of Transactions 2023 LKR	2022 LKR
KADURUKETHA FARMERS (PVT) LTD	Purchases of Food & Beverage	60,000	152,500
POTTUVIL POINT PVT LTD	Sale of Accommodation and Transfers	53,806	32,307
THE RIVERBANK (PVT) LTD	Sale of Accommodation and Transfers	19,825	268,112
	Gratuity Transfer Out	-	76,096
PEARL GARDEN MILLS (PVT) LTD	Purchases of Food & Beverage	1,345,455	-
HOTEL J CITY BEDS (PVT) LTD	Sale of Accommodation and Transfers	-	2,650
JETWING JOURNEYS (PVT) LTD	Sale of Accommodation and Transfers	1,132,238	384,555
LANKA DHIVIYA (PVT) LTD	Sale of Accommodation and Transfers	14,926	-
YALA SAFARI BEACH HOTEL (PVT) LTD	Transport Charges	32,994	-
	Reimbursement of Expenses	24,000	-
YARL HOTELS (PVT) LTD	Gratuity Transfer In	54,658	-
SAMAN VILLAS LTD	Purchases of Food & Beverage	276,961	-
	Sale of Accommodation and Transfers	612,158	-
	Transport Charges	12,000	-
	Reimbursement of Expenses	581,830	-
TANGERINE TOURS (PVT) LTD	Sale of Accommodation and Transfers	8,821,744	-

Names of the Directors of the Related Companies which had Transactions with the Group

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
Mr. D.K.D. Nanayakkara
Ms. M.D.H. Gunawardena
Mr. J. Avuity
Mr. N J.D.M. Cooray

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

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
Mr. P.B.M. Withana
Mr. I.D.D. Gunewardene
Mr. P.M.D. Dinesh

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

Jetwing Events (Pvt) Ltd.
Directors
Mr. N.J.H.M. Cooray
Mr. R.J. Arasaratnam

Jet Enterprises (Pvt) Ltd.
Directors
Mr. N.J.H.M. Cooray
Mr. R.A.E. Samarasinghe
Ms. N.T.M.S. Cooray
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. K.U. Sperl
Mr. C.C.E.J. Mueller

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

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

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

Negombo Hotels Ltd.
Directors
Mr. N.J.H.M. Cooray
Ms. N.T.M.S. Cooray
Mrs. A.M.J. 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 Eco Holidays (Pvt) Ltd.
Directors
Mr. N.J.H.M. Cooray
Mr. R.A.E. Samarasinghe
Mr. R.J. Arasaratnam
Mr. C.S.R.S. Anthony

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

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

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

Names of the Directors of the Related Companies which had Transactions with the Group Contd.

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 (Deceased on 28.12.2022)
Mr. L.R.M.G.L. Kadurugamuwa
Mr. J.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. Kaduragamuwa

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

Lanka Dhiviya (Pvt) Ltd.
Directors
Mr. N.J.H.M. Cooray
Mrs. D. J. Cooray
Mr. N.J.D.M. Cooray
Mr. N.J.H. Cooray

Hotel J City Beds (Pvt) Ltd.
Directors
Mr. N.J.D.M. Cooray
Mr. N.A.H. Cooray

Jetwing Journeys (Pvt) Ltd.
Directors
Mr. N.J.H.M. Cooray
Mr. R.A.E. Samarasinghe
Mr. R.J. Arasaratnam

Pearl Garden Mills (Pvt) Ltd.
Directors
Mr. N.J.D.M. Cooray
Mr. J.S.W. Kasturi Arachchi
Mr. M.A.R. Premasiri
Mr. H.C.K. Mihindukulasuriya

Yarl Hotels (Pvt) Ltd.
Directors
Mr. N.J.H.M. Cooray
Mr. R.A.E. Samarasinghe
Ms. N.T.M.S. Cooray
Mr. R.N. Asirwathan
Mr. B.A.B. Goonetilleke
Mr. K. Balasundaram
Mr. H.D.A.D. Perera

Saman Villas Ltd.
Directors
Mr. N. J. H. M. Cooray
Ms. N.T.M.S. Cooray
Mr. N.J.D.M. Cooray
Ms. P.R. Vairavanathan (Resigned w.e.f. 27.01.2023)
Mr. D. Ratnayake (Resigned w.e.f. 27.01.2023)
Mr. H. Purasinghe

Tangerine Tours (Pvt) Ltd.
Directors
Ms. A.M. Ondaatjie
Mr. G.G. Ondaatjie
Mr. T.J. Ondaatjie
Ms. F. Swangsa

Information to Shareholders and Investors

Number of Shares held	Residents			Non- Residents			Total		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1-1,000	1,040	277,574	0.60	9	2,654	0.01	1,049	280,228	0.61
1,001-10,000	241	906,344	1.97	7	27,600	0.06	248	933,944	2.03
10,001-100,000	51	1,733,124	3.77	3	179,302	0.39	54	1,912,426	4.16
100,001-1,000,000	8	4,341,895	9.44	-	-	-	8	4,341,895	9.44
1,000,001 & Over	6	38,531,507	83.76	-	-	-	6	38,531,507	83.76
Total	1,346	45,790,444	99.54	19	209,556	0.46	1,365	46,000,000	100.00

Categories of Shareholders	Total		
	No. of Shareholders	No. of Shares	%
Individuals	1,293	5,299,383	11.52
Institutions	72	40,700,617	88.48
Total	1,365	46,000,000	100.00

TWENTY LARGEST SHAREHOLDERS AS AT 31ST MARCH, 2023

Name of Shareholder	No of Shares as at 31.03.2023	%	No of Shares as at 31.03.2022	%
JETWING HOTELS MANAGEMENT SERVICES (PVT) LTD	18,970,440	41.24	18,970,440	41.24
MERCANTILE INVESTMENTS AND FINANCE PLC	7,736,677	16.82	7,736,677	16.82
EMPLOYEES PROVIDENT FUND	5,084,800	11.05	5,084,800	11.05
BANK OF CEYLON- A/C NO - 2	3,989,200	8.67	3,989,200	8.67
MS. N.T.M.S.COORAY	1,395,695	3.03	1,395,695	3.03
MR. N.J.H.M.COORAY	1,354,695	2.94	1,354,695	2.94
NATIONAL SAVINGS BANK	884,007	1.92	1,175,667	2.56
JETWING TRAVELS (PRIVATE) LIMITED	840,200	1.83	840,200	1.83
FERN HOLDINGS (PRIVATE) LIMITED	799,414	1.74	799,414	1.74
JETWING ECO HOLIDAYS (PVT) LTD	595,984	1.30	595,984	1.30
THE NUWARA ELIYA HOTELS COMPANY PLC	520,123	1.13	520,123	1.13
MR. D.J. DE SILVA WIJEYERATNE	347,200	0.75	347,200	0.75
SEYLAN BANK PLC/B DON JOSEPH CHARUKA SUCHENDRA	230,500	0.50	230,500	0.50
MERCHANT BANK OF SRI LANKA & FINANCE PLC 01	124,467	0.27	-	-
MR. I A R PERERA	100,000	0.22	100,000	0.22
ALPEX MARINE (PVT) LTD	100,000	0.22	-	-
MR. S. MENDIS	100,000	0.22	100,000	0.22
SAMPATH BANK PLC/MR. ABISHEK SITHAMPALAM	97,700	0.21	97,700	0.21
UNION INVESTMENTS PRIVATE LTD	90,000	0.20	90,000	0.20
MISS. ANISHA MARIZE WIKRAMANAYAKE	89,847	0.20	105,754	0.23
Total	43,450,949	94.46	43,534,049	94.64

There were no non voting shares as at 31st March, 2023

31.45% of the issued capital of the Company was held by the public, comprising of 1,351 shareholders and a float adjusted market capitalisation of LKR 394,949,100/- as at 31st March, 2023. 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.

Information to Shareholders and Investors Contd.

MARKET VALUE AND TRADING SHARES

	31 March 2023 (LKR)	31 March 2022 (LKR)
Net assets value per share	60.31	68.38
Last traded price share as at	27.30	27.50
Highest market value per share - During the period	47.50	50.00
Lowest market value per share - During the period	19.00	22.60

SHARE TRADING - DURING THE YEAR

	31 March 2023 (LKR)	31 March 2022 (LKR)
Number of transactions	1,724	2,339
Number of shares traded	923,662	2,853,667
Value of shares traded (LKR)	28,725,101	105,940,374

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 2022/23 considering the prevailing economic situation.

VALUE ADDED STATEMENT

GROUP	2023 LKR '000	2022 LKR '000
For the Year ended 31 March		
Total Revenue	731,240	426,818
Other Income	4,275	4,285
	735,515	431,103
Less: Purchase of Goods and Services	(492,090)	(253,843)
Value Added	243,425	177,260
Distributed as follows:		
To Government as taxes	13,897	7,354
To employees as salaries and other benefits	168,987	120,618
To providers of Capital		
- Dividends to shareholders	-	-
- Interest on borrowings	76,415	19,590
Retained within the business	(15,874)	29,698
Total	243,425	177,260

Ten Year Summary

Year ended 31st March,	2023 LKR '000	2022 LKR '000	2021 LKR '000	2020 LKR '000
Operating Results				
Revenue	731,240	426,818	183,960	509,568
Profit/(Loss) Before Taxation	(105,639)	(70,920)	(193,116)	(89,492)
Taxation	13,897	7,354	3,405	6,818
Profit After Taxation	(119,537)	(78,274)	(196,521)	(96,311)
Shareholders' Funds				
Stated Capital	460,001	460,001	460,001	460,001
Reserves	2,373,895	2,625,813	2,399,899	2,400,294
Retained Earnings	(59,494)	59,670	135,552	332,106
Shareholders' Funds	2,774,402	3,145,484	2,995,452	3,192,401
Liabilities				
Interest Bearing Loans & Borrowings	394,822	429,082	401,742	331,211
Current Liabilities	163,595	113,558	81,049	95,081
Other Liabilities	43,588	44,065	45,613	41,616
Deferred Tax liabilities	462,127	215,755	175,751	176,292
Total Equity and Liabilities	3,838,534	3,947,944	3,699,607	3,836,601
Assets				
Property, Plant & Equipment	3,631,122	3,715,781	3,520,438	3,616,327
Right of Use Assets	2,151	2,182	2,212	2,242
Intangible Assets	907	1,267	318	672
Investments/Other Non-Current Financial Assets	56,022	61,205	81,165	81,559
Current Assets	148,332	167,509	95,474	135,800
Total Assets	3,838,534	3,947,944	3,699,607	3,836,601
Cash Flow				
From Operating Activities	32,944	56,121	(42,436)	44,490
From/(Used in) Investing Activities	28,912	(40,042)	(22,656)	(233,765)
From/(Used in) Financing Activities	(78,148)	(1,835)	10,126	184,149
Net Cash Inflow/(Outflow)	(16,292)	14,244	(54,966)	(5,126)
Cash and Cash Equivalents as at 31 March	(56,511)	(40,219)	(54,463)	503
Key Indicators				
Earnings/(Loss) per Ordinary Share (LKR)	(2.60)	(1.70)	(4.27)	(2.09)
Net Assets per Ordinary Share (LKR)	60.31	68.38	65.12	69.40
Market Value per Share (LKR)	27.30	27.50	28.30	24.00
Dividends per Share (LKR)	-	-	-	-
Price to Earnings Ratio (Times)	-	-	-	-
Dividend Payout Ratio	-	-	-	-

	2019	2018	2017	2016	2015	2014
	LKR'000	LKR'000	LKR'000	LKR'000	LKR'000	LKR'000
	850,117	836,005	799,219	836,072	731,743	681,105
	122,249	148,599	152,147	177,754	140,456	136,597
	19,691	15,881	14,963	15,634	11,049	14,278
	102,558	132,718	137,184	162,120	129,407	122,319
	460,001	460,001	460,001	460,001	460,001	460,001
	2,075,888	2,076,460	2,084,684	2,084,874	1,696,305	1,696,722
	428,429	328,702	307,654	378,240	310,754	273,927
	2,964,318	2,865,163	2,852,339	2,923,115	2,467,060	2,430,650
	148,562	291,989	188,387	111,444	158,745	138,779
	135,546	146,180	140,161	130,525	117,459	150,002
	37,396	31,618	30,088	30,763	24,949	22,678
	125,709	122,704	-	-	-	-
	3,411,531	3,457,654	3,210,975	3,195,847	2,768,213	2,742,109
	3,115,584	3,185,405	2,939,788	2,934,916	2,510,503	2,529,137
	2,272	2,303	2,333	2,363	2,394	2,424
	1,059	1,304	629	1,170	1,279	852
	86,714	87,287	87,401	87,592	87,976	59,389
	205,902	181,355	180,823	169,806	166,061	150,307
	3,411,531	3,457,654	3,210,975	3,195,847	2,768,213	2,742,109
	212,257	238,003	213,898	276,741	165,122	231,455
	(27,497)	(230,634)	(86,316)	(126,534)	(90,887)	(379,875)
	(1,662)	(76,344)	(250,901)	(156,729)	(65,208)	34,701
	183,098	(68,975)	(123,319)	(6,522)	9,027	(113,719)
	5,629	(177,469)	(108,494)	14,825	21,347	12,320
	2.23	2.89	2.98	3.52	2.81	2.66
	64.44	62.29	62.00	63.55	53.63	52.84
	25.60	39.80	49.00	52.90	60.00	44.40
	-	2.50	2.00	2.50	2.00	2.00
	11.48	13.77	16.44	15.03	21.35	16.69
	-	87%	67%	71%	71%	75%

Real Estate Holdings of the Group

Location	Buildings in Sq.Ft.	No. of Buildings	Land Extent Area (in Acres) Freehold Property	Land Extent Area (in Acres) Leasehold Property	Net Book Value as at 31st March, 2023 LKR '000
Galle	280,000	15	9.45	3	3,446,778

Corporate Information

NAME OF THE COMPANY
The Lighthouse Hotel PLC

COMPANY NUMBER
PQ 73

LEGAL FORM
A Quoted Public Company with
Limited Liability incorporated in
Sri Lanka in 1994.

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 (Ceased to be a director w.e.f. 30/06/2022 and appointed w.e.f. 14/07/2022)
Ms A M Ondaatjie
Dr C Pathiraja
T Nadesan (Retired w.e.f. 14/07/2022)
A T P Edirisinghe (Ceased to be a director w.e.f. 30/06/2022)

AUDIT COMMITTEE
N Wadugodapitiya – Chairman
E P A Cooray

REMUNERATION COMMITTEE
E P A Cooray – Chairman
N Wadugodapitiya

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE
N Wadugodapitiya – Chairman
E P A Cooray
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 ninth (29th) Annual General Meeting ("AGM") of The Lighthouse Hotel PLC (the "Company") will be held on Friday, 30th June 2023 at 10.00 a.m. at "Jetwing House II" 7th Floor, 46/26, Navam Mawatha, Colombo 02 and via virtual platform for the purpose of considering and if thought fit passing the following resolutions.

1. To receive and consider the annual report of the board of directors along with the financial statements of the Company for the year ended 31st March 2023 and the report of the auditors thereon.

2. To re-elect the following directors who retire by rotation:

   (a) Mr. Ranil de Silva retires in terms of article 29 (1) of the articles of association of the Company and being eligible has offered himself for re-election as director.

   (b) Ms. Angeline Myrese Ondaatjie retires in terms of article 29 (1) of the articles of association of the Company and being eligible has offered herself for re-election as director.

   (c) Mr. Conganige Sextus Roland Sanjeewa Anthony retires in terms of article 29 (1) of the articles of association of the Company and being eligible has offered himself for re-election as director.

3. To propose the following resolution for the re-appointment of Mr. N. Wadugodapitiya, who has reached the age of seventy one (71) 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. N. Wadugodapitiya who has reached the age of seventy one (71) 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 has reached the age of seventy five (75) 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 has reached the age of seventy five (75) years and that he be re-appointed as a director of the Company.

5. To re-appoint M/s Ernst & Young, Chartered Accountants, who are deemed to be re-appointed as auditors 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 2024 and to authorise the directors to determine their remuneration therefor.

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

By order of the Board,

Corporate Services (Private) Limited
Secretaries
The Lighthouse Hotel PLC

On this 7th of June 2023

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 shareholder of the Company.

A completed form of proxy must be deposited with the secretaries of the Company at 216, de Saram Place, Colombo 10 or via corporateservices@corporateservices.lk not less than 48 hours before the time appointed for the holding of the meeting.

Form of Proxy

*I/We...

of..being *a shareholder/shareholders of THE LIGHTHOUSE HOTEL PLC do hereby appoint

1. Mr. Nawalage Joseph Hiran Mahinda Cooray	or failing him,
2. Ms. Nawalage Therese Manouri Shiromal Cooray	or failing her,
3. Mr. Ruan Ashal Elmo Samarasinghe	or failing him,
4. Mr. Conganige Sextus Roland Sanjeewa Anthony	or failing him,
5. Mr. Nihal Wadugodapitiya	or failing him,
6. Mr. Ranil de Silva	or failing him,
7. Ms. Angeline Myrese Ondaatjie	or failing her,
8. Dr. Chandrawansa Pathiraja	or failing him,
9. Mr. Emimianus Prema Alphonse Cooray	or failing him

....of ....

.... as my/our proxy to attend and vote at the annual general meeting of the Company to be held on the 30th day of June 2023 and at any adjournment thereof.

	For	Against
1. To receive and consider the annual report of the board of directors along with the financial statements of the Company for the year ended 31st March2023 and the report of the auditors thereon.		
2.		
(a) To re-elect Mr. Ranil de Silva 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 as a director.		
(b) To re-elect Ms. Angeline Myrese Ondaatjie 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 as a director.		
(c) To re-elect Mr. Conganige Sextus Roland Sanjeewa Anthony 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 as a director.		
3. **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. N. Wadugodapitiya who has reached the age of seventy one (71) years and that he be re-appointed as a director of the Company.		
4. **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 has reached the age of seventy five (75) years and that he be re-appointed as a director of the Company.		
5. To re-appoint M/s Ernst & Young, who are deemed to be re-appointed as auditors 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 2024 and to authorise the directors to determine their remuneration therefor.		
6. To authorize the directors to determine the contributions to charities for the ensuing year.		

Signed this.................................day of................................Two Thousand and Twenty Three

....

*Signature/s of the Shareholder(s)

Note:
Please delete the inappropriate words.

INSTRUCTIONS AS TO COMPLETION

1. Kindly complete the Form of Proxy by filling in legibly your full name and address and sign in the space provided. Please fill in the date of signature.

2. A shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy who need not be a shareholder, to attend and vote instead of him.

3. In the case of a corporation, the Form of Proxy must be completed under its Common Seal, which should be affixed and attested in the manner prescribed by the articles of association.

4. If the Form of Proxy is signed by an Attorney, the relevant Power of Attorney should also accompany the completed Form of Proxy in the manner prescribed in the articles of association.

5. The completed Form of Proxy should be deposited at Corporate Services (Private) Limited, 216 de Saram Place, Colombo 10 or forwarded via e-mail to corporateservices@corporateservices.lk not less than 48 hours before the appointed time for the meeting.

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