

Annual Report 15
16



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Annual Report 15/16



ANILANA
HOTELS • RESORTS • RETREATS



Anilana , a name that evokes images of beauty, tranquillity, and a touch of exclusivity. Our modern, luxurious resorts are strategically placed in Sri Lanka's most pristine landscapes, which our loyal, ever growing clientele is known to appreciate.

Our resorts have cleverly combined comfort with utility and beauty with privacy; without foregoing the traditional hospitality that Sri Lanka is renowned for. Anilana is a place that provides rest and rejuvenation for even the most weary traveller, a fact amply re-iterated by all our satisfied and valued guests.

Luxurious holidays is our forte, combining impeccable design with excellent service. Each of our resorts has its own unique identity, but the common thread of delectable cuisine, thoughtful service and comfortable, stylish accommodations, bind us together as one entity.

We have one villa and two hotels in operation from 2013 to date. To further cement our presence in the hospitality trade, we have two further hotels and several villas currently under construction. Also, we are engaged in numerous well-thought out development projects which are currently underway, as we aim to be one of the key players in Sri Lanka's up-market tourist industry.



Vision Anilana aspires to be recognised for stylish, contemporary and comfortable properties, which provide high quality service standards, gracious hospitality and focus on satisfying our guest's needs.

Mission We focus on originality and economically designing facilities to provide services which both surprise and delight our guests, whilst generating profitability for our shareholders.

Our aim is to become preferred: as an employer by our associates, as a hotel by our guests and as a shrewd investment by our shareholders.

Maintaining sustainable growth, we will provide excellent career development opportunities, memorable service and above average profitable returns to our shareholders, enhancing the value of investments and the worth of the company.

A touch of paradise.

Chairman's Message

Anilana has made us proud yet again. We, at Anilana, have successfully continued in our quest for perfecting perfection, in terms of both unmatched quality and service. Our sales revenue continues to grow and our commitment to quality and service has once again been recognised by numerous, reputed stakeholders in the hospitality industry.

Global tourism trends.

The ITB Berlin's World Travel Trends report of 2015/2016 states that "2015 has been another good year for world tourism with a 4.5% rise in outbound trips in the first eight months of this year,



whilst the outlook for 2016 remains healthy and further growth of 4.3% is expected."

Similarly, in the World Tourism Organization (UNWTO) Annual Report 2015, it is stated that "some 50 million more tourists (overnight visitors) travelled to international destinations around the world in 2015 than in 2014. Demand remained strong overall, though with mixed results across individual destinations due to strong exchange rate fluctuations, increased safety and security concerns, and the drop in oil prices and other commodities, which increased disposable income in importing countries but weakened demand in exporters."

The UNWTO Report further states that "Asia and the Pacific recorded 14 million more international tourist arrivals last year to reach 278 million (+5%), with uneven results across destinations.

Oceania (+7%) and South-East Asia (+6%) led growth, while South Asia and North-East Asia recorded an increase of 4%.”

Local tourism trends.

Tourist arrivals in Sri Lanka continued its upward spiral in 2015, and this trend of upward mobility seems to be recurrent this year, too, a fact that is in keeping with the Government’s initiative of attracting over 2.6 million tourists to our resplendent isle in 2016. There have been over 1.78 million tourist arrivals recorded in 2015, which has been a 17% increase from the preceding year. The influx of tourists from Western Europe has increased considerably; and in a similar vein, there has been an increase in tourists who hail from North America, the Middle East and China in 2015, while there has been a marginal decline in tourist arrivals from Eastern Europe.

Anilana’s performance in 2015/2016.

I am pleased to announce that Anilana’s net revenue has increased by Rs 125 million on a year on year basis, whilst the Net Loss of the group has declined considerably, from Rs 457 million in 2014/2015 to Rs 169 million in 2015/2016. Occupancy rates in Passikuda has increased to 38% (from 29% in 2014/2015), and the occupancy rates in Nilaveli, too, continues to march steadily onwards and upwards, and has reached 52% (from 30% in 2014/2015); a fact that has indeed, reiterated our position as a formidable player in Sri Lanka’s hospitality industry.

Anilana’s CSR (Corporate Social Responsibility) Initiatives in 2015.

We, at Anilana, take social responsibility seriously. For instance, Anilana Passikuda provided on-the-job training for six students from the Batticaloa Sarvodaya Skill Development Centre for 3 months (from 03rd December 2015 to 01st March 2016). The training availed them an opportunity to gain valuable work experience, whilst also enabling them to glean some practical knowledge that would indeed, complement the theoretical studies they had hitherto carried out at the Sarvodaya Skill Development Centre. These students were attached to the Food & Beverage and Housekeeping Departments at Anilana Pasikuda, and two of these six students, were later provided permanent employment with us. Similarly, in an initiative geared to enhance the knowledge of children, Anilana Pasikuda donated over eighty books in all three languages to the library of Valaichchenai Hindu College on 30th November 2015. Valaichchenai Hindu College provides primary and secondary education to over 1800 students; but although it is a leading school in its educational zone, the school library needed assistance in broad-basing

its reading matter. Hence, with the assistance of our staff members, Anilana Pasikuda was able to provide the required books to the school library.

HACCP Certification.

All stakeholders are important to us. We believe that our clientele deserve the very best; so, our effective work processes and our equally efficient staff are geared and trained to reflect this vision, enabling Anilana Passikuda to obtain HACCP Certification for the Food safety management scheme, which is based on the internationally accepted principles of both ISO 22000 and HACCP.

Accolades and Awards.

Our commitment to exceptional quality and impeccable service has not gone unrecognized and in 2015/2016 Anilana has continued to garner many prestigious awards and accolades.

We have been awarded:

1. Trip Advisor.
 - Certificate of Excellence – Anilana Nilaveli
2. Travel Myth.
 - Top 3, star hotels in Batticaloa – Anilana Pasikuda.
 - Top 3, star hotels in Trincomalee – Anilana Nilaveli
3. World Luxury Hotel Award
 - World Luxury Award for a Beach Hotel – Anilana Nilaveli

The recognition awarded to our commitment to quality and service is indeed, gratifying. Going forward, we will endeavour to better our best, as continuous improvement comes as second nature to us, here at Anilana.

Acknowledgements.

I extend my sincere appreciation to all those who have played a pivotal role in Anilana’s success this year. The Board of Directors for their leadership and guidance, the Management Team for their support, contribution and commitment, and to every single member of our much-valued staff for their tireless service and their strong commitment to quality and to the company. I further wish to extend my heartfelt gratitude to our reliable suppliers and to the vast network of people that our company interacts with on a regular basis, for their ongoing support. Last, but certainly not least, my warmest appreciation goes out to our esteemed shareholders whose unwavering faith in us, uplifts us to further heights.



Peter Lucien Amerasinghe
Chairman

Our financial year 2015/2016 has been an exemplary one with increased occupancy rates in Nilaveli and Pasikuda. Our sales revenue, too, continued to grow, cementing our stature as a key player in Sri Lanka's hospitality trade, a fact further reiterated by the new business opportunities clinched, and the many accolades awarded to us by reputed members of the travel industry.

Sales & Marketing.

Our Sales & Marketing team have indeed surpassed themselves, by not only maintaining a good relationship with existing stakeholders, but by also fostering new contracts with established tour operators and thereby



Managing Director's Message

opening new avenues for business. For instance, they have garnered the support of organizations such as Asia Travel Gate (Germany), Barefoot Travel (UK), Island Escapes (UK), Lotus Tours (Germany), Schauinsland-Reisen GmbH (Germany), Tell Tale Travels (UK) and Thomas Cook (UK).

Achievements

Our foundation for success is fuelled internally, but when our commitment to our stakeholders is recognised by reputed organizations in the travel trade, such as Tripadvisor, Travelmyth and World Luxury hotels, we are gratified, and it propels our determination to strive for even greater heights of excellence.

We have also gained HACCP certification for Food and safety Management at Anilana Pasikuda, which is indeed, laudable.

Challenges faced.

Despite an increase in sales revenue in 2015/2016, Anilana's growth has not been as accelerated as we would have liked it to be, but on the other hand, we do know that it takes time to achieve momentum in sales, especially in times of unforeseen competition and at a time where there is a lack of FDI to our country, where the securing of investment for new projects such as Panichankerni and Dambulla becomes a tad more challenging.

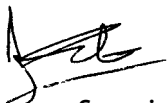
Also, at a time when hotel industry is booming, recruiting and retaining qualified, trained personnel needs to take pride of place, and this is a fact we are fully aware of.

Future plans.

The growth in Sri Lankan tourism is expected to retain its upward march, and in order to benefit from this influx of tourism, we intend to redouble our efforts to commence projects in Panichankerni and Dambulla; whilst securing investment to expand Anilana Nilaveli is also, an important priority. We are confident that such steps would help us maximize profitability in the foreseeable future.

Acknowledgement.

I wish to thank our Management Team for their untiring efforts in guiding Anilana in the correct direction. They are the heart of our organization, and their knowledge, skills and unwavering loyalty never goes by undetected or unappreciated. So once again, a heartfelt thank you to each and every one of you, who makes Anilana, the formidable force it is, today.



Asanga Seneviratne
Managing Director



Board of Director's

Peter Amerasinghe

Chairman

Mr. Peter Amerasinghe is a Fellow Member of the Chartered Management Institute of United Kingdom. He is an accomplished professional with more than 45 years of senior managerial experience that includes 15 years in Plantation Management and 17 years as Chief Executive Officer of Lanka Wall tiles PLC from its inception. Mr. Amerasinghe is a founder Director of Lanka Tiles Ltd, (now Lanka Floor tiles PLC) and held this position for 33 years.

Mr. Amerasinghe is currently the Chairman of Aristons (Pvt) Ltd and is a Consultant to Noritake Lanka Porcelain (Pvt) Ltd. He also established Ceyquartz MBI (Pvt) LTD, a joint venture with Japanese collaboration, of which he is the Chairman and Managing Director. He has considerable experience in the management of export oriented manufacturing organizations and marketing of its products both locally and internationally.



Asanga Seneviratne
Managing Director

Mr. Asanga Seneviratne is the founder of Anilana Hotels & Properties Limited, spearheading the launch of the "Anilana" brand, which he owns. He is also a Non-Executive Director of Nation Lanka Finance PLC.

Mr. Seneviratne was previously a director of Taru Villas Holdings (Pvt) Limited where he was instrumental in developing the hotel chain of Taru Villas, as well as being a Director and Chief Executive Officer of Asia Capital PLC, a public quoted Company on the Colombo Stock Exchange (since 1994). Mr. Seneviratne was previously Managing Director of Asia Securities (Pvt) Ltd, and Chief Executive Officer of Asia Capital Ltd. He has also served as Chairman of the Stock Brokers Association of Sri Lanka (2005/2006), and is currently a Director of the Colombo Stock Exchange.

Mr. Seneviratne pioneered on-line trading in Sri Lanka through Investor Access Asia (Pvt) Ltd with CDAX, the first on-line trading system in Sri Lanka, enabling direct access to the Colombo Stock Exchange for the first time, directly from the clients' personal computer.

He has been involved in key capital market and private investment deals that have taken place in Sri Lanka over the last 20 years, promoting many Direct Investments in Sri Lanka from large Foreign Institutions such as Credit Agricole-Indosuez W.I.Carr, Regent Fund Management, Auerbach Grayson & Company. As well as high net-worth individuals such as Dr. Sena Yaddehige and S.K. Tiog (Malaysia). He has been instrumental in promoting many investor conferences in Sri Lanka. With more than 20 years of extensive finance and investment experience with Asia Securities and Asia Capital, together with his experience within the hospitality industry, Mr. Seneviratne is well equipped to lead the emerging Anilana Group of Companies and successfully achieve their progressive business and expansion strategies, building a new and profitable brand which is quality driven.



Manjula Seneviratne
Director

Ms. Manjula Seneviratne is co-founder of Anilana Hotels and Properties Limited and has held the role as Non-Executive Director since the company was formed. In addition to her Anilana role, Ms. Seneviratne serves as Executive Director of Ceyquartz MBL (Pvt) Ltd, a joint venture she co-founded with Japanese partnership in 1996, which was established as a BOI Company. Ceyquartz is firmly established as an industry leader in the production of high purity silica quartz for the semiconductor industry, holds ISO 9001 certification and exports products to Japan, Singapore, Malaysia, Thailand and Korea. The company has won numerous Export Awards from the National Chamber of Exporters, most recently receiving two awards at the National Business Excellence Awards (2010)

Ms. Seneviratne completed her secondary education at Bishop's College, Colombo (1977-1989), before successfully graduating with her GCE Advance Level (Lon) at Colombo International School (1989-19991). To complete her academic studies, Ms. Seneviratne accepted a place at the University of Aberdeen in Scotland, where she became an MA Graduate (1995) in Economics and Management Studies.



Ajhan Gardiye Punchihewaa

Director

Joining the Board of Directors with effect from 22nd May 2013 as a Non-Executive Director of Anilana Hotels and Properties Limited, Mr. Ajahn Punchihewa is also the Chief Executive Officer and a Board Director of Nation Lanka Equities (Pvt) Ltd and a member of the Colombo Stock Exchange.

Mr. Punchihewa Pursued his higher studies in the UK, where he obtained his BSC (Hons) in Finance, Accounting and Management, graduating from the University of Nottingham.

On his return to Sri Lanka Mr. Punchihewa worked for Asia Securities (Pvt) Ltd, another leading investment bank, prior to forming TKS Securities(Pvt) Ltd, a Malaysian owned Licensed stock brokering house in October 2010. NLE formed a strategic alliance with foreign fund/wealth management companies world- renowned research / media firms and other local and foreign high net worth clientele.



Manjula Perera

Director

A member of the Chartered Institute of Management Accounts – UK, Mr Perera is an accomplished finance professional counting over 2 decades of experience in Sri Lanka and overseas.

In addition to his role as Head of Finance and Compliance, he was appointed as an Executive Director of Anilana Hotels and Properties PLC effective 18th May 2015.

Before joining Anilana Hotels he held key positions at Richard Pieris, Oman Air – in Oman and Aitken Spence Printing (Pvt) Ltd., where he held the position of Finance Director.

Mr Perera resigned from the Board of Anilana Hotels & Properties PLC with effect from 30th April 2016.



Corporate Management Team

Asanga Seneviratne

Managing Director

Mr. Asanga Seneviratne is the founder of Anilana Hotels & Properties PLC, and his role as Managing Director, he spearheads the company's positioning, strategic direction and the overall development of the "Anilana" brand which he owns.

The management team has been set up in a highly collaborative matrix structure with direct reporting relationships to the Managing Director. In his role his role Mr. Seneviratne is the overall guiding influence within the company, overseeing the key functions of corporate development, investment and investor coordination, financial resourcing, resource allocation and the sustained growth of the company.

Rangika Meegama

Assistant Manager – Human Resources

Ms. Meegama overlooks the central HR department with direct reports from the resorts, for the day to day HR functions. All recruitment, policy design, administration, employee relations comes under her purview.

Ms. Meegama holds Masters in Business Administration

from the Federation University of Australia along with PQHRM (Professional Qualification in Human Resources Management) from the Institute of Personnel Management (IPM) .

She has previously worked at Glover Daniels Research Solutions & Noyon Lanka PVT LTD, a member of the MAS Holdings.

Shamila Philips

Manager Sales & Marketing

Ms. Philips has played a significant role in promoting and positioning Anilana, providing solid sales experience to build our customer base and develop strong brand awareness.

Ms. Philips is actively pursuing new business opportunities on behalf of the company, whilst building strong allegiances with operators and industry specialists to develop existing business levels of Anilana Hotels in both local and overseas markets.

As part of our overall marketing strategy and product development, Ms. Philips has been deploying the necessary tactics to help develop an awareness of Anilana destinations and promoting our brand, with a particular focus on the importance of the emerging

east coast as a major tourist destination. Passionate about marketing, Ms. Philips is focusing on the pristine coastline of the east coast of Sri Lanka, to new and emerging markets, especially to the needs of the more up market traveler.

Prior to joining Anilana she worked with Uga Escapes and Mackinnons American Express Travels under the John Keells group.

Aslam Mohamed

Information Technology Manager

Mr. Aslam Mohamed is an internationally trained, high-tech savvy IT Professional who joined Anilana Hotels and Properties Limited in January 2012 after working as a freelance I.T. Consultant. Working with both local and international customers he completed several Solution Technology projects such as Amazon Cloud Migration, Smart TV, Virtualization for software development, Oracle Billing and Inventory Management Systems.

Mr. Mohamed previously held positions with the University of London, where he was employed as IT Systems Officer for 02 years, providing technical support for a large server/client infrastructure running on Novell Netware, Linux and Windows environment across several sites located all over the city of London as well as overseas. Prior to this he was a Technology Consultant for Accenture (UK) responsible for providing IT solutions for several large company clients including United Aviation Services.

He is highly qualified, holding several professional qualifications including a BSc (Hons) in Technology & E-Commerce from the University of East London in the United Kingdom, a Level 3 Diploma in Web Master Technology from the British Institute of Technology in London, United Kingdom and a CMI Executive Diploma in Management from the UK Chartered Management Institute. Aslam is also an experienced System Engineer with strong working exposure in variety of Linux distribution and he is a trained Redhat Linux Engineer, and is certified as an Advanced SUSE Linux System Professional. Having completed his education and working in the United Kingdom for several years, Mr. Mohamed returned to Sri Lanka in 2009 taking up an appointment as Head of IT with US-based software development company - Lanka-CAT (Pvt) Ltd, a position he held for two years before branching out to work freelance.

Sanjaya Bandara

Head of Sales & Marketing

Joining the team in December 2015, Mr. Bandara heads the marketing team at Anilana, an experienced industry professional having over 12 years of experience in his field as a travel agent and hotelier.

Before joining Anilana he was attached to Aitken Spence Travels & Theme resorts & spas, and has worked with brands such as World of TUI.

Mr. Bandara pursued his higher studies on Travel, tourism & hospitality management in Wigan & Leigh college – UK, and marketing studies with Chartered Institute of Marketing (CIM).

Being a travel agent most of his career has enabled him to expand on this segment catering to travel agent and tour operator needs. Being one of the first to market the Pasikuda region after the development, he has an edge on strategic marketing plans.

Nuwan Wijeweera

Accountant

Mr. Wijeweera is a member of the Institute of Professional Financial Managers - UK & a Finalist of the Institute of Chartered Accountants of Sri Lanka. An accomplished Finance professional of more than 20 years, Mr. Wijeweera is well experienced and equipped in his field. Before joining Anilana, he worked at Mackwoods & Atlas group of companies.

Anilana Destinations







Anilana Nilaveli has infused itself into the fabric of Nialveli opened since April 2014 the hotel has been able to offer employment to many of the local youth. We take pride in this achievement, and the many awards the property has been able to win with this dedicated team. Situated along one of the best beaches of Sri Lanka, with its beautiful views of Pigeon Island the hotel offers; Diving, snorkeling and deep sea fishing options. With its two swimming pools and pristine white cabanas alongside it's a haven for sun worshipers and those seeking some time off from the hustle and bustle of everyday life. Two bars and restaurants cater to the varied needs of our guests, offering local and international delights created fresh with produce sourced locally and daily. Facilities include free WIFI throughout the property, and 70 guests' rooms and suites, al Fresco dining, Spa & in house water sports facility.

Excellent hotel

Akash A

We spent two weeks in this wonderful hotel. Rooms are spacious, modern and spotless (thanks to excellent service provided by housekeeping). There are two large clean pools. Food is excellent and staff is helpful and very friendly.

Nilaveli

Pasikuda

In its fourth year of operation Anilana Pasikudah has made a name for itself, with its charm and undeniable hospitality. The ever dedicated and vibrant team has been able to add on accolades each year while maintaining its intimate and secluded atmosphere. Built away from the madding crowds that throng the public beach and common Pasikudah Bay, Anilana Pasikudah offers high levels of privacy, to all our guests. With 60 intimately appointed rooms, offering varied views, and space there's something for everyone to relax and enjoy a restful getaway at this little Gem in the east of Sri Lanka. The pool with its original design is the centerpiece and talking point, as it allows our young guest to feel at home with its shallow yet large area at the center. This also offers us the opportunity to serve up signature dining options for those special moments; when being part of a crowd is not part of the script. The beach offers a pier to slide in and out of the Indian Ocean, giving you glimpse of the recovering Reef with its schools of fish taking refuge in the cool shallow waters that hug the Anilana shore.



We loved it

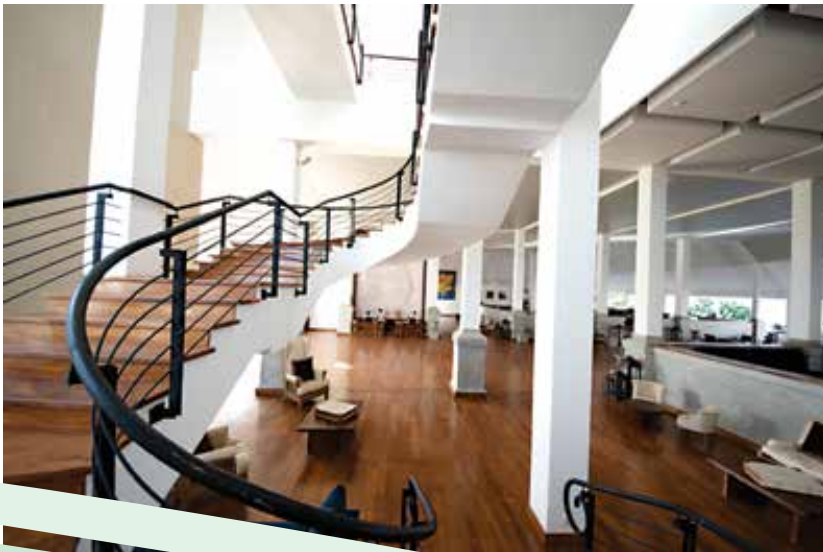
Vanessa G
London, United Kingdom

This is a very beautiful, calm, relaxing hotel. We stayed for 2 days. There isn't much to do in the area but if you want peace and quiet, a lovely room, good food and service, warm sea with a reef (so safe) and a fab pool. This is the place. It was the best hotel out of the five we stayed in in Sri Lanka.

Perfect!

Karine V
Antwerp, Belgium

We absolutely enjoyed our 5 nights stay at the Anilana! The room, the friendly staff, the excellent food, the fantastic pool, We had a very relaxing stay and were sad to leave! We enjoyed every minute of our stay and are grateful for all the kind and friendly people who work there who have made our stay very memorable! Definitely a 5 star hotel!



Nuwara Eliya

Just walking distance from the town, at the base of a mountain range lays Craigbank an old colonial home built over 100 years ago. With its four bed rooms and private way of life this is a perfect get away for those who wish to stay in a hideaway not far from the bustling town.

With warm personalized service, wonderful mountain views and vast manicured lawns this Villa is perfect for families or couples. Craigbank offers art deco style

furnished rooms with en-suite bathrooms with cozy fire places and modern amenities with WIFI, cable TV . Anilna Craigbank Nuwara Eliya offers a peaceful, stress free time and space to recharge and rejuvenate.

Authentic and very nice place

Reviewed by Andreas V

We spend three nights at Craigbank, and we really enjoyed it. The atmosphere was great, and the rooms were big and well equipped. The staff did their best to treat us very well, and they cooked some very nice meals - really nice. Hint: if you want to eat e.g. at 19:00 please ask the food to be ready at 18:30 - they were quite delayed the most of the times. We had some wonderful tea every evening, and the staff did a great job. We would like to return to this fantastic house again another time.





Panichchankerni

Located centrally between Trincomalee and Batticaloa this pristine and secluded land provides the perfect getaway from the commercialized life. We plan to develop this un-spoilt environment with ecofriendly facilities that include 78 rooms and suites.

With 17 acres of land extent Anilana Panichchankerni will be a mixed development with luxury villas adjacent to the boutique style hotel built to 5 star standards which will be offered for sale or rent. A public area will be developed centrally with water sports, Spa facility bar & restaurant for the residents of this development.





Dambulla

Anilana Dambulla Country Club and Spa, will follow an Equestrian theme, the main building is designed as an old English style country manor with a combination of rooms and suites.

With its strategic location just 72 Km from Colombo on the main Colombo road this property will be ideally positioned as a stopover point for all our east coast guest. With its close proximity to many UNESCO world heritage sites in the cultural triangle in Sigiriya & Dambulla; Anilana Dambulla is poised to enter into the lucrative year round tourist destination.

With the first stage completed we now embark on the second phase of development of the outer villas in the sprawling 40 acre property. With a 54 room planned inventory with a mixed array of accommodation on offer we hope to develop this brand as a luxury option as with the east coast hotels currently in operation.





The project will be developed as an integrated resort of Anilana Panichchankerni; and standalone world class water bungalows over the surrounding reef. The planned development is for stilled accommodation creating minimum intrusion to the natural surrounding of the reef.

Pathways will be raised and connected to the mainland facilities of water sports and Spa to avoid having too many structures on the Island. A lobby lounge with private restaurant and bar will be constructed with natural material to the highest degree to allow to blend with nature. Facilities will include 24 luxury over water bungalows.

Selladiv Island



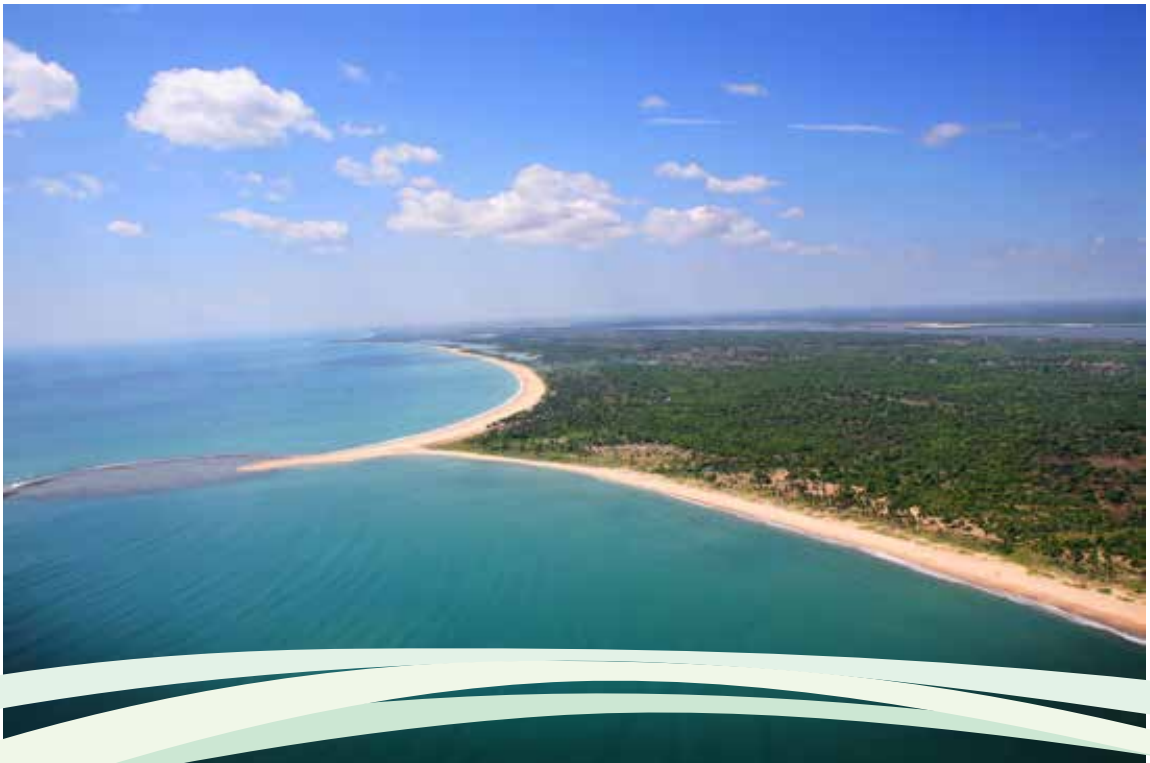


Vakarai

Anilana Vakrai with over 21 acres of land extent is an ideal holiday getaway. With its un-spoilt beaches tropical climate and clear blue waters this property will offer 80 to 90 spacious accommodation options.

In Addition to the hotel development several luxury Villas in a way of ecofriendly beach homes will be on offer for those seeking a perfect hideaway in this tropical haven.

This project is created to attract discerning high spending guests who seek exotic upmarket destinations, plans for a marina and water based activities will also appeal to this segment of clientele.





Kalkudah



This highly desirable destination of pristine, un-spoiled secluded beach will become one of the highest rated and most exclusive holiday destinations on the East Coast of Sri Lanka. With 34 acres of land at hand the plans are to develop Anilana Kalkudah as a Luxurious, eco – friendly integrated resort. Design focus is on comfort, seclusion and privacy. Villas will be designed to combine indoor and outdoor living, with high ceilings and the use of natural building materials in line with modern technique; the villas will also include private swimming pools.

With such vast land extent the proposed hotel complex will be built as the show piece along with luxurious Spa facilities.



Blue Lagoon



Anilana Blu Lagon a 12 acre prime property owned by Blue Lagoon Resort (Pvt) Ltd, a subsidiary of South Asia Asset Management (Private) Ltd which is a fully owned subsidiary of Anilana Hotels & Properties PLC. This property was acquired in January 2006.

Situated a short distance from Anilana Nilaveli and only a few Kilometers from the center of Trincomalee town, this site is lush with foliage giving a jungle atmosphere quite apt for its name. With the sea and Lagoon for its boundaries fishing and an array of water sports will be a top focus when developing the land.



Management Discussion & Analysis

a growth accounting to 45.7% of total arrivals to the country. With this in mind SLTDA plans to appoint a global PR agency to source out emerging markets and embark on a total revamp of marketing strategies through an aggressive campaign to enhance the country's Global standing as a tourist destination.

However it should be noted that the trend of tour operators to favor the known destinations in the South even while SLTDA pushes to promote the East



According to UNWTO 1 billion tourist travel to an international destination each year, it also claims that 2015 recorded a continued growth in tourism worldwide from the previous year; this is in line with the SLTDA records of tourism rising as the 3rd largest source of Foreign Exchange Earner of the national economy in 2015. This amounted to a 12.4 % contribution of the country's foreign exchange earnings. This growth factor bucks the expected Global down turn through economic upheaval faced by the west. Even though the arrivals from UK saw a decrease from 2014, the emerging market of Asia namely China saw

of Sri Lanka, the seasonal arrivals decreased in way of nights spent on average. With the UNWTO summit this year taking place in Pasikudah there should be an acceleration of promotional activities bringing the East of the country to the forefront of tourism.

Along with this the challenge will be met to promote the country outside of traditional trends, offering real time options on the fast paced digital platforms. Planning and implementation has also commenced to bring in and engage to host travel blogger conferences / hosting large tour operator summits / building Sri Lanka as MICE hub in Asia. All this offers a positive frame work for the future of tourism in the country.

The government of Sri Lanka has also taken key initiatives and proposed to set up Aqua parks in

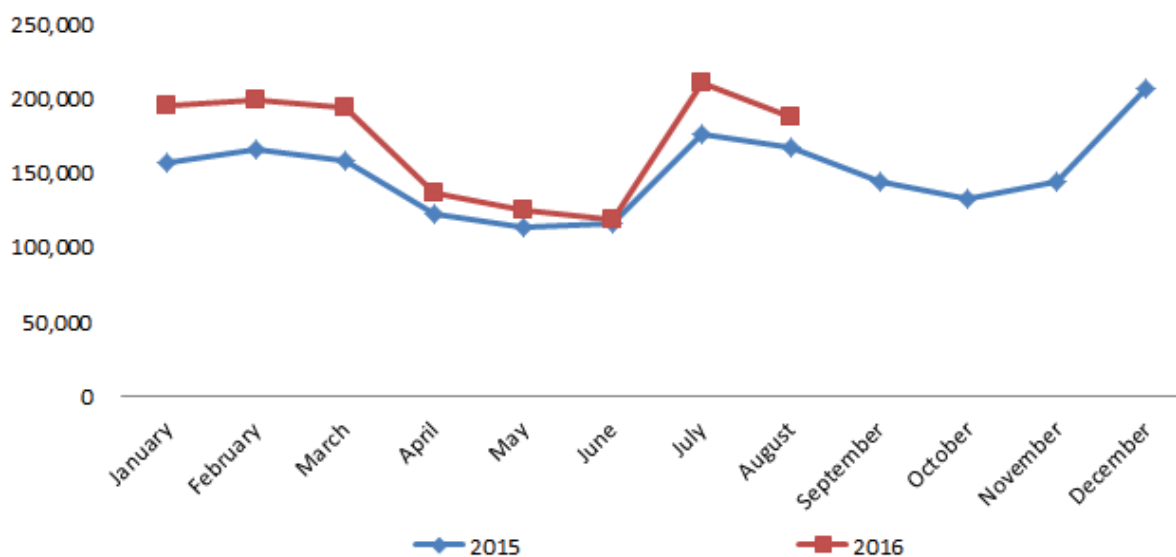
Batticaloa to upgrade tourist attraction sites, they also offer removal of tax for investors willing to invest in yachts, hovercrafts and water based activities. The new marketing plan for the country is focused on long term development while also focusing on short term goals to enhance and improve on tourist arrivals to Sri Lanka.

Month	2015	2016**	% change
January	156,246	194,280	24.3%
February	165,541	197,697	19.4%
March	157,051	192,841	22.8%
April	122,217	136,367	11.6%
May	113,529	125,044	10.1%
June	115,467	118,038	2.2%
July	175,804	209,351	19.1%
August	166,610	186,288	11.8%
September	143,374		
October	132,280		
November	144,147		
December	206,114		
TOTAL	1,798,380		
Up to August	1,172,465	1,359,906	16.0%

** Provisional

	2009	2010	2011	2012	2013	2014	2015
Total Tourist Arrivals	447,890	654,476	855,975	1,005,605	1,274,593	1,527,153	1,798,380
Accommodation Capacity- East Coast	230	238	238	296	628	842	895
Occupancy %- East Coast	37.8%	70.0%	75.7%	68.2%	69.8%	73.8%	74.1%

Tourist Arrivals



Source: Sri Lanka Tourism Development Authority

Operating Strategy & Review



Everything we do begin and ends with our guests.

We are committed to cater and develop to our growing customer need we have developed a strategy which has been built on providing clarity to our brand, maintaining consistency between hotels (by developing brand standards), equipping and organizing ourselves to sustain future levels of profitability and developing a strong manpower development plan. We have positioned ourselves to focus on the needs of our customer and provide the right products services and delivery to targeted customer groups. Anilana will sustain our anticipated growth, ensure brand integrity and preserve our profitability, whilst working and adapting in a changing market. Our aim is to consistently deliver on our brand promise, attract new customers and retain our current customers. To do this effectively we will acquire, retain, develop and engage a motivated team of professionals who are united in spirit and attitude, sharing our passion for hospitality.

Corporate Structure

Focused on overheads and to ensure that economies of scale are maintained we have centralized several of our business functions at the corporate head office in Colombo. This includes project management, finance, compliance, legal, information technology, reservations, sales & marketing, human resources, technical services and purchasing; allowing us to minimize our on-site manning levels. This in turn enables hotel operational teams to directly focus on providing hospitality and satisfying the needs of our resident customers. The role of Anilana Centre has been aligned for us to support our four core strategic needs of sustaining profitability, developing a pipeline of trained manpower, brand clarity and maintain the integrity of our brand.

Design, planning and preparation of new openings

The Corporate Management team takes a hands-on approach to ensure that the project are finically and technically viable and that it is in compliance with our brand standards. These specialists work in close liaison with architects, specialist consultants, contractors and interior designers to agree suitable layouts, project costs, constructions schedules, design standards, operating concepts, interior designs, furnishing requirements, all of which are aimed to obtain the highest standards. Marketing, Sales & Reservations Management

All marketing related activities are centrally managed from Anilana Centre, including our strategic planning,

advertising, public relations activities, collateral management, business forecasting, internet based marketing, rate & revenue management, reservations, qualification of sales prospects, sales management and contracting. We have clearly identified our markets and have established aggressive sales targets. We are gradually building a strong and diverse base, including high yield international customers from traditional markets such as the United Kingdom, Italy and Germany as well as emerging markets such as China and Russia. We are also careful to cultivate and foster positive relationships within our local markets offering special corporate and local leisure rates to entice regular, repeat guests from within the local market.

Whilst we wish to maintain strong and professional relationships with local and international Travel Specialists and Tour Operators, we are making a significant investment in our internet based communications and business capability. We have developed our own powerful reservations engine and have focused on developing strong relationships with professional on-line booking companies such as Agoda.com, Expedia and Booking.com. With a strong name optimization programme in place, we have been able to increase on line awareness of our brand, and gain preferential standing in Google search. Paying careful attention to our on-line reputation in both social media and customer experience sites such as Tripadvisor, we monitor and respond to guest feedback concerning our products, which helps us to cultivate strong brand loyalty and improve our product image for future potential guests who utilise these sites before finalizing their reservations.

Our advertising concept promotes Anilana as "a touch of paradise", an aspirational destination for the high yield experiential traveller in the international market, as well as for the upwardly mobile local market. These advertisements are image building and promote the exclusivity and tranquility of the east coast, beautiful and secluded beaches, areas of great natural beauty and a service intensive hotel experience.

As part of the Brand development and with keeping with the fast growing social media awareness; the team actively promotes the hotels on Face book, twitter and Instagram, this has been very successful at promoting the brand and building awareness. We are now focusing on building our rates, which are positioned at the high end of the market through prudent partnerships with luxury tour operators and promoters in both established and emerging markets. Focus will be on the luxury F.I.T. traveller and special guests such as honeymooners,

those seeking once in a lifetime experiences and small, more personalised high yield incentive groups.

Recruitment, manpower development and succession planning

As the wealth of any organization is in its team all human resources activities are centrally conducted, including recruitment and selection, compensation planning, development of training materials, deployment and manpower planning to ensure a future manpower pipeline is sourced and organized to ensure that sufficient leadership, specialists and employees are prepared to assume the positions when needed.

Tactical human resources activities such as provision of employee services, motivation, performance management, service training, counseling and evaluation are coordinated with the hotels periodically; as the team is a critical component to delivering on our brand promise and ultimately the guest experience. Our growth strategy is heavily dependent on ensuring we have the right people, in the right place at the right time, who have been equipped to provide Anilana's brand of hospitality to a clearly defined standard.

Our challenge comes in developing our future leaders at the rate needed to satisfy requirement at our rate of growth. We will focus on developing our future leaders by determining the specific strategic and tactical competencies required, designing development programmes. We aim to foster such competencies, first by choosing and employing skilled and talented people who can be molded to embrace the Anilana Values of service and enhance the organizations future aspirations.

Corporate governance, government liaison, licensing and legal matters

With the role of accountability to the board of Directors the Corporate Management team will continue to pursue and uphold financial transparency and legal accountability, which is then perused by our Board of Directors. We feel that it is our integrity in this regard, that helps us further the trust placed in us by our shareholders, directors, associates, clients and all other stakeholders. The development of well-defined procedures for all work processes; and the clear, accurate documentation of it, paves the way for reliable internal controls, good governance and complicity in keeping with both internal and external audit standards

Along with the implementation of corporate policies and procedures, we monitor compliance on an almost daily basis, so that a tight control is kept at all times, in keeping with the aim of protecting our assets and curbing any undue expenditure. Strict financial reporting efforts are made to ensure the adaptation of proper accounting standards, and fulfillment of internal and external Financial reporting requirements and mandatory audit to ensure that it is carried out in a methodical and timely manner.

Brand Clarity and Operating Standards

For us, Brand Clarity encompasses having uniform operating standards across all our ventures, which share the common aim of ensuring that all our clients experience the “memorable hospitality” that we are renowned for. In our books, the Fundamentals of Hospitality can be classified as:

- Defining and maintaining standards for comfort.
- Defining and maintaining standards for cleanliness.
- Awareness and implementation of safety related protocols.
- Ensuring consistency for excellent service, in all locations.

At every point of service, we aim to sustain the integrity



VVIP Guest at Anilana Nilaveli

H.E. Mr Ranil Wikramasinghe
Prime Minister of Sri Lanka

of the Anilana brand, by ensuring that our product, service and delivery standards are in keeping with our dedication to excellence.

Sustainability

Anilana is very conscious of our ethical, moral and legal obligations relating to sustainability. We believe that we need to respect our natural environment in all circumstances, as either directly or indirectly; it is the very cornerstone of our success. We believe that man and nature can co-exist peacefully, and we act in a manner that is beneficial to both, as is amply demonstrated by the decisions we take and in the way in which we fulfil our social, ethical and economic requirements.

It has become important for us to actively work towards protecting our water supplies, energy and environment to ensure that the land we live in will be sustainable for future generations.

1. Environment

All steps have been taken to respect and honor all governing laws of ordinance and regulations relating to health and environment requirements. Anilana has made significant investments towards establishing systems and monitoring them to ensure they are implemented with responsibility.

At each stage we have worked with professionals using advise of consultants who specialize in these areas to carefully plan and reduce wastage of natural recourses such as ground water. We have taken measures to use natural filtration methods for water filtration for drinking water, and an effective management of this resource for culinary, gardening and laundry use.

We have also opted to save on energy by the efficient use of LED powered lights through 80% of the properties. And solar energy powers most of the air-condition requirements, this method also provides us with our hot water requirements eliminating the excessive use of water heaters and boilers.

In addition to these we also made use of our design structure of open spaces and high ceilings in public areas to naturally cool and minimize the use of artificial cooling to beautify our premises. These methods will be carried out throughout all future projects.

2. Community

We believe in building and developing the community that plays host to us, as Anilana has a majority of future and current projects in the East of Sri Lanka we offer 70% of our employee opportunity to youth from these areas. We hire and invest in training them and also extend internship and short and long term positions through local vocational institutes.

We also source and cultivate relationships with local farmers, fisherman and traders to obtain the freshest and seasonal produce. This in turn enables the community to sustain and build ties with us.

With the interest of the local community we actively promote and support local areas and small enterprise to our guest who wishes to participate in community building themselves. Most of our guest are taken to fishing villages where they can buy off the fisherman and vegetable sellers and get their food prepared by chef at the hotel.

3. Associates

The management of Anilana in keeping with our future plans actively nurture and develop its people as they are the key to a company's success. We actively promote in house and outside training for those who need it, fostering personal growth and opportunities within the organization.

We have a successful internship program whereby we offer young university graduates opportunity to obtained valuable corporate culture while developing skills in interaction in their chosen field of work. They then have the option of integrating to the Anilana team as part of the permanent carder.

We also work closely with hotel schools and in collaboration with them offer carrier opportunities in the hospitality industry to youth to hone skills in their chosen specialty field.

4. Customers

We are in the business of customers, without them we cannot survive. As a hospitality and service provider knowing our customer, providing and anticipating for their needs is the key element that drives us. As we provide them with these needs we also are in tune

that our customer is also part of a sustainable nature, we foster a minimum use of paper to reduce felling of our forest, and consciously avoid offering of protected species from our menus.

We also ethically source our sea food from vendors who are licensed to avoid the promotion of environmentally destructive fishing methods. This also applies to any activities promoted that would harm flora & wild life.

5 Sustainable Profitability

We approach and develop a system to maintain the integrity of the Anilana Brand, thus creating opportunities to achieve a sustainable profitability that will attract future investment.

The aim is to maintain our margins by monitoring any expenditure, it is scrutinized and strategically aligned to its current and future potential to foster highest ROI.

We look toward improvements to increase revenue and encourage growth while minimizing expenditure where ever possible. Our centralized management system and centralized procurent assist with economies of scale coming into play. In additional our efforts through our initial investments towards building with sustainable and environment friendly materials will also assist in the long term.

Human Resource & Development

At Anilana, we realise that it is our people who make the difference. Our human resources goals focus on constructing and motivating a team of young, enthusiastic and well-trained individuals who are united in providing a warm, friendly and efficient service for our guests. We want our guests to enjoy a memorable stay and only a motivated team of professionals can make that happen. Our emphasis on caring for colleagues, training and internal development ensures that those who demonstrate their commitment, positive attitude and abilities can grow and develop within Anilana to reach their full potential. We focus on providing careers, not jobs.

Vision, Mission & Goals

Anilana aspires to be recognised for stylish, contemporary and comfortable properties and for providing high quality service standards, gracious hospitality and a focus on satisfying our guest's needs. Maintaining sustainable growth, we will provide above average profitable returns to owners and shareholders, enhancing the value of investments and the worth of the company. We focus on originality, economically designing facilities and providing consistent services, which both surprise and delight our guests, whilst generating profitability for our shareholders. Our vision, mission, goals, values and internal culture are interdependent, together they influence our strategic direction. Our efforts to engage associates in our planning activities to determine how we can better serve our fellow associates, guests and shareholders contributes to their commitment to genuine service, which is the first step to achieving high levels of guest satisfaction. In our view, motivating our associates to become personally involved in serving and demonstrating loyalty to our guests is central to fulfilling our mission.

Core Values & Internal Culture

We foster a common purpose and strong internal culture within Anilana through the shared values of mutual respect, commitment to serve, honesty, integrity, humility, creativity and originality. We believe our people will be the key to our success in the years ahead so our growth therefore needs to be consistent with our ability to develop our associates. They must be confident in

their skills and properly equipped to serve our guests with the grace and hospitality that Anilana wish to present.

Growth needs to be balanced and driven by our strategies and goals, but also by our shared values and internal culture. These are each interdependent and must be mutually beneficial and positively managed as this is a key component of creating sustainable long-term shareholder value. Management team members are the drivers of internal culture at Anilana, they ensure that all members of our team practice the fundamentals of our hospitality towards both our guests and their colleagues. These fundamentals include demonstrating initiative when working under pressure, remaining flexible to satisfy the needs of our guests and taking the opportunity to demonstrate they are valuable (and valued) members within the team. Providing consistency and memorable standards of hospitality are integral to our success and we believe this to be a cornerstone when building a strong, dedicated and happy team.

Anilana Team

One of our prime concerns is the acquisition, development and retention of our associates at all levels, we realize that it is only through our people that we will be able to deliver high levels of hospitality. Fundamental to our business strategy, is to earn a reputation as a preferred employer. To help us build this belief, we provide detailed and well-structured performance standards, training opportunities, feedback, guidance and career advice. We have spent considerable attention assembling an internationally experienced and like-minded team of professionals, each well established in their fields of endeavor. Now, with solid experience in design, construction, marketing, service delivery, human resources management and financial responsibility, we are able to meet the challenge of balancing the needs of our guests, whilst delivering higher than average return on investment to shareholders.

Training & Development

A significant investment has been made in the training and development of all levels of staff within Anilana, particularly in the development of computer skills, training, food production standards and internal management Development.

Significant investment has been made in computer systems to allow us to efficiently implement modern standards of management, inventory control, cost management, financial reporting, guest billing and reservations management. To ensure our team members were properly equipped to handle these systems, highly qualified international systems trainers provided on-the job and off the job training and support to enable us to provide the desired service standards and operational capabilities.

Sequences of service and standards of performance were developed and used to train our team members in the desired service standards expected for them to correctly perform their roles within the team. These resources assisted us to reduce our hiring schedule times and minimize payroll costs. Short periods of focused training improve our productivity and minimize preopening costs. This training approach will feature prominently during the future openings of each of our hotels.

Our hiring schedules for hotels include orientation

training periods, to enable us to effectively transfer skills to newly hired team members who can learn “the Anilana way” on the job, before being expected to perform themselves.

Clear culinary and food production standards have been created with detailed Anilana recipes, well-defined plate presentations and internationally acceptable hygiene standards so that our food production is authentic, cost effective and delicious.

We have already celebrated a number of internal promotions, including our first internal Resort Manager appointment. Our commitment to the internal development of our employees and management will continue, as we plan to appoint future senior management internally.

We have already launched the Anilana Management Development Programme, with the recent appointment of talented young graduates returning to Sri Lanka following graduation from international education. Payroll Management & Employee Benefits
We strive to align staffing and payroll expenses



Internationally celebrated Chef Peter Kuruvita at Anilana Nilaveli on his culinary tours working with the F & B team.

with business demand without compromising our commitment to hospitality and high levels of guest satisfaction. During periods of declining demand for our products and services we make significant changes in operations, including staff reductions, outsourcing services, review of contracts to improve pricing and modification of certain product standards to reduce costs without significantly impacting quality. As demand improves, we remain focused on actively managing expenses. A competitive compensation plan has been developed to ensure employees are well remunerated and cared for. They receive appropriate reimbursements for business, and are protected from the contingencies of life. These include a well-defined performance based salary structure, bonus plans, business related reimbursable expenses, medical insurance, hospitalisation plan as well as the government stipulated mandatory benefits such as EPF and ETF.

We are proud of the contributions and the commitment of our people and are motivated by the promise they offer towards Anilana's future.

Equal Opportunity and Diversity

Anilana provides an equal opportunity to all those who meet minimum education and age requirements to join the organization and do not discriminate with regards to gender, race, age or religious beliefs. The company employs staff, from different ethnicities and has fluent

speakers of Sinhala, Tamil and English. We also do not engage in child labor and ensure that children below 18 years of age are not employed.

Working conditions and relationship management. We ensure that the company adheres to the country's labour laws and regulations to provide employees with humane working conditions. In addition, the company strives to maintain a harmonious relationship based on common values, mutual understanding and trust. The company has an open door policy to address work place issues and encourage employees to voice any grievances to prevent small problems becoming formal disputes.

Occupational Health and Safety.

In order to ensure a healthy workforce is maintained and to create a safe working environment for the employees, the organization offers a comprehensive in-house medical insurance scheme for permanent employees at all levels. The company has taken various measures to ensure a safe working environment and that employees do not suffer from work place injuries.



Book Donation

An initiative was made to enhance the knowledge of children in the area, The team at Anilana Pasikuda donated over eighty books in all three languages to the library of Valaichchenai Hindu College on 30th November 2015.

Valaichchenai Hindu College provides primary and secondary education to over 1,800 students. Although it is a leading school in the educational zone, the school faced many shortcomings particularly in the facilities of the Library. Hence, with the assistance of our staff members, Anilana Pasikuda was able to provide the required books to the school library.



Training Program

Anilana Pasikuda provided on the job training for six students from the Batticaloa Sarvodaya Skill Development Centre for three consecutive months (from 03rd December 2015 to 01st March 2016). The training provided them an opportunity to gain valuable work experience which enabled them to gain a practical aspect to the theoretical studies they received at Sarvodaya Skill Development Centre. These students were attached to the Food & Beverage and Housekeeping departments. Out of the six students, Anilana Pasikuda provided permanent employment to two students.

Corporate Governance

Corporate Governance is the system by which Companies are directed, managed and controlled by the management in the best interest of the Shareholder.

The Board of Directors is responsible for the Governance of the Company whilst the Shareholders role in Governance is to appoint the Directors and the Auditors and to satisfy themselves that an appropriate governance structure is in place.

Compliance with the Code of Best Practice and Listing Rules.

The Company currently complies with key areas of the Code of Best Practice for Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and the Rules on Corporate Governance contained in the Listing Rules of the Colombo Stock Exchange.

Board of Directors

The Board of Directors takes responsibility for good governance of the Company. The Company's Board of consists of 5 Directors, the names of the members of the Board appear under Corporate Information on page 8 of this Report. One Third of the Directors retire by rotation at each Annual General Meeting and those eligible are recommended for re-election.

The Directors collectively possess a wide range of aptitude, skill, knowledge and experience in managing Companies.

The Board Meets regularly to review matters of importance and also the performance of the Company. The Directors retain full and effective control of the Company and provide strategic direction to the Company, monitors operational and management performance, periodically reviews the effectiveness of the Company's risk management and internal control systems and ensures that there is compliance with all relevant laws, regulations and codes of business practice. The Board had met four (5) times during the year under review.

The Directors are responsible for preparing and presenting the financial statements which are prepared in accordance with the Sri Lanka Accounting Standards and in accordance with the requirements of the Colombo Stock Exchange. A Statement of Directors' Responsibilities for the preparation of Financial Statements is set out on page 51 of this Report.

Board Sub- Committees

The Board sub-committees scrutinize and analyze the areas under their purview and ensure application of strict control over the affairs of the Company. The Sub committees make recommendations to the Board on necessary adjustments and modifications to the internal systems of the Company. The Board has constituted an Audit sub-Committee and Remuneration sub-Committee, each of which consists of two Non-Executive Directors. Reports of the Remuneration Committee and the Audit Committee are set out in the pages 46 and 47 of the Annual Report.

Company Secretaries

Corporate Advisory Services (Private) Limited, who were appointed with effect from 19th May 2010, provides Corporate Secretarial Services to the Company. The company Secretaries advise the Board on matters relating to the Companies Act, the Colombo Stock Exchange regulations and other applicable rules and regulations in order to ensure that the Best Governance practices are adopted by the board and its Committees.

Compliance with Legal Requirements

All Directors have access to the Financial and Management Information of the Company. The Directors makes every endeavor to ensure that the Company Complies with Laws and Regulations and to exercise due diligence in managing the affairs of the Company. Additionally, checks and controls are in place to ensure that the policies of the Board are complied with.

The manner and the extent to which the Company has applied the principles of good Corporate Governance practices during the period under review is set out in the table below.

Rule No.	Subject	Applicable requirement	Compliance Status	Details
7.10.1	Non Executive Directors	At least 1/3 of the total number of Directors should be Non-executive Directors	Complied	3 Out of 5 directors are Non-executive Directors
7.10.2	Independent Directors	2 or 1/3 of non-executive Directors, which is higher should be independent	Complied	2 of 3 Non-executive Directors are independent.
		Each non executive Director should submit a declaration of independence/ Non independence in the prescribed format.	Complied	Non-Executive Directors have submitted the Declarations.
7.10.3	Disclosure relating to Directors	(a) Names of Independent Directors should be disclosed in the Annual Report	Complied	Please refer information pertaining to the Directors and Board sub Committees on page 8 of the Annual Report
7.10.5	Remuneration Committee	AA listed Company shall have a Remuneration Committee	Complied	Board had established a Remuneration Committee
	(a) Composition of the Remuneration Committee	The Remuneration Committee shall comprise of Non-executive Directors and majority of which can be independent	Complied	The Remuneration Committee has 3 members 2 of whom are independent.
	(b) Functions of the Remuneration Committee	The Remuneration Committee shall recommend the remuneration of the Key Management Personnel and Executive Directors	Complied	Please refer to the Remuneration Committee Report on Page 47 of the Annual Report.
	(c) Disclosure in the Annual Report relating to Remuneration Committee	The Annual Report should set out:	Complied	Please refer Directors information on Page 8 Of the Annual Report
		a) Names of Directors comprising the Remuneration Committee	Complied	
b) Statement of Remuneration policy	Complied	Please refer the Remuneration Committee Report on Page 47 for a brief statement of policy		
c) Aggregate Remuneration paid to Executive and Non -Executive and Non- Executive Directors	Complied	Please refer Notes to the Accounts on Page 59		

7.10.6	Audit Committee	The Company shall have an Audit Committee	Complied	The Board has constituted an Audit Committee
	(a) Composition of Audit Committee	a) Shall Comprise of non-executive Directors a majority of whom shall be independent	Complied	Audit Committee consists of 3 Directors of which 2 are independent.
		b) The Chairman of the Audit Committee or one member should be a member of a professional accounting body	Complied	Chairman of the Audit Committee is member of a Professional Accounting Body
	(b) Audit Committee Functions	Should be as outlined in the section 6 of the Listing Rules	Complied	Please refer Page 46
	(c) Disclosure in the Annual Report relating to the Audit Committee	a) Names of the Directors comprising the Audit Committee	Complied	Please refer Information of the Board of Directors and the Board-sub Committees on page 8 of the Annual Report
		b) The Audit Committee shall make a determination of the independence of the Auditors and disclose such determination	Complied	Please refer to Audit Committee Report on page 46 of the Annual Report
		c) The Annual Report shall contain a Report of the Audit Committee setting out the manner of compliance of the functions	Complied	Please refer to Audit Committee Report on page 46 Of the Annual Report
7.6 (v)	Statement of Directors and Chief Executive Officers Shareholding	A Statement of each Director's holding and Chief Executive Officer's holding in shares of the Company at the beginning and end of the financial year	Complied	Please refer page 48

Other Policies and Practices Obtaining Independent Professional Advice

The Board in discharging its duties seeks independent professional advice from external parties when necessary, at the company's expenses.

Internal Controls and Risk Management

The Board has introduced adequate internal controls and risk management systems to safeguard the shareholder investments and the Company's assets. The Board is fully aware that internal controls have inherent limitations and

do not provide absolute assurance against fraud and error.

Dedication to matters of the Board and the Company

The Board of Directors devotes adequate time to the fulfillment of its duties and Directors of the Company. The Board has delegated the day to day operations of the Company and of the group to the Management Committee. The Management Committee comprises the Managing Director and a professional team of senior managers of the Company.

Division of Responsibilities between the Chairman and the Managing Director

The functions of the Chairman and the Managing Director are clearly segregated. The Chairman is responsible for the leading and ensuring the effective functioning of the Board.

The Managing Director is responsible for the Management of the business, monitoring its progress and implementing the strategies of the Company within the framework of the policies formulated by the Board.

The role of the Chairman

The Chairman ensures that Board Meetings are conducted efficiently by encouraging and ensuring the effective contribution to the deliberations by all directors. Their individual contributions and concerns are objectively assessed before major decisions are made. The Chairman also satisfies himself that the Directors are provided with sufficient information so as to facilitate

their effective contribution at Board Meetings.

Directors Remuneration

The total remuneration of Directors is disclosed in Note ... to the Financial Statements. The Board has delegated powers to the Remuneration Committee to oversee implementation of policies with regard to the Remuneration of Executive Directors and Executive Employees.

The Names of the Remuneration Committee are disclosed in page 47

Relationship with shareholders

The Annual Report and the Annual General Meeting form the principal means of communication with the shareholders quarterly financial statements of the company and that of the Group have been uploaded to the CSE website within the stipulated time frame.

Accolades

Anilana Pasikudah - Trip Advisor certificate of Excellence 2016



Anilana Nilaveli - Trip Advisor certificate of Excellence 2016



Audit Committee Report

Role of the Audit Committee

The Audit Committee is a sub-committee of the main Board to which it is accountable. The primary function of the Audit Committee is to assist the Board in its oversight of the integrity of the financial statements of the Company, to assess the qualifications, the independence and the performance of the Company's external auditor and review compliance of the Company with legal and regulatory requirements.

Composition of the Audit Committee

The Audit Committee comprises of the following three Non-Executive Directors of Anilana Hotels & Properties PLC of which two are independent.

Mr. Ajahn Gardiye PUNCHIHEWA -
Chairman of the Audit Committee

Mrs. Manjula Cleone SENEVIRATNE -
Committee Member

Mr. Peter Lucien AMERASINGHE -
Committee Member

The Managing Director and the Head of Finance attend meetings at the invitation of the Audit Committee. The Board Secretary functions as the Secretary to the Audit Committee. Representatives of external auditors and internal auditors also attend Audit Committee meetings by invitation.

The Audit Committee Chairman has the required expertise in Finance and Business Management to deliberate Audit Committee matters and recommend necessary action to be taken.

Meetings

The Audit Committee met 03 times during the year. The attendance of the members at the meeting is as follows.

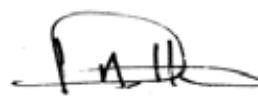
Mr. Ajahn Gardiye PUNCHIHEWA	3/3
Mrs. Manjula Cleone SENEVIRATNE	3/3
Mr. Peter Lucien AMERASINGHE	3/3

Functions performed by the Audit Committee

- a. The Committee reviewed the provisional financial statements for the three quarters that were published for financial year 2015/16 and the Annual Report of 2015/16. It appraised the preparation, presentation and adequacy of disclosures in the financial statements of the Company, in accordance with Sri Lanka Accounting Standards and SLFRS. It also reviewed the Company's compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements.
- b. The Committee reviewed the periodic internal audit reports. The internal audits are done to improve process performance and control.
- c. The Committee reviewed the external auditors' report and management letter for the last year. All recommendations proposed by the external auditors were discussed and recommendations proposed were duly carried out by the management. In addition, the Audit Committee reviewed the engagement partner's relationships with the Company, and assessed that the external auditors are independent.
- d. The Audit Committee in conjunction with the Managing Director and Head of Finance of the Company reviewed the Company's disclosure controls and procedures and internal control over financial reporting.
- e. The Audit Committee reviewed the Company's policies and practices with respect to risk assessment and risk management, including discussing with management the Company's major financial risk exposures and the steps that have been taken to monitor and control such exposures.

Conclusion

The Audit Committee is satisfied that the Company's accounting policies, independence of the auditors and risk management are adequate for the Company. The Audit Committee has also accomplished responsibilities and functions that are delegated to it by the Board.



Signature

Mr Ajahn Gardiye PUNCHIHEWA
Chairman- Audit Committee
24th August 2016

Role of the Remuneration Committee

The Committee reviews the performance of the executive staff against the set objectives and goals, and determines the compensation policy of the Company for all levels of employees. The Committee supports and advises the Board on remuneration and remuneration related matters and makes decisions under delegated authority with a view to aligning the interests of employees and shareholders.

Composition of the Remuneration Committee

The Remuneration Committee is a sub-committee of the Main Board, to which it is accountable. The Remuneration Committee comprises of the following three Non-Executive Directors of Anilana Hotels & Properties PLC of which two are independent.

Mr. Ajahn Gardiye PUNCHIHEWA -
Chairman of the Remuneration Committee

Mrs. Manjula Cleone SENEVIRATNE -
Committee Member

Mr. Peter Lucien AMERASINGHE -
Committee Member

The Managing Director attends the Committee meeting by invitation and serves as the Secretary of the Committee.

The Committee members possess vast experience in the fields of Business Management, Human Resources Management, Labour Relations and Labour Law. Hence, the Committee has adequate expertise in remuneration policy and management to deliberate and propose necessary changes, improvements to meet the roles and responsibility of the Committee.

Meetings

The Remuneration Committee met once for the year where all members participated.

Functions performed by the Remuneration Committee

a. Ensuring that the Board complies with the Companies Act in relation to Directors' remunerations, especially the requirements of section 216. And it also ensures that employees are adequately compensated

Remuneration Committee Report

based on their performance and contribution for the period under review and future potential.

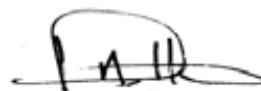
b. Constructing a specific cost of employment structure that enables Company to attract and retain a quality and representative staff in its operations and do this inter alia with reference to appropriate market rates where these are relevant and benchmarking specific categories where required.

c. Ensuring internal equity and fairness in and between the various pay categories and building incentives in the cost of employment structure to encourage and reward excellent performance, on objectively defined criteria.

d. Ensuring that staff costs are within the budget set by the Board, and are sustainable over time.

Conclusion

The Committee is satisfied that it has completed the responsibilities that were delegated to it by the Board for the year under review and the necessary objectives were achieved for the year under review.



Signature

Ajahn Gardiye PUNCHIHEWA
Chairman- Remuneration Committee
24th August 2016

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

The Directors take pleasure in presenting their report together with the Audited Financial Statements for the year ended 31st March, 2016

Principal activities

The Company's principal activity is constructing and managing hotels. The company also maintains a separate property portfolio as investment.

Directorate

The Directors of the Company during the year under review are as follows:

Asanga Chandana Seneviratne
Manjula Cleone Seneviratne
Peter Lucien Amerasinghe
Ajahn Gardiye Punchihewa
Wahalathanthrige Manjula Viraj Perera (Resigned with effect from 30th April 2016)

Directors Meetings

At each Board meeting, performance to date is reviewed and compared with targets. Presentations are made covering all aspects of operations, including productivity. The Board is constantly seeking to optimize resources and manage costs.

The financial positions monitored against budgets. Comprehensive papers are presented on the financial position of the Company for the month under review and the year to date. Comparisons are also made with the previous years' figures and with the macro environment, to detect trends and the impact of outside influences.

Where necessary, decisions are taken by circular resolutions, to expedite action.

Re-election of Directors

To re-elect Mr Ajahn Gardiye Punchihewa who retires by rotation at the Annual General Meeting in terms of Article 81 of the Company's Articles of Association.

To re-appoint as a Director, Mr. Peter Lucien Amerasinghe who is 72 years of age and who vacates his office in terms of Section 210 of the Companies Act 7 of 2007.

Notice is hereby given of the undernoted Ordinary Resolution in relation to Mr. Peter Lucien Amerasinghe's re-appointment to be passed in compliance with Section 211 of the Companies Act No. 7 of 2007.

"RESOLVED THAT Mr. Peter Lucien Amerasinghe who is 72 years of age be and is hereby re-appointed a Director of the Company and it is hereby declared as provided for in section 211 of the Companies Act No. 07 of 2007, that the age limit of 70 years referred to in Section 210 of the said Companies Act shall not apply to the said Mr. Peter Lucien Amerasinghe."

Directors' Interest in shares

The Directors interests in shares as at 31st March, 2016 were as follows:

	As at 31.03.2016	As at 31.03.2015
Asanga Chandana Seneviratne	133,846,350	126,579,839
Manjula Cleone Seneviratne	20,000,001	20,000,001
Peter Lucien Amerasinghe	966,667	966,667
Ajahn Gardiye Punchihewa	40,000	40,000
Wahalathanthrige Manjula Viraj Perera	-	-

Director's interests in contracts

In accordance with the provisions of the Companies Act No. 7 of 2007, the Directors have made declarations relating to their interests. These have been entered into the Interest Register which is maintained by the Company.

Director's remuneration

The Directors remuneration is disclosed on page 47

Board sub committees

During the year under review, an Audit Committee was appointed by the Board. The Audit Committee approved an Audit Charter which describes the role and the functions of the Committee.

Review of business

Cessation of the civil conflict has opened up high potential tourist destinations for development within Sri Lanka. Developing infra structure is assisting fast access to previously inaccessible locations on the east coast enhancing the value of land over the long term.

Details on the Company's performance for the year under review can be found in the statements of the Chairperson, Deputy Chairman and the Chief Executive Officer (found on pages 4 to 7)

Directors' responsibility for financial reporting

The Directors are responsible for the preparing of Financial Statements of the Company. The Directors believe that the Financial Statements (appearing on page 51) have been prepared in accordance with the requirements of the Sri Lanka Accounting Standards, the Companies Act No. 7 of 2007, and that they reflect a true and fair view of the state of Companies affairs for the year under review.

Responsibility statements

The Directors responsibility statement appears on page 51

Going concern

The Directors are of the view that the Company is in a position to continue its operations in the foreseeable future. Accordingly, the financial statements are prepared on the basis that the Company is a going concern.

Financial Statements

The Financial Statements are given on pages 54 to 86

Financial Results

The financial results for the year ended 31st March 2016.

	2016 Rs.'000 s	2015 Rs.'000 s
Revenue	343,981	218,612
Net Loss Before Taxation	243,112	456,743
Less: Taxation	101	111
Net Loss After Taxation	243,213	456,854

Auditors

To re-appoint the retiring Auditors M/s Amarasekera & Co, Chartered Accountants to hold office until the conclusion of the next Annual General Meeting and to authorize the Directors to determine their remuneration.

The Auditors have confirmed that they have had no interest in or relationship with the Company other than that of Auditors. They have also confirmed that they are independent in accordance with the code of ethics of the Institute of Chartered Accountants of Sri Lanka.

During the year under review, the Auditors were paid Rs. 659,100 as audit fees.

Auditors Report

The Auditors report appears on page 54

Significant accounting policies

The significant accounting policies adopted when preparing the Financial Statements and any changes thereto (if applicable) are given on pages 59 to 66

Statutory Payments

For the year under review, all known statutory payments have been made and all retirement gratuities have been provided for. Further, all management fees and payments to related parties for the year under review have been reflected in the accounts. Details are given in Note no 6 Page 67

Number of Employees

The number of employees as at 31st March 2016 was 193

Stated Capital

The stated capital of the Company is Rs. 3,863,261,648 made up of 493,308,514 Ordinary Shares.

The shareholding structure is given on pages 88 to 89 together with the 20 largest shareholders.

During the year, the share price ranged from Rs. 2.60 to Rs. 6.30 As at the end of trading on 31st March 2016 the share price was Rs. 2.90

Equitable treatment of shareholders

The Directors have made every endeavour to ensure the equitable treatment of all shareholders, and are committed to maximizing shareholder wealth.

All Notices of shareholders' Meetings are sent out in accordance with the provision of the Company's Articles of Association. Any shareholder unable to attend is still able to indicate his/her consent or dissent on any decision, by completing and returning the two way proxy provided with the Notice.

Notice of Meeting

The Notice of Meeting is found on page 90 If you are unable to be present, please complete and return the Form of Proxy (page 91 enclosed).

BY ORDER OF the Board of Directors of ANILANA HOTELS & PROPERTIES PLC



Peter Lucien Amerasinghe
Chairman



Asanga Seneviratne
Managing Director



Corporate Advisory Services (Pvt) Ltd
Secretaries

24th August 2016



Statement of Directors' Responsibilities

The Directors are responsible under the companies Act No.07 of 2007, to ensure compliance of the requirements set out therein to prepare financial statements for each financial year giving true and fair view of the state of the affairs of the Company as at the Balance sheet date and the profit of the company for the financial year.

The Directors accept the responsibility for the integrity and objectivity of the financial statements presented.

The Directors confirm that the financial statements have been prepared;

- using appropriate accounting policies which have been selected and applied in a consistent manner, and material departures, if any have been disclosed and explained: and
- presented in accordance with the Sri Lanka Accounting Standards; and that
- Reasonable and prudent judgments and estimates have been made so that the form and substance of transactions are properly reflected. And

- provides the information required by and otherwise comply with the Companies Act.

The directors confirm that the financial statements have been prepared on a going concern basis and are of the view that sufficient funds and other resources are available within the company and its subsidiaries to continue its operations and to facilitate planned future expansions and capital commitments.

Further, the Directors ensure that the Company maintains sufficient accounting records to disclose, with reasonable accuracy the financial position of the Company.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the company and in this regard to give proper consideration to the establishment of appropriate internal control systems with a view to preventing and detecting fraud and other irregularities.

The Directors are required to prepare the financial statements and to provide the auditors with every opportunity to take whatever steps and undertake whatever inspections that maybe considered being appropriate to enable them to give their audit opinion.

The Directors are of the view that they have duly discharged their responsibilities as set out in this statement.

Compliance Report

The Directors confirm that to the best of their knowledge and belief that all statutory payments in relation to regulatory and statutory authorities that were due in respect of the company and its subsidiaries as at the balance sheet date have been duly paid where relevant provided for.

By order of the Board

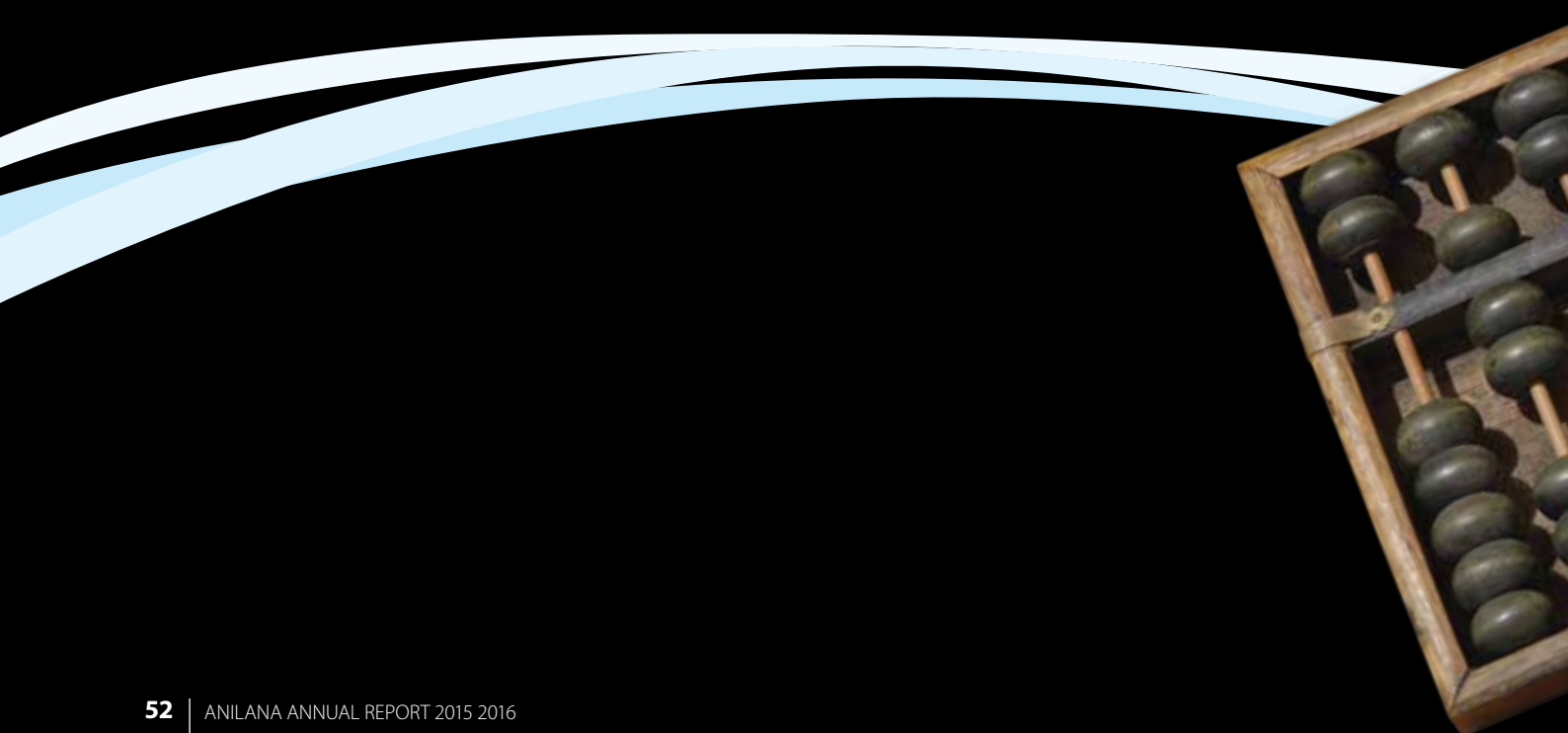
Anilana Hotels & Properties Ltd



Corporate Advisory Services (Pvt) Ltd.

Secretaries to the Company

24th August 2016



Anilana Finance



INDEPENDENT AUDITORS' REPORT

To The Shareholders of Anilana Hotels and Properties PLC

Report on the Financial Statements

1. We have audited the accompanying financial statements of **Anilana Hotels and Properties PLC** ("the Company"), and the consolidated financial statements of the Company and its subsidiary ("Group") which comprise the statement of financial position as at 31 March 2016, statements of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and summary of significant accounting policies and other explanatory information set on Pages 02- 31.

Board Responsibility for the Financial Statements

2. The Board of Directors ("Board") is responsible for the preparation of these financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2016, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

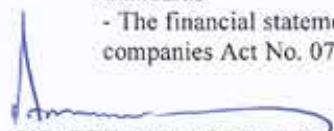
Emphasis of Matter

7. Without qualifying our opinion we draw attention to note 31.1 to these financial statements.

Report on Other Legal and Regulatory Requirements

8. As required by section 163(2) of the companies Act No. 07 of 2007, we state the following:

- (a) The basis of opinion and scope and limitations of the audit are as stated above
- (b) In our opinion:
 - 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.
 - The financial statements of the Company give a true and fair view of its financial position as at 31 March 2016, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards
 - The financial statements of the Company and the Group comply with the requirements of section 151 and 153 of the companies Act No. 07 of 2007, except for the matter referred to in paragraph seven (07) above.


CHARTERED ACCOUNTANTS
COLOMBO, 24 AUGUST 2016.

Statement of Profit or Loss and Other Comprehensive Income

Expressed in Sri Lankan Rupees

For the year ended 31 March

	Note	Group		Company	
		2016	2015	2016	2015
Revenue	3	343,980,864	218,611,905	206,349,160	112,641,079
Cost of Sales		(68,571,538)	(56,965,585)	(40,982,040)	(31,779,151)
Gross Profit		275,409,326	161,646,320	165,367,119	80,861,928
Other Income	4	49,993	2,822,261	49,993	2,772,698
Administrative Expenses		(415,519,407)	(408,456,996)	(242,480,769)	(248,156,709)
Business Promotion Expenses		(12,865,860)	(9,175,155)	(10,018,369)	(9,031,428)
Profit / (Loss) from Operation		(152,925,948)	(253,163,570)	(87,082,025)	(173,553,510)
Net Gain / (Loss) from Financial Assets at Fair Value through Profit or Loss		(1,446,208)	836,570	(1,086,209)	1,036,572
Revaluation Surplus Recognized to the Extent that Reverses the Revaluation Deficit Recognized Previously	9.3	55,199,000	-	-	-
Finance Income	5	109,302	713,400	100,498	678,267
Finance Cost	5	(144,048,473)	(205,129,614)	(102,557,480)	(162,137,973)
Profit / (Loss) Before Taxation	6	(243,112,328)	(456,743,215)	(190,625,215)	(333,976,643)
Income Tax Expense	7	(100,764)	(110,790)	(18,291)	(103,248)
Profit / (Loss) for the Year		(243,213,092)	(456,854,005)	(190,643,506)	(334,079,891)
Attributable to - Equity holders of the Parent		(243,213,102)	(456,853,973)	(190,643,506)	(334,079,891)
Attributable to - Non-Controlling Interest		11	(32)	-	-
		(243,213,091)	(456,854,005)	(190,643,506)	(334,079,891)
Basic Earnings / (Loss) Per Share (Rs.)	8	(0.49)	(1.09)	(0.39)	(0.80)
Profit / (Loss) for the Year		(243,213,091)	(456,854,005)	(190,643,506)	(334,079,891)
Other Comprehensive Income / (Expense)					
(Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods)					
Actuarial Gain / (Loss) on Retirement Benefit Obligations	23	768,759	147,979	659,069	(101,825)
Surplus on Revaluation of Property, Plant and Equipment	9.3	73,259,700	-	-	-
Total Comprehensive Income / (Expense) for the Year		(169,184,632)	(456,706,026)	(189,984,437)	(334,181,716)
Attributable to - Equity holders of the Parent		(169,185,131)	(456,705,994)	(189,984,437)	(334,181,716)
Attributable to - Non-Controlling Interest		499	(32)	-	-
		(169,184,632)	(456,706,026)	(189,984,437)	(334,181,716)

Audit Report on Page 54

Notes to the Financial Statements on Pages 59 to 86 form an integral part of these Financial Statements.

Figures in brackets indicate deductions

Statement of Financial Position

Expressed in Sri Lankan Rupees

As at 31 March		Group		Company	
ASSETS	Note	2016	2015	2016	2015
Non-Current Assets					
Property, Plant and Equipment	9	4,228,425,264	5,114,103,816	1,991,852,028	2,074,822,595
Investment Properties	10	939,400,000	-	-	-
Intangible Assets	11	2,001,398	3,389,018	2,001,398	3,389,018
Leasehold Land	12	30,895,556	32,227,556	-	-
Investment in Subsidiaries	13	-	-	2,063,373,960	1,263,373,960
Available-for-Sale (AFS) Financial Assets	15	12,000,000	12,000,000	12,000,000	12,000,000
Total Non-Current Assets		5,212,722,218	5,161,720,390	4,069,227,386	3,353,585,573
Current Assets					
Inventories	16	40,009,006	40,720,807	22,537,818	22,510,868
Financial Assets at Fair Value through Profit or Loss (FVTPL)	17	2,873,038	12,561,016	2,486,373	11,814,352
Trade and Other Receivables	18	130,167,199	192,090,049	515,577,372	1,277,936,079
Other Non-Financial Assets	19	7,183,982	6,830,575	4,627,639	4,322,165
Cash and Cash Equivalents	20	4,527,040	13,935,221	2,473,152	8,835,735
Total Current Assets		184,760,265	266,137,668	547,702,354	1,325,419,199
Total Assets		5,397,482,483	5,427,858,058	4,616,929,740	4,679,004,772
EQUITY AND LIABILITIES					
Equity					
Stated Capital	21	3,863,261,648	3,863,261,648	3,863,261,648	3,863,261,648
Revaluation Reserve		790,374,525	717,115,313	231,490,273	231,490,273
Retained Earnings (at debit)		(1,409,729,858)	(1,167,285,515)	(956,768,467)	(766,784,030)
Equity Attributable to Equityholders of the Parent		3,243,906,315	3,413,091,446	3,137,983,454	3,327,967,891
Non - Controlling Interest		(592)	(1,091)	-	-
Total Equity		3,243,905,723	3,413,090,355	3,137,983,454	3,327,967,891
Non - Current Liabilities					
Borrowings - (Non-Current Portion)	22	1,171,027,548	1,201,314,990	689,500,000	655,289,429
Retirement Benefit Obligations	23	3,418,885	2,724,048	2,699,911	2,285,960
Total Non - Current Liabilities		1,174,446,433	1,204,039,038	692,199,911	657,575,389
Current Liabilities					
Trade and Other Payables	24	300,425,726	281,991,117	237,469,960	234,802,372
Borrowings - (Current Portion)	22	514,964,011	417,178,239	407,315,699	352,185,750
Other Non-Financial Liabilities	25	49,373,831	5,642,640	31,281,910	2,955,739
Bank Overdrafts	20	114,366,759	105,916,669	110,678,806	103,517,631
Total Current Liabilities		979,130,327	810,728,665	786,746,375	693,461,492
Total Equity and Liabilities		5,397,482,483	5,427,858,058	4,616,929,740	4,679,004,772
Net Assets Value Per Share		6.58	8.16	6.36	7.95

I Certify that these Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.


Finance Officer

Date : 24th August 2016, Colombo.

Audit Report on Page 54


Notes to the Financial Statements on Pages 59 to 86 form an integral part of these Financial Statements.

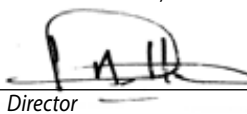
Figures in brackets indicate deductions

ANILANA ANNUAL REPORT 2015 2016

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

Approved and signed for and on behalf of the Board,


Director


Director

Statement of Changes in Equity

Expressed in Sri Lankan Rupees

For the year ended 31 March 2016

GROUP	Attributable to Equityholders of the Parent				
	Stated Capital	Revaluation Reserve	Retained Earnings (at debit)	Non-Controlling Interest	Total Equity
Balance as at 01 April 2014	3,095,892,850	717,115,313	(710,579,521)	(1,060)	3,102,427,582
Issuance of Shares (Note 1)	767,368,798	-	-	-	767,368,798
Loss for the Year	-	-	(456,853,973)	(32)	(456,854,005)
Actuarial Gain on Retirement Benefit Obligations	-	-	147,979	-	147,979
Balance as at 31 March 2015	3,863,261,648	717,115,313	(1,167,285,515)	(1,091)	3,413,090,355
Profit / (Loss) for the Year	-	-	(243,213,102)	11	(243,213,091)
Actuarial Gain on Retirement Benefit Obligations	-	-	768,759	-	768,759
Surplus on Revaluation of Property, Plant and Equipment	-	73,259,212	-	488	73,259,700
Balance as at 31 March 2016	3,863,261,648	790,374,525	(1,409,729,858)	(592)	3,243,905,723

COMPANY	Stated Capital	Revaluation Reserve (at debit)	Retained Earnings Equityholders of Parent	Total Equity Attributable to
Balance as at 01 April 2014	3,095,892,850	231,490,273	(432,602,314)	2,894,780,809
Issuance of Shares (Note 1)	767,368,798	-	-	767,368,798
Loss for the Year	-	-	(334,079,891)	(334,079,891)
Actuarial Loss on Retirement Benefit Obligations	-	-	(101,825)	(101,825)
Balance as at 31 March 2015	3,863,261,648	231,490,273	(766,784,030)	3,327,967,891
Loss for the Year	-	-	(190,643,506)	(190,643,506)
Actuarial Gain on Retirement Benefit Obligations	-	-	659,069	659,069
Balance as at 31 March 2016	3,863,261,648	231,490,273	(956,768,467)	3,137,983,454

Note 1

Category for Allocation of Funds (as per objectives given in the announcement)	Allocated Amount (Rs.)	Utilised as at 31 March 2016	Amount not Yet Utilised	Utilised Amount as a % of Allocation	Remaining as a % of Allocation	Proposed Date of Utilization of the Remaining
Retirement of Existing Debts	167,000,000	258,417,459	(91,417,459)	155	-	-
Dambulla Project	600,368,798	256,536,997	343,831,801	43	42	31 March 2017
	767,368,798	514,954,456	252,414,342	67	33	

Audit Report on Page 54

Notes to the Financial Statements on Pages 59 to 86 form an integral part of these Financial Statements. Figures in brackets indicate deductions

Statement of Cash Flows

Expressed in Sri Lankan Rupees

For the year ending 31 March

	Group		Company	
	2016	2015	2016	2015
Cash Flows from Operating Activities				
Profit / (Loss) Before Taxation	(243,112,328)	(456,743,215)	(190,625,215)	(333,976,643)
Adjustments for;				
Depreciation	158,671,048	149,977,053	83,248,457	75,223,836
Amortization of Intangible Assets	1,387,620	1,387,619	1,387,620	1,387,619
Amortization of Leasehold land	1,332,000	1,332,000	-	-
Gratuity Charge for the Year	1,463,596	1,304,621	1,073,020	1,015,234
Surplus on Revaluation Recognized to the Extent that Reverses the Revaluation Deficit Recognized Previously	(55,199,000)	-	-	-
Net (Gain) / Loss from Financial Assets at Fair Value through Profit or Loss	1,446,208	(836,570)	1,086,209	(1,036,572)
Loss on Disposals of Shares	1,248,906	5,312,485	1,248,906	5,312,485
Interest Expenses	144,048,473	205,129,614	102,557,480	162,137,973
Interest Income	(109,302)	(713,400)	(100,498)	(678,267)
Operating Profit / (Loss) Before Working Capital Changes	11,177,221	(93,849,793)	(124,022)	(90,614,337)
Changes in Working Capital				
Inventories	711,801	(12,473,357)	(26,949)	(22,510,868)
Trade and Other Receivables	61,922,851	58,853,023	(37,641,294)	(118,479,924)
Other Non-Financial Assets	(454,170)	(3,067,146)	(323,765)	(2,779,676)
Other Non-Financial Liabilities	43,731,191	(234,777,236)	28,326,171	(179,525)
Trade and Other Payables	18,434,609	1,475,441	2,667,588	(227,229,793)
Cash Generated from / (used in) Operations	135,523,504	(283,839,068)	(7,122,272)	(461,794,123)
Interest Paid	(107,567,093)	(176,793,020)	(74,815,602)	(142,452,379)
Net Cash Flow from / (used in) Operating Activities	27,956,411	(460,632,088)	(81,937,874)	(604,246,502)
Cash Flows from Investing Activities				
Acquisition of Property, Plant and Equipment / Incurred on WIP	(83,933,795)	(213,966,758)	(277,890)	(120,794,274)
Proceeds from Disposal of Shares	6,992,865	80,995,340	6,992,865	80,995,340
Interest Received	109,302	713,400	100,498	678,267
Net Cash Flow from / (used in) Investing Activities	(76,831,629)	(132,258,018)	6,815,473	(39,120,666)
Cash Flows from Financing Activities				
Term Loans Obtained	125,000,000	3,271,690	125,000,000	-
Settlements of Term Loan	(93,793,316)	(189,176,918)	(63,211,622)	(132,481,153)
Lease Rentals Paid	(189,736)	(21,144)	(189,736)	(21,144)
Issuance of Shares	-	767,368,798	-	767,368,798
Net Cash Flow from Financing Activities	31,016,948	581,442,426	61,598,642	634,866,501
Net Changes in Cash and Cash Equivalents During the Year	(17,858,270)	(11,447,680)	(13,523,758)	(8,500,667)
Cash and Cash Equivalents at Beginning of the Year	(91,981,449)	(80,533,769)	(94,681,896)	(86,181,229)
Cash and Cash Equivalents at End of the Year (Note 20)	(109,839,719)	(91,981,449)	(108,205,654)	(94,681,896)

Audit Report on Page 54

Notes to the Financial Statements on Pages 59 to 86 form an integral part of these Financial Statements. Figures in brackets indicate deductions

Notes to the Financial Statements

For the year ended 31 March 2016

1 CORPORATE INFORMATION

1.1 Reporting Entity

Anilana Hotels & Properties PLC is a Company incorporated and domiciled in Sri Lanka. The Registered office of the Company was located at 14, Reid Avenue, Colombo 07.

The consolidated financial statements of the company as at and for the year ended 31 March 2016 comprise the Company and its Subsidiaries. The group has eight (8) subsidiaries and sub-subsidiaries.

1.2 Nature of Operations and Principal Business Activities

The Company's and subsidiaries of the group Principal Activities are Developing and Managing Hotels and Properties.

There were no significant changes in the nature of the principal activities of the company and group during the financial year under review.

1.3 Date of Authorization for Issue

The Financial Statements of Anilana Hotels & Properties PLC for the year ended 31 March 2016 was authorized for issue in accordance with a resolution of the Board of directors on 24th August 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The consolidated financial statements of Anilana Hotels and Properties PLC have been prepared in accordance with Sri Lanka Accounting Standards (SLFRSs). The preparation of financial statements in conformity with Sri Lanka Accounting Standards (SLFRSs) requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group accounting policies. The areas involving a higher degree of judgments or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.23.

The consolidated financial statements have been prepared on the historical cost basis and apply consistently with no adjustments been made for inflationary factors affecting the financial statements, except for the following material items in the statement of financial position:

- I. Lands are measured at revalued amounts.
- II. Fair Value through Profit & Loss – Financial Assets measured at fair value
- III. Defined benefit obligations are measured at its present values, based on the projected unit credit method.

These financial statements have been prepared on the basis that the company and the Group would continue as a going concern for the foreseeable future.

2.1.1 New Accounting Standards, Amendments and Interpretations Issued and Adopted in 2016.

The following standards have been adopted by the Group for the first time with effect from financial year beginning on 1 January 2014.

- I. SLFRS 10 'Consolidated Financial Statements', builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.
- II. SLFRS 12 'Disclosure of Interests in Other Entities', includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.
- III. SLFRS 13 'Fair Value Measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across Sri Lanka Accounting Standards.

Other than the above changes, the amendments made to the other standards do not have a significant effect to the group financial statements.

2.1.2 Sri Lanka Accounting Standards (SLFRS/LKAS) Issued but not yet Effective

Standards issued but not yet effective up to the date of issuance of the financial statements are listed below. The group intends to adopt those standards when they become effective.

- I. SLFRS 9-Financial Instruments: SLFRS 9, issued in 2014, replaces the existing guidance in LKAS 39 Financial instruments; Recognition and Measurement. SLFRS 9 includes revised guidance on the classification and measurement of financial instrument, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forwards the guidance on recognition of financial instrument from LKAS 39. Effective date of IFRS 9 is 1 January 2018.
- II. SLFRS 15 – Revenue from Contracts with Customers: SLFRS 15 establish a comprehensive framework for determining whether, how much and when revenue is recognized. It replace existing revenue recognition guidance, including LKAS 18 Revenue and LKAS 11 construction Contracts. SLFRS 15 is effective for annual reporting period beginning on or after 1 January 2017.

The Company is assessing the potential impacts on its financial statements resulting from the application of SLFRS 15 / SLFRS 9.

2.2 Changes in Accounting Policies

The changes in accounting policies set out below have been applied consistently to the periods presented in the condensed financial statements, unless otherwise indicated.

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

2.3 Foreign Currency Translation

2.3.1 Functional and Presentation Currency

Transaction and balances included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates. The financial statements are presented in Sri Lankan Rupees (LKR), which is the company's presentation currency.

2.3.2 Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income.

Translation differences related to changes in amortized cost are recognized in the statement of comprehensive income.

2.4 Basis of Consolidation

2.4.1 Consolidation / Subsidiaries

Subsidiaries are investees that are controlled by the Company. The Company 'controls' an investee if it is exposed to, 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. The Company reassess whether it has control if there are changes to one or more of the elements of control. There are no significant restrictions on the ability of subsidiaries to transfer funds to the Company (The Parent) in the form of cash dividend or repayment of loans and advances.

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.

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 derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in the income statement. Any investment retained is recognized at fair value.

Inter-entity transactions, balances, income and expenses on transactions between group entities are eliminated. Profits and losses resulting from Inter-entity transactions that are recognized in assets are also eliminated.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognized in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units.

Non-controlling Interest

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 income 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 Group elects the proportionate share of the recognized amount of the identifiable net assets, at the acquisition date to measure non-controlling interest. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

2.4.2 General

Adjustments required to the accounting policies of subsidiaries have been changed where ever necessary to align them with the policies adopted by the group. The Financial Statements of all subsidiaries in the Group have a common financial year which ends on March 31.

2.5 Property, Plant and Equipment

2.5.1 Recognition and Measurement

All the item of property, plant and equipment are initially recorded at cost. Where items of property, plant and equipment are subsequently revalued, the entire class of such assets is revalued. Revaluations are made with sufficient regularity to ensure that their carrying amounts do not differ materially from their fair values at the reporting date.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following.

- The cost of materials and direct labour
- Any other costs directly attributable to bringing the assets to a working condition for their intended use;
- When the group has an obligation to remove the asset or restore the site, an estimate of the cost of dismantling and removing the items and restoring the site on which they are located; and
- Capitalized borrowing costs

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent to the initial recognition of the assets at cost, the revalued property, plant and equipment are carried at revalued amounts less accumulated depreciation thereon and accumulated impairment losses. The Group applies revaluation model to freehold Lands and cost model to the remaining assets under property, plant and equipment which are stated at historical cost less accumulated depreciation less accumulated impairment losses, if any.

2.5.2 Investment Properties

Investment property is property held either to earn rental income or capital appreciation or for both, but not for sale on the ordinary course of business, use in production or supply of goods and services or for administrative purposes.

Investment properties are measured initially at cost. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions as at the reporting date. Formal valuations are carried out every 3 years by qualified valuers. Gains or losses arising from changes in the fair values of investment properties are recognized in profit or loss in the year in which they arise.

Investment properties are derecognized when either they have been disposed of or when the Investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the Statement of Income in the year of retirement or disposal.

Transfers are made to investment property when,

and only when, there is a change in use, evidenced by commencement / end of owner occupation, commencement of development with a view to sale, commencement of an operating lease to another party or completion of construction or development.

2.5.3 Fair value measurement

The Group measures financial instruments and certain non-financial assets at fair value at each reporting date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- Land under revaluation model note 9
- Quantitative disclosures of fair value measurement hierarchy note 30.1.

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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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 recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing 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.

The Group determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted AFS financial assets, and for non-recurring measurement, such as assets held for sale in discontinued operations.

External valuers are involved for valuation of significant assets, such as investment properties.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.5.4 Revaluation of Freehold Properties

The freehold Lands of the Group are carried at revalued amounts. Revaluation of these assets are carried out at least once in five (5) years in order to ensure the book value every year reflect the realizable value of such assets.

When an asset is revalued, any increase in the carrying amount is credited directly to a revaluation surplus unless it reverses a previous revaluation decrease relating to the same asset, which was previously recognized as an expense. In these circumstances the increase is recognized as income to the extent of the previous write down. When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognized as an expense unless it reverses a previous increment relating to the asset, in which case it is charged against any related revaluation surplus, to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of that same asset. Any balance remaining in the revaluation surplus in respect of an asset, is transferred directly to accumulated profits on retirement or disposal of the asset.

2.5.5 Subsequent Costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

2.5.6 Depreciation

Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use.

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

Assets	Number of Years	Rates (%)
Buildings	5 – 50	2 – 20
Land Development Cost (in Leasehold Land)	30	3.33
Road Ways	10	10
Plant and Machinery	5 – 20	5 – 20
Computer & IT Equipment	4 – 20	5 – 25
Pool Complex	10 – 25	4 – 10
Curtains and Fabrics	5	20
Kitchen Equipment	5	20
Office / Electric Equipment	4 - 10	10 - 25
Furniture & Fittings	4 - 5	20 - 25
Motor Vehicles	5	20

Depreciation of an asset begins when it is available for use whereas depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized.

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

2.5.5 Disposal

The gains or losses arising on disposal or retirement of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment are recognized within other income in the statement of comprehensive income. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

2.5.6 Capital Work-in-Progress

Capital work-in-progress represents the accumulated cost of materials and other costs directly related to the construction of an asset. Capital in progress is transferred to the respective asset accounts at the time it is substantially completed and ready for its intended use.

2.6 Intangible Assets

Acquired computer software is capitalized on the basis of the costs incurred to acquire and bring to use the specific software and systems. Intangible assets acquired are stated at cost less accumulated amortization and accumulated impairment losses. These costs are amortized over their estimated useful lives, as follows:

Computer Software 05 Years

Costs associated with maintaining computer software are recognized as an expense as incurred.

2.7 Leasehold Land

Land held under leases is initially measured at the total amount paid on lease term plus any initial direct cost incurred at the inception and subsequently the

leasehold land is measured at amortized cost. The value of leasehold land is amortized over the lease period.

Leasehold land - 30 Years - Rate 3.33%

2.8 Impairment on Non-Financial Assets

At each end of reporting period, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the cash-generating unit and estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive income.

2.9 Financial Assets

(a) Classification

The group determines the classification of its financial assets at initial recognition and classifies its financial assets as follows:

- I. Financial assets at fair value through profit or loss (FVTPL)
- II. Loans and Receivables
- III. Available for sale (AFS) Financial Assets

I. Financial assets at Fair Value through Profit or Loss (FVTPL)

Financial assets at FVTPL include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. Investments bought with the intention to sell in the near future are classified as held for trading.

II. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets.

III. Available for Sale (AFS) Financial Assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified

in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

The classification of the financial assets under above categories is given in Note 29 to the financial statements.

(b) Recognition and Initial Measurement

Financial assets classified as loans and receivables are recognized on the date on which the group originates the transaction. Other financial assets are recognized on the trade-date on which the group becomes a party to the contractual provisions of the financial instrument. A financial asset is measured initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs. In case of financial assets at fair value through profit or loss, transaction costs attributable are recognized in profit or loss as incurred.

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership of the financial assets.

(c) Subsequent Measurement

I. Financial Assets at Fair Value through Profit or Loss (FVTPL)

Subsequent to initial recognition, the financial assets are re-measured at fair value. Changes in fair value are recorded in gain or losses from financial asset at FVTPL in the Statement of Comprehensive Income.

II. Loans and Receivables

Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less provision for impairment.

III. Available for Sale (AFS) Financial Assets

After initial recognition, quoted equity investment classified as AFS financial asset is measured at fair value. Changes in the fair value of AFS financial assets are recognized in other comprehensive income and presented as available for sale reserve in the statement of changes in equity. Unquoted equity investments, which are group's strategic investments are measured at cost less any impairment losses, as currently its fair value cannot be estimated reliably.

2.10 Impairment of Financial Assets

Assets Carried at Amortized Cost

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset is impaired. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on

the estimated future cash flows of the financial asset that can be reliably estimated.

For loans and receivables carried at amortized cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the financial assets is reduced and the amount of the loss is recognized in the statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal of the previously recognized impairment loss is recognized in the statement of comprehensive income.

Available-for-Sale (AFS) Financial Assets

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset is impaired. For quoted equity investments, a significant or prolonged decline in the fair value of the investments below its cost is also evidence that the assets are impaired. If any such evidence exists for the quoted investments, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss previously recognized in profit or loss is reclassified from equity to profit or loss as a reclassification adjustment. Impairment losses recognized in profit or loss for an investment in an equity instrument classified as available for sale are reversed through profit or loss. The amount of reversal is recognized in other comprehensive income.

For unquoted equity investments, a significant or prolonged decline in the value of the investments below its cost is also evidence that the assets are impaired. If any such evidence exists for the unquoted investments, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

2.11 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using weighted average cost method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads computed based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

Consumables are stated at cost. Cost is determined on a weighted average basis. Consumables are comprised of linen, stationeries and other general items which are used for consumption for operation not for re-sale.

2.12 Cash and Cash Equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.13 Financial Liabilities

The group classifies financial liabilities into other financial liabilities. The other financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

The group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired. The items of the financial liabilities are given in Note 30 to the financial statements.

2.14 Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due in the normal operating cycle of the business (within one year or less). If not, they are classified as non-current liabilities. Trade payables are recognized initially at fair value (transaction price) and subsequently measured at the transaction price as they are expected to pay in the normal operating cycle of the business.

2.15 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost using the effective interest method.

Borrowing Cost

Borrowing costs directly attributable to acquisition, construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

All other borrowing costs are recognized in the statement of comprehensive income in the period in which they are incurred.

2.16 Current and Deferred Tax

Current Tax in respect of the profits and Income of the Company is exempted for a period of fifteen (15) years reckoned from the year in which the Company commences to make profits or any year of assessment not later than two (02) years reckoned from the date of commencement of commercial activities or whichever year is earlier, as specified in BOI agreements dated 12 January 2012.

As per the BOI agreements subsidiaries namely Eastern Development Enterprises (Pvt) Ltd and Dambulla Hotel

Resort and Country Club (Pvt) Ltd are exempted from income tax for the period of fifteen (15) years and nine (9) years respectively. All other subsidiaries are liable for income tax as per the Inland Revenue Act, No. 10 of 2006 and subsequent amendments thereto.

Deferred tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred tax is determined using tax rates that have been enacted at the reporting period end date and are expected to apply when the related deferred tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority.

Deferred taxation has not been recognized due to realization of the related future tax benefits / liabilities are insignificant and also not in near future.

2.17 Employee Benefits

The group has both defined benefit and defined contribution plans.

(a) Defined Contribution Plan

A defined contribution plan is a post employment benefit plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions. The contributions are recognized as employee benefit expense when they are due. The group contributes 12% on gross emoluments of employee to Employee Provident Fund (EPF) and 3% on gross emoluments of employee to Employee Trust Fund (ETF).

(b) Defined Benefit Plan

The group obligation in respect of defined benefit plan is the present value of the defined benefits obligation at the end of the reporting period. The defined benefits obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefits obligation is determined by discounting the estimated future benefit that employee have earned in return for their services in the current and prior period.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

The group will remeasure the define benefit obligation when the amounts recognized in the financial statements will differ materially from the amount that would be determine at the end of the reporting period. Past service costs are recognized immediately in the statement of comprehensive income.

The retirement benefits obligation is not externally funded.

(c) Short-Term Employee Benefit

Short-term employee benefit obligations are measured on an undiscounted amount expected to be paid for related services provided by the employee.

2.18 Contingent Liability and Contingent Assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation.

A contingent liability also arises in extremely rare cases where there is a liability that cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the Financial Statements.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company.

The company does not recognize contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

2.19 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services rendered, stated net of Value Added Taxes (VAT), Nation Building Tax (NBT) and Tourist Board Levy (TDL) (if liable for revenue taxes). The company recognizes revenue when the amount of revenue can be reliably measured and when it is probable that future economic benefits will flow to the company.

The group applies the revenue recognition criteria set out below to each identifiable major types of revenue.

(a) Accommodation, Food & Beverage Sales

Accommodation revenue is recognized on the rooms occupied on a daily basis, and food and beverage are accounted for at the time of sales.

(b) Rendering Services

Revenue arises from services rendered is recognized in the period in which the services are rendered based on completion of services and assessed on the basis of the actual services rendered.

(c) Interest income

Interest income is recognized using effective interest method for all interest bearing financial assets.

(d) Gain and Losses on Disposal of Property, Plant and Equipment

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the statement of comprehensive income.

(e) Other income

Other income is recognized on accrual basis.

2.20 Expenses

All expenditure incurred in the running of the operation has been charged to income in arriving at the profit for the reporting period.

2.21 Events after the Reporting Period

All material events after the reporting period have been considered and where appropriate adjustments or disclosures have been made in the respective notes to the financial statements.

2.22 Commitments

All material commitments at the reporting period end have been identified and disclosed in the notes to the financial statements.

2.23 Significant Accounting Estimates and Judgments

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about the recognition and measurement of

assets, liabilities, income and expenses.

2.23.1 The following are significant judgments in applying the accounting policies that have most significant effect on the financial statements.

(a) Recognition of Deferred Tax Assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized.

2.23.2 Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are provided below:

(a) Useful Life Time of Depreciable Assets

Management reviews its estimate of the useful life time of depreciable assets at each reporting date, based on the expected economic utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

(b) Defined Benefit Plan

The present value of the defined benefit plan obligations depends on a number of factors that are determined on actuarial valuation method using a number of assumptions. The assumptions are used in determining the net cost and obligation for defined benefit plan including the discount rate disclosed in the note 23. Any changes in these assumptions will impact the carrying amount of defined benefit obligation.

Notes to the Financial Statements

Expressed in Sri Lankan Rupees

For the year ended 31 March

	Group		Company	
	2016	2015	2016	2015
3 REVENUE				
Accommodation	213,215,514	143,467,549	152,031,245	85,232,049
Food	87,929,326	50,293,451	26,034,121	13,622,659
Beverage	19,627,280	11,254,758	16,296,052	8,582,848
Other	23,208,745	13,596,147	11,987,742	5,203,523
	343,980,864	218,611,905	206,349,160	112,641,079
4 OTHER INCOME				
Dividend Income	49,993	2,768,753	49,993	2,768,753
Exchange Gain	-	53,509	-	3,945
	49,993	2,822,261	49,993	2,772,698
5 FINANCE COST				
Interest Income				
From Call Deposits and Repo's	109,302	713,400	100,498	678,267
	109,302	713,400	100,498	678,267
Interest Expenses				
On Lease	-	16,637	-	16,637
On Loan	137,564,213	191,705,071	96,264,213	148,781,629
On Overdraft	6,484,260	13,407,906	6,293,266	13,339,708
	144,048,473	205,129,614	102,557,480	162,137,973
	143,939,172	204,416,214	102,456,981	161,459,706

6 PROFIT BEFORE TAXATION

Profit Before Taxation is arrived at after charging all expenses including the following.

Auditors' Remuneration	659,100	601,816	382,600	347,902
Staff Costs	118,207,623	128,950,164	76,658,253	92,889,539
Defined Contribution Plan Costs - EPF / ETF	10,989,407	11,288,603	7,123,233	8,062,374
Defined Benefit Plan Cost - Retiring Gratuity	694,837	1,406,446	413,951	1,117,059
Depreciation	158,671,048	149,977,053	83,248,457	75,223,836
Amortization of Leasehold Lands	1,332,000	1,332,000	-	-
Amortization of Intangible Assets	1,387,619	1,387,619	1,387,620	1,387,619

7 INCOME TAX EXPENSE

Current Tax Expense on Ordinary Activities for the Year	100,764	129,839	18,291	123,445
(Over) / Under Provision for Previous Years	-	(19,049)	-	(20,197)
	100,764	110,790	18,291	103,248

Notes to the Financial Statements

Expressed in Sri Lankan Rupees

For the year ended 31 March

	Group		Company	
	2016	2015	2016	2015
7.1 Reconciliation Between the Current Tax Expense and the Product of Accounting Profit.				
Accounting Profit Before Taxation	(243,112,328)	(456,743,215)	(190,625,215)	(333,976,643)
Aggregate of Disallowable Expenses	167,984,151	162,435,152	90,572,630	85,802,996
Aggregate of Allowable Expenses	(358,703,303)	(358,218,123)	(216,331,014)	(216,824,026)
Other / Exempted Income / Adjustment to Accounting Losses	(149,244)	(1,787,807)	(140,441)	(4,415,766)
Adjusted Business Profit / (Loss)	(433,980,724)	(654,313,993)	(316,524,041)	(469,413,439)
Other Income Liable for Tax	1,146,107	713,400	100,498	678,267
Statutory Income	1,146,107	713,400	100,498	678,267
Tax Losses Utilized	(401,138)	(249,690)	(35,174)	(237,394)
Assessable Income / Taxable Income	744,970	463,711	65,324	440,874
Income Tax on Statutory Tax Rate of 28%	18,291	129,839	18,291	123,445
Income Tax on Statutory Tax Rate of 12%	82,473	-	-	-
Current Tax on Ordinary Activities for the Year	100,764	129,839	18,291	123,445
Tax Losses				
Loss Brought Forward	1,304,164,229	650,099,926	847,907,203	378,731,158
Loss Incurred During the Year	433,980,724	654,313,992	316,524,041	469,413,439
Loss Utilized	(401,138)	(249,690)	(35,174)	(237,394)
Loss Carried forward	1,737,743,815	1,304,164,229	1,164,396,070	847,907,203
7.2 Deferred Taxation				
The unidentified deferred tax assets at the reporting dates are;				
The Category of the Temporary Differences				
Arising from Carried Forward Tax Losses				
(from Tax Charged Companies)	486,568,268	365,165,984	326,030,900	237,414,017
Arising from Retirement Benefits Obligation	957,288	762,733	755,975	640,069
	487,525,556	365,928,717	326,786,875	238,054,086
8 BASIC EARNINGS / (LOSS) PER SHARE (Rs.)				
Amount used as the Numerator				
Profit / (Loss) Attributable to Ordinary Shareholders (Rs.)	(243,213,102)	(456,853,973)	(190,643,506)	(334,079,891)
Number of Ordinary Shares used as the Denominator				
Weighted Average Number of Ordinary Shares	493,308,514	418,523,844	493,308,514	418,523,844
Basic Earnings / (Loss) Per Share (Rs.)	(0.49)	(1.09)	(0.39)	(0.80)

The calculation of Basic Earnings / (Loss) per share has been done based on profit / (Loss) after tax attributable to the equity shareholders of the parent company for the year divided by the weighted average number of ordinary shares in issues as at 31 March 2016.

Notes to the Financial Statements continued
Figures in brackets indicate deductions

Notes to the Financial Statements

Expressed in Sri Lankan Rupees

For the year ended 31 March

9 PROPERTY, PLANT & EQUIPMENT

Group	Land	Building	Land Development & Roadways	Plant & Machinery	Computers & IT Equipment	Pool Complex / Curtains & Fabric / Kitchen Equip.	Motor Vehicles	Furniture & Fittings / Office / Electric Equip.	Total
Balance as at 01 April 2015	2,332,542,253	1,975,586,939	60,669,246	83,540,469	49,244,663	240,135,405	10,022,860	211,513,973	4,963,255,809
Additions	-	-	-	-	-	902,487	-	600,956	1,503,443
Adjustment on Revaluation	129,900,000	-	(2,059,000)	-	-	-	-	-	127,841,000
Transferred from / (to) (Note 9.3)	(939,400,000)	4,746,910	-	-	-	-	-	-	(934,653,090)
Balance as at 31 March 2016	1,523,042,253	1,980,333,849	58,610,246	83,540,469	49,244,663	241,037,892	10,022,860	212,114,929	4,157,947,162
Depreciation									
Balance as at 01 April 2015			6,767,032	8,667,200	6,734,458	41,331,284	5,837,148	57,118,017	225,216,738
Adjustment on Revaluation			(617,700)	-	-	-	-	-	(617,700)
Charge for the Year		72,522,461	2,483,909	6,324,378	3,799,493	32,934,685	2,204,572	38,401,549	158,671,048
Balance as at 31 March 2016		171,284,061	8,633,242	14,991,579	10,533,950	74,265,969	8,041,720	95,519,566	383,270,086
Net Carrying Values									
Land								1,523,042,253	2,332,542,253
Building								1,809,049,789	1,876,825,340
Land Development and Roadways								49,977,004	53,902,214
Plant and Machinery								68,548,890	74,873,269
Computers and IT Equipment								38,710,713	42,510,205
Pool Complex / Curtains and Fabrics / Kitchen Equipment								166,771,924	198,804,121
Motor Vehicles								1,981,140	4,185,712
Furniture and Fittings / Office / Electric Equipment								116,595,363	154,395,956
Capital Work-in-Progress								(Note 9.1)	453,748,188
								3,774,677,076	4,738,039,071
									376,064,745
								4,228,425,264	5,114,103,816

Notes to the Financial Statements continued
Figures in brackets indicate deductions

Notes to the Financial Statements

Expressed in Sri Lankan Rupees

For the year ended 31 March 2016

9 PROPERTY, PLANT & EQUIPMENT CONTINUED

Company	Land	Building	Land Development & Roadways	Plant & Machinery	Computers & IT Equipment	Pool Complex / Curtains & Fabric / Kitchen Equip.	Motor Vehicles	Furniture & Fittings / Office / Electric Equip.	Total
Balance as at 01 April 2015	563,042,253	1,237,304,874	15,449,940	40,381,325	19,836,052	163,314,739	10,022,860	99,288,374	2,148,640,418
Additions	-	-	-	-	-	-	-	277,890	277,890
Balance as at 31 March 2016	563,042,253	1,237,304,874	15,449,940	40,381,325	19,836,052	163,314,739	10,022,860	99,566,264	2,148,918,308
Depreciation									
Balance as at 01 April 2015		34,311,065	617,998	3,247,872	1,917,395	19,014,264	5,837,148	17,360,744	82,306,485
Charge for the Year		37,432,314	617,998	3,460,823	2,091,703	20,748,293	2,204,572	16,692,755	83,248,457
Balance as at 31 March 2016		71,743,379	1,235,995	6,708,695	4,009,098	39,762,557	8,041,720	34,053,499	165,554,943
Net Carrying Values									
Land								563,042,253	563,042,253
Buildings								1,165,561,495	1,202,993,809
Land Development and Roadways								14,213,945	14,831,943
Plant and machinery								33,672,630	37,133,453
Computer and IT Equipment								15,826,954	17,918,657
Pool Complex / Curtains and Fabric / Kitchen Equipment								123,552,182	144,300,475
Motor Vehicles								1,981,140	4,185,712
Furniture and Fittings / Office / Electric Equipment								65,512,765	81,927,630
Capital Work-in-Progress								1,983,363,365	2,066,333,932
								(Note 9.1)	8,488,663
								(Note 9.2)	1,991,852,028
									2,074,822,595
9.1 Capital Work-in-Progress-Buildings									
Balance as at 01 April 2015									376,064,745
Additions									82,430,353
Transferred from / (to)									(4,746,910)
Balance as at 31 March 2016									453,748,188

Notes to the Financial Statements continued
Figures in brackets indicate deductions

For the year ended 31 March 2016

9 PROPERTY, PLANT & EQUIPMENT CONTINUED

Company

9.2 Carrying Value of Property, Plant and Equipment

	Group			Company	
	2016	2015	2016	2016	2015
At Cost	2,266,077,076	3,298,139,071	1,701,873,092	1,784,843,659	
At Valuation	1,508,600,000	1,439,900,000	281,490,273	281,490,273	
Work-in-Progress	453,748,188	376,064,745	8,488,663	8,488,663	
	4,228,425,264	5,114,103,816	1,991,852,028	2,074,822,595	

9.3 Revaluation During the Year / Property, Plant and Equipment Transfers

The lands of the following subsidiaries, revalued at the reporting date have been transferred to Investment properties during the year consequent to the business decision taken by the Board. As a result, the lands will be considered for capital appreciation or renting.

Name of the Company	Revalued Total Revaluation		
	Amount	Surplus in Profit or Loss	Revelution Surplus Recognised In OCI / under Reserve
East Wind Resorts (Pvt) Ltd.	94,400,000	17,700,000	-
Blue Lagoon Hotels Resort (Pvt) Ltd	471,000,000	51,000,000	-
Vakarei Hotels (Pvt) Ltd	374,000,000	59,758,700	55,199,000
	939,400,000	128,458,700	55,199,000
			73,259,700

Notes to the Financial Statements continued
Figures in brackets indicate deductions

9.4 Details of Group's / Company's Freehold Lands Stated at Valuation are Indicated below:

Property	Method of Valuation	Effective Date of Last Valuation	Valuer	Land Extent	Carrying Value of Revalued Assets, If carried at Historical Cost	Carrying Value of Revalued Assets
Group / Company				(Acres)	31 March 2016	31 March 2015
Company				(Perches)		
Lands of Anilana Hotels and Properties PLC	Market Approach	20 March 2012	Ariyathilake & Co. (Pvt) Ltd	53 0 49	281,551,980	281,551,980
Subsidiaries						
Lands of East Wind Resorts (Pvt) Ltd.	Market Approach	20 March 2016	Ariyathilake & Co. (Pvt) Ltd	7 1 20	1,000,000	1,000,000
Lands of Dambulla Hotel Resort And Country Club (Pvt) Ltd	Market Approach	12 August 2011	Ariyathilake & Co. (Pvt) Ltd	39 2 5	7,900,000	7,900,000
Lands of Blue Lagoon Hotels Resort (Pvt) Ltd	Market Approach	20 March 2016	Ariyathilake & Co. (Pvt) Ltd	7 1 38	7,900,000	7,900,000
Lands of Vakarei Hotels (Pvt) Ltd	Market Approach	20 March 2016	Ariyathilake & Co. (Pvt) Ltd	21 2 35.8	650,000	650,000
					299,001,980	299,001,980
					2,462,442,253	2,333,983,553

9.5 Valuation Techniques and Significant unobservable Inputs;

Property	Method of Valuation	Effective Date of Valuation	Significant Unobservable Inputs	Interrelationship between Key Unobservable Inputs and Fair Value Measurements
Group / Company				
Lands	Market Approach	12 August 2011	Estimated cost per Perch	Positive correlated sensitivity
		20 March 2012		
		20 March 2016		

9.6 Title restriction on and Property, plant and Equipment pledged as securities

There were no restrictions existed on the title of the Property, Plant & Equipment of the Group/company as at the Reporting date. Refer Note No. 22.3 for Property, Plant & Equipment pledged as securities for liabilities as at the Reporting date.

Notes to the Financial Statements

Expressed in Sri Lankan Rupees

For the year ended 31 March 2016

		Group	
		2016	2015
10 Investment Properties			
	Land (Transferred from Property, Plant and Equipment)	939,400,000	-
11 Intangible Assets			
	Computer Software	Hotel Property Management System	Accounting System
	Group / Company		Total
	Cost		
	Balance as at 01 April 2015	1,364,677	2,439,501
	Additions	-	-
	Balance as at 31 March 2016	1,364,677	2,439,501
	Amortization		
	Balance as at 01 April 2015	767,898	1,456,080
	Charge for the Year	272,936	487,900
	Balance as at 31 March 2016	1,040,834	1,943,980
	Net Carrying Values	2016	2015
	Computer Software	323,843	596,779
	Hotel Property Management System	495,520	983,421
	Accounting System	1,182,035	1,808,819
		2,001,398	3,389,018
12 Prepaid Leasehold Land			
	Group		
	Cost		
	Balance as at 01 April 2015	40,000,000	40,000,000
	Additions	-	-
	Balance as at 31 March 2016	40,000,000	40,000,000
	Amortization		
	Balance as at 01 April 2015	7,772,444	6,440,444
	Amortization	1,332,000	1,332,000
	Balance as at 31 March 2016	9,104,444	7,772,444
	Net Carrying Value	30,895,556	32,227,556

The Subsidiary Company (Eastern Development Enterprises (Pvt) Ltd) entered into an Agreement (No. 47 dated 25/06/2009) with Tourism Development Authority of Sri Lanka to acquire a Land on lease terms. The land was allocated to the Company for a lease period of 30 years commencing from 01 June 2009 and ending on 31 May 2039. Therefore, the initial cost (Rs. 40,000,000/-) of the land is amortized over the lease period of 30 years at the rate of 3.33% per annum.

Notes to the Financial Statements continued
Figures in brackets indicate deductions

Notes to the Financial Statements

Expressed in Sri Lankan Rupees

For the year ended 31 March 2016

12.1 Analysis of prepaid lease rights	Group	
	2016	2015
Prepaid lease rights are to be amortised;		
Not Later than One Year	1,332,000	1,332,000
Later than One Year but Not Later than 5 Years	3,996,000	3,996,000
Later than Five Years	25,567,556	26,899,556
	30,895,556	32,227,556

13 Investment in Subsidiaries

Unquoted Investments **2,063,373,960** **1,263,373,960**

13.1 Direct Holding	Principle Activities	Effective Equity Interest Held by the Group		Company	
		2016	2015	Cost	Cost
Investment by the Company					
South Asia Asset Management (Pvt) Ltd	Intermediate Holding	99.99	99.99	661,930,120	661,930,120
Vakarei Hotel (Pvt) Ltd	Developing and Manging Hotels	100	100	368,000,000	368,000,000
Dambulla Hotel & Country Club (Pvt) Ltd	Developing and Manging Hotels	49	49	232,443,820	232,443,820
Eastern Development Enterprises (Pvt) Ltd	Developing and Manging Hotels	100	100	800,000,010	10
Anilana Resorts (Pvt) Ltd	Developing and Manging Hotels	99.99	99.99	1,000,000	1,000,000
Panichchankerni Hotels Ltd	Developing and Manging Hotels	100	100	10	10
				2,063,373,960	1,263,373,960

13.2 Indirect Holding	Principle Activities	Effective Equity Interest Held by the Group		Company	
		2016	2015	Cost	Cost
Investment through the Group					
East wind Resorts (Pvt) Ltd	Developing and Manging Hotels	99.99	99.99	76,700,000	76,700,000
Dambulla Hotel & Country Club (Pvt) Ltd	Developing and Manging Hotels	51	51	241,931,180	241,931,180
Blue Lagoon Hotel Resorts (Pvt) Ltd	Developing and Manging Hotels	99.99	99.99	419,998,940	419,998,940
				738,630,120	738,630,120

13.3 During the year there were no any changes in the group structure, new acquisition, disposals or transactions between the non-controlling interests, Other than where the Eastern Development Enterprises (Pvt) Ltd has issued shares against its Amount due Anilana Hotels and Properties PLC amounting to Rs. 800,000,000/-.

Notes to the Financial Statements continued
Figures in brackets indicate deductions

Notes to the Financial Statements

Expressed in Sri Lankan Rupees

For the year ended 31 March 2016

15 Available-for-Sale (AFS) Financial Assets		Group / Company	
		2016	2015
Unquoted Shares	(Note 15.1)	12,000,000	12,000,000
15.1 Investments Made in Unquoted Shares			
Nation Lanka Promotions Ltd		12,000,000	12,000,000
		12,000,000	12,000,000

AFS unquoted investments comprise group's strategic investments which are measured at cost less impairment since, its fair value cannot be reliably measured.

16 Inventories	Group		Company	
	2016	2015	2016	2015
Food and Beverage	9,902,093	4,689,279	9,466,397	2,344,258
House Keeping	15,680,675	21,927,581	9,814,405	11,057,708
Others	14,426,238	14,103,947	3,257,016	9,108,903
	40,009,006	40,720,807	22,537,818	22,510,868

17 Financial Assets at Fair Value through Profit or Loss (FVTPL)	Group		Company		
	2016	2015	2016	2015	
Investments in Quoted Shares	(Note 17.1)	2,873,038	12,561,016	2,486,373	11,814,352
17.1 Analysis of the Investments					
Balance as at 01 April		12,561,016	98,032,271	11,814,352	97,085,604
Disposals		(8,241,771)	(86,307,825)	(8,241,771)	(86,307,825)
Fair Value Adjustment		(1,446,208)	836,570	(1,086,209)	1,036,572
Balance as at 31 March		2,873,038	12,561,016	2,486,373	11,814,352

18 Trade and Other Receivables		Group		Company	
		2016	2015	2016	2015
Trade Receivables	(Note 18.1)	10,971,405	2,618,133	7,030,594	-
Deposits and Advances	(Note 18.2)	3,841,842	10,715,436	3,507,092	3,414,001
Amounts Due from Related Parties	(Note 18.3)	100,822,307	168,218,268	490,528,041	1,264,026,366
Others		14,531,645	10,538,212	14,511,645	10,495,712
		130,167,199	192,090,049	515,577,372	1,277,936,079

18.1 Trade Receivable That are Past Due but not Impaired

The Group has trade receivables amounting to approximately Rs 10.97 Mn (2015: Rs 2.61 Mn) that are past due at the reporting date but not impaired. These receivables are unsecured and the analysis of their aging for major segment as at the reporting date is as follows:

30 - 60 days	8,885,289	2,118,000	6,318,705	-
61 - 90 days	2,023,950	500,133	649,722	-
180 - 365 days	62,166	-	62,166	-
	10,971,405	2,618,133	7,030,594	-

Notes to the Financial Statements continued
Figures in brackets indicate deductions

Notes to the Financial Statements

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18.2 Deposits and Advances				
Refundable Deposits	2,273,750	2,245,800	1,961,250	1,911,250
Others Advances	1,568,092	8,469,636	1,545,842	1,502,751
	3,841,842	10,715,436	3,507,092	3,414,001
18.3 Amounts Due from Related Parties				
Subsidiaries				
Anilana Resort (Pvt) Ltd	-	-	128,095,274	125,855,778
Eastern Development Enterprises (Pvt) Ltd	-	-	41,865,669	813,973,275
Blue Lagoon Hotel (Pvt) Ltd	-	-	1,211,593	1,046,075
East Wind Resort (Pvt) Ltd	-	-	396,547	337,877
Dambulla Hotels & Country Club (Pvt) Ltd	-	-	110,905,088	96,645,540
Vakarei Hotel (Pvt) Ltd	-	-	2,378,647	2,314,294
South Asia Asset Management (Pvt) Ltd	-	-	219,771	154,725
Panichchankerni Hotels Ltd	-	-	109,304,766	60,152,156
	-	-	394,377,355	1,100,479,719
Other Related Parties				
Asia Fort Asset Management (Pvt) Ltd	40,688,665	42,451,993	40,236,665	41,999,993
Ceylinco Investments Corporation Ltd	-	(59,271)	-	(59,271)
Leader Holdings (Pvt) Ltd.	26,186,406	26,186,406	21,986,406	21,986,406
Nation lanka Promotion Ltd	1,938,747	1,938,747	1,938,747	1,938,747
Anilana Security Ltd	79,680	79,680	79,680	79,680
Keraton International Ltd	65,173	65,173	54,251	54,251
Luma Plus Ltd	64,071	64,071	55,371	55,371
Tropical Foliage Ltd	150,000	6,156,854	150,000	6,156,854
Anilana Tropical Foliage Ltd	91,200	91,200	91,200	91,200
Moghul Fund (Pvt) Ltd	10,508,879	69,779,589	10,508,879	69,779,589
AIO Investment (Pvt) Ltd	21,049,486	21,049,486	21,049,486	21,049,486
Nation Lanka Equities Ltd	-	414,339	-	414,339
	100,822,307	168,218,268	96,150,686	163,546,646
	100,822,307	168,218,268	490,528,041	1,264,026,366
19 Other Non-Financial Assets				
Prepaid Expenses	6,463,780	4,324,806	3,985,815	1,975,644
Value Added Tax (VAT)	-	1,636,206	-	1,636,206
Withholding Tax (WHT)	720,202	869,564	641,824	710,315
	7,183,982	6,830,575	4,627,639	4,322,165
20 Cash and Cash Equivalents				
Favorable Balances				
Cash at Bank	3,682,088	13,146,951	1,883,600	8,298,535
Cash in Hand	844,952	788,270	589,552	537,200
	4,527,040	13,935,221	2,473,152	8,835,735
Unfavorable Balances				
Bank Overdrafts	(114,366,759)	(105,916,669)	(110,678,806)	(103,517,631)
Total for the Purposes of Cash Flow Statement	(109,839,719)	(91,981,449)	(108,205,654)	(94,681,896)

Notes to the Financial Statements continued
 Figures in brackets indicate deductions

Notes to the Financial Statements

Expressed in Sri Lankan Rupees

For the year ended 31 March 2016

21 Stated Capital					
Issued and Fully Paid,					
Group / Company	No. of Shares		Value		
	2016	2015	2016	2015	
Balance as at 01 April	493,308,514	383,684,400	3,863,261,648	3,095,892,850	
Issuance of Ordinary Shares	-	109,624,114	-	767,368,798	
Balance as at 31 March	493,308,514	493,308,514	3,863,261,648	3,863,261,648	
22 Borrowings					
	Group		Company		
	2016	2015	2016	2015	
Borrowings - Non-Current Potion					
Bank Borrowings	(Note 22.1)	1,171,027,548	1,201,221,561	689,500,000	655,196,000
Lease Obligations	(Note 22.2)	-	93,429	-	93,429
		1,171,027,548	1,201,314,990	689,500,000	655,289,429
Borrowings - Current Potion					
Bank Borrowings	(Note 22.1)	514,964,011	417,081,932	407,315,699	352,089,443
Lease Obligations	(Note 22.2)	-	96,307	-	96,307
		514,964,011	417,178,239	407,315,699	352,185,750
		1,685,991,559	1,618,493,229	1,096,815,699	1,007,475,179
22.1 Bank Borrowings					
Movement of Borrowings					
Balance as at 01 April		1,618,303,493	1,775,888,763	1,007,285,443	1,120,097,639
Obtained During The Year		125,000,000	3,271,690	125,000,000	-
Settlements Made		(93,793,316)	(189,176,918)	(63,211,622)	(132,481,153)
Accrued Interest		36,481,381	28,319,957	27,741,878	19,668,957
Balance as at 31 March		1,685,991,558	1,618,303,493	1,096,815,699	1,007,285,443
Non-Current Potion		1,171,027,548	1,201,221,561	689,500,000	655,196,000
Current Potion		514,964,011	417,081,932	407,315,699	352,089,443
		1,685,991,559	1,618,303,493	1,096,815,699	1,007,285,443
22.2 Finance Lease Payables					
				Group / Company	
				2016	2015
Analysis of Finance Obligation by the Year of Re-payments					
Current Potion				-	96,307
Non-Current Potion				-	93,429
				-	189,736
Current Potion					
Lease Creditors				-	105,720
Interest Allocated to Future Periods				-	(9,413)
				-	96,307
Non-Current Potion					
Lease Creditors				-	95,148
Interest Allocated to Future Periods				-	(1,719)
				-	93,429

Notes to the Financial Statements continued
 Figures in brackets indicate deductions

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22.3 Assets Pledged as Securities

Assets pledged as securities by the company and the subsidiary companies are as follows;

Lending Institution	Type of Loan Facility / Interest and Repayments	Facility Limit / Utilised	Outstanding as at 31 March 2016	Securities
Company				
Sampath Bank PLC	Term Loan / AWPLR + 2%	Rs 750 Mn	698,545,076	Primary, Secondary and Tertiary mortgage bond for Rs 680 Mn over freehold land owned by Anilana Hotels & Properties PLC together with buildings thereon with the extent of 7A:2R:31P at Nilaveli.
People's Bank	Term Loan	Rs 200 Mn	123,757,329	Primary mortgage over 02 properties situated in Panichankerni. Corporate guarantee of Eastern Development Enterprises (Pvt) Ltd.
Peaple's Leasing & Finance PLC	Term Loan / 14.50% p.a Term Loan / 14.50% p.a Settled within one year	Rs. 100 Mn Rs. 25 Mn	100,000,000 27,193,847	Mortgage over 36,081,857 shares of Anilana Hotels & Properties PLC. Personnel guarantee by company director.
Sampath Bank PLC	Term Loan / AWPLR + 2.5% Settled within one year	Rs 125 Mn	128,150,000	Primary mortgage for Rs 312Mn over free hold land owned by Vakarei Hotel (Pvt) Ltd thereon with extent 21A:2R:35.8P at Panichankerni.
Subsidiaries				
Sampath Bank PLC	Term Loan	Rs 491 Mn	445,284,990	Primary mortgage bond for Rs 216 Mn and Secondary and Tertiary mortgage bond for Rs 225 Mn over lands in extent of 6 Acres depicted in Plan No. 3380 and 6 Acres depicted in Plan No. 3371 situated at Passikudah Estate, Batticaloa together with buildings thereon.
National Development Bank PLC	Term Loan	Rs 350 Mn	143,890,869	Primary mortgage for Rs 350 Mn over free hold land owned by Dambulla Hotel Resorts & Country Club (Pvt) Ltd together with buildings thereon with extent 39A:2R:5.25P at Dambulla.

23 Retirement Benefits Obligation

	Group		Company	
	2016	2015	2016	2015
Balance as at 01 April	2,724,048	1,567,406	2,285,960	1,168,901
Expenses Recognized in Comprehensive Income	(Note 23.1) 1,463,596	1,304,621	1,073,020	1,015,234
Actuarial (Gain) / Losses Recognized in Other Comprehensive Income	(768,759)	(147,979)	(659,069)	101,825
Balance as at 31 March	3,418,885	2,724,048	2,699,911	2,285,960

Notes to the Financial Statements continued
Figures in brackets indicate deductions

Notes to the Financial Statements

Expressed in Sri Lankan Rupees

For the year ended 31 March 2016

23.1	Recognized in Comprehensive Income	Group		Company	
		2016	2015	2016	2015
	Current Service Cost	897,472	148,904	855,854	111,046
	Interest Cost for the Year	566,124	1,155,717	217,166	904,188
		1,463,596	1,304,621	1,073,020	1,015,234

23.2	The Principal Actuarial Valuation Assumptions used are as follows;	Group / Company	
		2016	2015
	Discount Rate [%]	10	9.5
	Salary Escalation Rate [%]	10	10
	Retirement Age [Yrs]	55	55
	Staff Turnover Factor [%] - up to 50 Years	8 and thereafter Zero	8 and thereafter Zero

In addition to the above, demographic assumptions such as mortality, withdrawal and disability are considered for the actuarial valuation. The 2007 mortality table issued by the London Institute of Actuaries (A 67/70 mortality table) has also been used in the valuation.

23.3 The sensitivity of the present value of retirement benefits obligation to changes in the weighted principal assumptions by 1% are:

Sensitivity of the Present Value of the Obligation		Discount Rate [%]		Salary Escalation Rate [%]	
		Increase in 1%	Decrease 1%	Increase in 1%	Decrease 1%
Company	As a Percentage [%]	7.49	(6.78)	(6.20)	6.96
	Value	2,902,104	2,516,906	2,532,454	2,887,731
Group	As a Percentage [%]	58.96	(3.40)	(2.82)	3.64
	Value	5,434,558	3,302,793	3,322,416	3,543,162

24 Trade and Other Payables

Trade Payable		48,984,507	23,900,644	23,100,525	4,121,881
Other Payables					
Advance Received		27,481,839	33,230,312	21,730,281	27,649,479
Retention		20,065,071	19,307,583	16,125,936	14,359,586
Construction Payable		174,034,079	169,755,897	147,136,783	142,858,602
Amounts Due to Related Parties	(Note 24.1)	13,028,223	20,556,655	13,814,830	31,829,933
Others		16,832,007	15,240,026	15,561,605	13,982,890
		251,441,220	258,090,473	214,369,435	230,680,490
		300,425,726	281,991,117	237,469,960	234,802,372

24.1 Amounts Due to Related Parties

Nation Lanka Finance PLC		10,941,820	10,941,820	10,941,820	10,941,820
Asia Financial Management Ltd		2,813,739	2,813,739	2,813,739	2,813,739
Investor Access Equities (Pvt) Ltd		(1,356,577)	6,231,125	-	18,074,374
Ceyquartz MBI Ltd		425,160	425,160	-	-
Ceylinco Investments Corporation Ltd		59,271	-	59,271	-
Directors' Current Accounts		144,810	144,810	-	-
		13,028,223	20,556,655	13,814,830	31,829,933

Notes to the Financial Statements continued
Figures in brackets indicate deductions

Notes to the Financial Statements

Expressed in Sri Lankan Rupees

For the year ended 31 March 2016

25 Other Non-Financial Liabilities	Group		Company	
	2016	2015	2016	2015
Accrued Expenses	24,612,198	4,217,161	17,618,193	2,955,739
Value Added Tax (VAT)	24,760,031	1,417,937	13,663,717	-
Current Tax Payable	1,602	7,542	-	-
	49,373,831	5,642,640	31,281,910	2,955,739

26 Commitments

Details of capital commitments as at 31 March 2016 are as follows;

Description	Estimated Cost	Cost incurred in Prior Periods	Cost incurred During the Period	Cost to be Incurred
Group				
Hotel Construction at Dambulla	831,000,000	230,534,547	26,002,451	574,463,002
Villa Construction at Panichchnkerni	140,000,000	86,195,030	49,058,002	4,746,968
Hotel Construction at Passikuda - (Spa and Gym)	65,000,000	50,846,505	2,622,990	11,530,505
	1,036,000,000	367,576,082	77,683,443	590,740,475

Description	Estimated Cost	Cost incurred in Prior Periods	Cost incurred During the Period	Cost to be Incurred
Company				
Hotel Construction at Nilaweli	20,000,000	8,488,663	-	11,511,337

Other Commitments

There were no material commitments, financial or otherwise contracted or consented by the Board of Directors as at 31 March 2016 other than disclosed above.

27 Events after Reporting Period

There are no material events after the reporting period that require adjustments to or disclosure in financial statements.

28 Contingent liabilities

There were no material Contingent Liabilities as at the Reporting period end.

29 Related Party Disclosure

Related Party Disclosures are as follows;

Transaction with Key Management Personnel

The key Management Personnel of the group are the members of its Board of Directors.

Key Management Personnel Compensation	Group		Company	
	2016	2015	2016	2015
Short-Term Employee Benefits - Directors' Remuneration	Nil	Nil	Nil	Nil
Director's Current Accounts	144,810	144,810	-	-

Transaction with Related Parties

Transactions with related parties are carried out in the ordinary course of the business. Outstanding current account balances at year end are unsecured, interest free and settlement occurs in cash.

Notes to the Financial Statements continued
Figures in brackets indicate deductions

Notes to the Financial Statements

Expressed in Sri Lankan Rupees

For the year ended 31 March 2016

29 Related Party Disclosure Contd...

Non-recurrent Related Party Transactions

There were no other non-recurrent Related Party Transactions, except the following which in aggregate value exceeds 10% of the equity or 5% of the total assets which ever is lower of the Company as per as per 31 March 2015 audited financial Statements, which required additional disclosures in the financial statements of the year 2015/16 under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Security Exchange Commission Directive issued under Section 13(c) of the Security Exchange Commission Act.

Significant Non-Recurrent Related Party Transactions

Recurrent Related Party Transactions

Name of the Company	Relationship	Nature of Transactions	Value (Rs.)	Terms and Conditions of the Transactions.
Eastern Development Enterprises (Pvt) Ltd	Subsidiary	Issuance of Shares	800,000,000	Settlement of Outstanding

Recurrent Related Party Transactions

There were no other recurrent related party transactions, except the following which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31 March 2015 audited financial Statements, which required additional disclosures in the financial statements of the year 2015/16 under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Security Exchange Commission Directive issued under Section 13(c) of the Security Exchange Commission Act.

Significant Recurrent Related Party Transactions

Recurrent Related Party Transactions

Name of the Company	Relationship	Nature of Transactions	Value (Rs.)	Terms and Conditions of the Transactions.
Eastern Development Enterprises (Pvt) Ltd	Subsidiary	Fund Transfers	(46,222,000)	Short-term Working capital requirements
		Fund Received	95,405,197	
		Expenses Incurred	(21,290,802)	
Dambulla Hotels & Country Club (Pvt) Ltd	Subsidiary	Settlement of capital expenses	(14,259,548)	Short-term Working capital requirements
Panichchankerni Hotels Ltd	Subsidiary	Settlement of capital expenses	49,058,002	Short-term Working capital requirements
		Expenses Incurred	96,108	
Asia Fort Asset Management (Pvt) Ltd	Common Directors	Settlement of Outstanding	1,763,328	Short-term Working capital requirements
AIO Investment (Pvt) Ltd	Common Directors	No transactions	-	Short-term Working capital requirements
Investor Access Equities (Pvt) Ltd	Common Directors	Expenses Incurred on behalf of the company	(3,324,374)	Short-term Working capital requirements
		Fund Transfers	(29,300,000)	
		Fund Received	14,550,000	
Moghul Fund (Pvt) Ltd	Common Directors	Fund Transfers	59,270,709	Short-term Working capital requirements

Other Recurrent Related Party Transactions (Aggregated)

Transaction Category	Nature of Transactions	Value (Rs.)	Amount Due from / (to)
Transaction with Subsidiaries	Recovery of Outstanding	2,239,495	128,095,274
	Settlement of Capital Expenses	353,588	4,206,558
Transaction with Other Related Entities	Recoveries of Receivables	(414,339)	(10,752,518)

Notes to the Financial Statements continued
Figures in brackets indicate deductions

Notes to the Financial Statements

Expressed in Sri Lankan Rupees

For the year ended 31 March 2016

30 Financial Instruments and Risk Management

The accounting classification of each category of financial instruments and their carrying amounts reported in the statement of financial position are stated below.

30.1 Fair Value Hierarchy

Financial assets and liabilities by fair value hierarchy

FINANCIAL ASSETS	Level 1		Level 2		Level 3	
	2016	2015	2016	2015	2016	2015
Available-for-Sale (AFS) Financial Assets	12,000,000	12,000,000	-	-	-	-
Financial Assets at Fair Value through Profit or Loss (FVTPL)	2,873,038	12,561,016	-	-	-	-

FINANCIAL ASSETS	Level 1		Level 2		Level 3	
	2016	2015	2016	2015	2016	2015
Available-for-Sale (AFS) Financial Assets	12,000,000	12,000,000	-	-	-	-
Financial Assets at Fair Value through Profit or Loss (FVTPL)	2,486,373	11,814,352	-	-	-	-

NON - FINANCIAL ASSETS	Level 1		Level 2		Level 3	
	2016	2015	2016	2015	2016	2015
Investment Properties	-	-	-	-	939,400,000	-
-	-	-	-	-	-	-

30.2 The Carrying Values of Financial Assets and Liabilities.

	Note	Group		Company		
		2016	2015	2016	2015	
Available-for-Sale (AFS) Financial Assets						
Unquoted Shares	15	12,000,000	12,000,000	12,000,000	12,000,000	

The Available-for-Sale (AFS) investment is stated at cost as there is no active market for investments.

Financial Assets at Fair Value through Profit or Loss (FVTPL)

Quoted Shares	17	2,873,038	12,561,016	2,486,373	11,814,352
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FVTPL investments are stated at fair value based on active market quoted price.

Loans and Receivables

Trade and Other Receivables	18	130,167,199	192,090,049	515,577,372	1,277,936,079
Cash and Cash Equivalents	20	4,527,040	13,935,221	2,473,152	8,835,735
		134,694,239	206,025,270	518,050,524	1,286,771,814

The loans and receivables are stated at carrying values as their carrying value approximates the fair value.

TOTAL FINANCIAL ASSETS		149,567,277	230,586,286	532,536,897	1,310,586,166
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FINANCIAL LIABILITIES

Other Financial Liabilities

Borrowings	22.1	1,685,991,559	1,618,303,493	1,096,815,699	1,007,285,443
Trade and Other Payables	24	300,425,726	281,991,117	237,469,960	234,802,372
Bank Overdrafts	20	114,366,759	105,916,669	110,678,806	103,517,631

The financial liabilities are stated at amortized cost using the effective interest method.

TOTAL FINANCIAL LIABILITIES		2,100,784,045	2,006,211,279	1,444,964,465	1,345,605,446
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Notes to the Financial Statements continued
 Figures in brackets indicate deductions

Notes to the Financial Statements

Expressed in Sri Lankan Rupees

For the year ended 31 March 2016

Risk Management

30.1 Industry Risk

The group has an established risk management process and framework embedded in owned managed hotels in all locations. The long-term strategic goals are aligned with the group's core purpose identified as follows:

- a) **Safety and security of guests, employees and other third parties**
- b) **The conceptual strengths supported by operational excellence in risk management at all hotels and corporate locations; and**
- c) **Maintenance and promotion of the brand strength and operation of the company**

The group's risk management strategy has been set to enable and support the decision makers, staff and corporate functions to manage risk effectively. The risks are identified at hotel level through various means including quality audits, risk management assessments and internal audits. Hotel management discusses issues at monthly safety meetings and action plans are developed. Risks are prioritized, assigned and improvement actions are identified, progressed and monitored.

30.3 Financial Risk Factors

The group has exposure to the following risks from its use of financial instruments.

01 Credit Risk

02 Liquidity Risk

03 Market Risk

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing these risks. The Group's overall risk management strategy seeks to minimize adverse effects from the unpredictability of financial markets on the Group's financial performance. Mechanisms adopted by group in managing eventual impact of such risks are given below.

The financial instruments of the group comprise of listed / unlisted equity investments, investments in term deposits, cash and bank borrowings (term loans and overdrafts). Certain companies in the group have trade receivables and payables from its core business activities which are not significant in values at end of the reporting period. However, the major / most of the companies of the group has not been commenced its operational activities during the year. The main purpose of investment in short-term deposits and borrowings is to raise and maintain liquidity for construction and acquisition of capital assets. Investments in listed equity are held for trading purpose and investments in unlisted equity are strategic investments.

01 Credit Risk

Credit risk is the risk of financial loss to the group if counterparty fails to meet its contractual obligations. Credit risk arises principally from deposits held with banks and financial institutions, cash and cash equivalents (excluding cash in hand) and receivables from customers and related parties. The maximum risk exposures of financial assets that are subject to credit risk are equal to their carrying amounts.

Following table depicts the maximum risk exposure of financial assets reported as at 31 March 2016.

Risk Exposure to Financial Assets	Group		Company	
	2016	2015	2016	2015
Cash and Cash Equivalents	3,682,088	13,146,951	1,883,600	8,298,535
Trade and Other Receivables	130,167,199	192,090,049	515,577,372	1,277,936,079

The group has designed its credit policies and procedures in order to monitor and evaluate the counterparty risks arising on both international and domestic customers. The group seeks to diminish the credit risk by entering credit agreement in writing with the major customers and provide credit sales to the reputed customers with no history of default with the approval of the Management. The age analysis of the group's trade receivables is given in the Note No. 18.1.

Credit risk arising from other financial assets of the group comprises deposits held with banks, cash and cash equivalents. The group's exposure to credit risk arises from default in meeting contractual obligations of contractual parties, with a maximum exposure equal to the carrying amount of these financial instruments. The group manages its credit risks with regard to these financial instruments by mainly placing its funds with reputable financial institutions with high credit ratings and no history of default.

02 Liquidity Risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash to meet its liabilities when due under both normal and unexpected conditions without incurring unacceptable losses.

Groups actively managed its financing cash flows to ensure all refinancing, repayment and investment needs with regard to the construction and acquisition of capital assets are satisfied.

The following table depicts the group's financial assets and liabilities maturity analysis as at 31 March 2016 based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Notes to the Financial Statements

Expressed in Sri Lankan Rupees

For the year ended 31 March 2016

Company

Financial Assets and Liabilities	Carrying Amount (Rs.)	6 Month or Less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
Financial Assets						
Available-for-Sale (AFS) Financial Assets	12,000,000	-	-	-	-	12,000,000
Financial Assets FVTPL	2,486,373	2,486,373	-	-	-	-
Trade and Other Receivables	515,577,372	515,577,372	-	-	-	-
Cash and Cash Equivalents	2,473,152	2,473,152	-	-	-	-
Total Undiscounted Financial Assets	532,536,897	520,536,897	-	-	-	12,000,000
Financial Liabilities						
Trade and Other Payables	237,469,960	237,469,960	-	-	-	-
Borrowings	1,096,815,699	32,660,726	374,654,973	8,500,000	36,000,000	645,000,000
Bank Overdrafts	110,678,806	110,678,806	-	-	-	-
Total Undiscounted Financial Liabilities	1,444,964,465	380,809,491	374,654,973	8,500,000	36,000,000	645,000,000
Net Undiscounted Financial Assets / (Liabilities)	(912,427,568)	139,727,406	(374,654,973)	(8,500,000)	(36,000,000)	(633,000,000)

Group

Financial Assets and Liabilities	Carrying Amount (Rs.)	6 Month or Less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
Financial Assets						
Available-for-Sale (AFS) Financial Assets	12,000,000	-	-	-	-	12,000,000
Financial Assets FVTPL	2,873,038	2,873,038	-	-	-	-
Trade and Other Receivables	130,167,199	130,167,199	-	-	-	-
Cash and Cash Equivalents	4,527,040	4,527,040	-	-	-	-
Total Undiscounted Financial Assets	149,567,277	137,567,277	-	-	-	12,000,000
Financial Liabilities						
Trade and Other Payables	300,425,726	300,425,726	-	-	-	-
Borrowings	1,685,991,559	90,854,633	424,109,377	95,460,000	348,340,780	727,226,768
Bank Overdrafts	114,366,759	114,366,759	-	-	-	-
Total Undiscounted Financial Liabilities	2,100,784,045	505,647,119	424,109,377	95,460,000	348,340,780	727,226,768
Net Undiscounted Financial Assets / (Liabilities)	(1,951,216,768)	(368,079,843)	(424,109,377)	(95,460,000)	(348,340,780)	(715,226,768)

Notes to the Financial Statements continued
Figures in brackets indicate deductions

Notes to the Financial Statements

Expressed in Sri Lankan Rupees

For the year ended 31 March 2016

03 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates which will affect the group's income or the carrying value of holdings of financial instruments.

3.1 Currency Risk

The group has currency exposures arising from letter of credits (LC) and telegraphic transfer's (TT) of US Dollar (USD) relating to construction and acquisition of capital assets. A significant portion of costs incurred on capital work-in-progress are using LC's and TT's denominated in USD.

As at end of the reporting date there are no outstanding balances of LC's or TT's.

3.2 Equity Price Risk

Please refer note 17 to the financial statements relating to the total assets base which is exposed to equity price risk.

Listed Equity

Management of the group monitors the mix of equity securities in its investment portfolio based on market indices, where concerned with the timing of buy / sell decisions are well supported with structures in-house research recommendations. Major transactions within the portfolio are subject to review and approval by the Board.

Unlisted Equity

Operations of these entities are subjected to continuous monitoring of the / by the management to ensure that the operations of these companies are met the expected industry standards, and thereby the returns are reported accurately.

3.3 Interest Risk

The group's exposure to interest risk is the changes in market interest rates relate to the interest bearing borrowings with a fixed and floating interest rate and bank deposits.

The group has bank balances including term deposits placed with reputable financial institutions with high credit ratings and no history of default. The group monitors interest rate risk by actively monitoring interest rate movements.

30.4 Capital Management

The group manages its capital for safeguarding the group's ability to continue as a going concern in order to provide maximum returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. The group monitors capital structure on the basis of the gearing ratio. The gearing ratio is calculated as total borrowings by total equity. Total borrowings include non-current and current borrowings as shown in the statement of financial position. Following table depicts the group's total borrowing and equity ratio as at 31 March 2016 and 2015.

Notes to the Financial Statements continued
Figures in brackets indicate deductions

Class of Capital	Group		Company	
	2016	2015	2016	2015
Total Borrowings	1,800,358,318	1,724,409,898	1,207,494,505	1,110,992,810
Total Equity	3,243,905,723	3,413,090,355	3,137,983,454	3,327,967,891
Gearing Ratio	55.50%	50.52%	38.48%	33.38%

31 Review on Pre / Post Operation Losses and Future Strategies of the Group

The company continued its commitment to enhance marketing, consumer promotions / services, staff training and recruitment by incurring significant cost during the second year of running its operation. The other factor that influence to increase the cost considerably is the borrowing cost payable on loans obtained on constructing the hotels that are secured by the company. The interest cost and depreciation charge on capital assets as a percentage of revenue is given below.

Cost Categories	(As a % of Revenue)			
	Group		Company	
	2016	2015	2016	2015
Finance Cost	42	94	50	144
Depreciation	47	70	41	68

As shown above, there is a remarkable decline in interest cost as a fraction of revenue when compared to the previous year mainly attributable to the growth in revenue recorded during the current year. The company and the group have witnessed a significant growth in the occupancy numbers when compared to the previous year and the directors are confident in achieving much better results in the years to come. They have also identified the need to reduce the debt burden in order to reduce the interest cost and is currently negotiating with potential investors and Banks to mitigate the debt obligations.

31.1 Going Concern

These Financial Statements are prepared on the basis as a going concern, although the following subsidiaries have reported accumulated losses and deficit in net current assets as stated below.

Company		Accumulated Losses		Deficit in Net Current Assets	
		2016	2015	2016	2015
Anilana Resorts (Pvt) Ltd	Note A	11,628,954	12,260,086	88,296,202	88,872,047
Dambulla Hotel & Country Club (Pvt) Ltd	Note B	6,871,721	5,684,566	125,181,931	96,113,013
Panichchankerni Hotels Ltd	Note B	297,990	201,882	135,551,011	86,396,902

Note A

The Directors are of the view that, the ability to increase profitability (referring to the revenue growth of 65% in the current year) year on year will gradually eliminate this position.

Notes to the Financial Statements

Expressed in Sri Lankan Rupees

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Note B

The Associate companies will continue to provide financial support until completion of the construction of these hotels and the directors are confident that with the commencement of hotels operations this position will gradually be eliminated.

31.2 Other Strategic Changes

Certain lands of the group, revalued at the reporting date have been transferred to Investment properties during the year consequent to the business decision taken by the Board, in order to facilitate lands as investment properties. Ref: Note 9.3 / 10.

Five Year Financial Summary

Expressed in Sri Lankan Rupees

Year ended 31 March (LKR)	2016	2015	2014	2013	2012
Operating Results					
Group Turnover	343,980,864	218,611,905	76,741,863	1,504,087	-
Profit before taxation	(243,112,328)	(456,743,215)	(308,164,217)	(163,545,773)	(114,067,108)
Taxation	(100,764)	(110,790)	(900,000)	(908,552)	(127,994)
Profit after taxation	(243,213,092)	(456,854,005)	(309,064,217)	(164,454,325)	(114,195,102)
Balance Sheet					
Share Capital	3,863,261,648	3,863,261,648	3,095,892,850	2,601,483,250	2,470,058,250
Capital Reserve	790,374,525	717,115,313	717,115,313	717,115,313	717,115,313
Revenue Reserves	(1,409,729,858)	(1,167,285,515)	(710,579,521)	(406,530,060)	(242,077,828)
Share Holders' Fund	3,243,906,315	3,413,091,446	3,102,428,642	2,912,068,503	2,945,095,735
Non-Current Assets	5,212,722,218	5,161,720,390	5,100,450,303	4,565,928,189	2,852,483,218
Current Assets	184,760,265	266,137,668	388,922,805	338,479,445	703,658,678
Current Liabilities (Net of borrowing)	464,166,316	393,550,426	609,295,115	756,609,070	94,590,767
Borrowings	1,685,991,559	1,618,493,229	1,776,083,006	1,230,540,503	581,211,752
Minority Interest	(592)	(1,091)	(1,060)	(1,052)	1,041
Net Assets	3,243,905,723	3,413,090,355	3,102,427,582	2,912,067,451	2,945,096,777
Key Indicators					
Earnings/(loss) per Share	(0.49)	(1.09)	(0.83)	(0.49)	(0.35)
Market price as at 31st March	2.90	5.60	7.10	-	-
Highest Market Price	6.30	8.50	13.50	-	-
Lowest Market Price	2.60	5.40	6.70	-	-
Gearing Ratio	56%	51%	60%	52%	20%

20 MAJOR SHAREHOLDERS OF THE COMPANY

Name	As at 31/03/2015					
			No. of Shares	(%)	No. of Shares	(%)
	2016	2015				
1 MR. A C SENEVIRATNE			133,846,350	27.132		
	76,550,093	120,079,839				
FIRST CAPITAL MARKETS LIMITED/MR. A C SENEVIRATNE					126,579,839	25.659
	21,214,400	6,500,000				
PEOPLE'S LEASING & FINANCE PLC/MR. A C SENEVIRATNE						
	36,081,857	-				
2 HSBC INTL NOMINEES LTD-BBH-GMOEMERGING MARKETS FUND			103,983,101	21.079	85,883,101	17.410
3 INVESTOR ACCESS EQUITIES (PVT) LTD			54,399,428	11.027	25,029,566	5.0738
	22,979,566	24,829,566				
HATTON NATIONAL BANK PLC/INVESTOR ACCESS EQUITIES (PVT) LTD						
	19,159,862	-				
SEYLAN BANK PLC/INVESTOR ACCESS EQUITIES (PVT) LTD						
	12,060,000	-				
NATION LANKA CAPITAL LTD/INVESTOR ACCESS EQUITIES (PVT) LTD						
	200,000	200,000				
4 ASIA FORT ASSET MANAGEMENT (PVT) LTD			35,719,685	7.241	50,163,973	10.169
	17,971,085	21,563,973				
FIRST CAPITAL MARKETS LIMITED/ASIA FORT ASSET MANAGEMENT (PVT) LTD						
	17,748,600	28,600,000				
5 MRS. M C AMERASINGHE			20,000,001	4.054	20,000,001	
6 NATION LANKA FINANCE PLC			13,907,348	2.819	13,907,348	2.819
7 PAN ASIA BANKING CORPOARTION PLC/MR.HIYARE HEWAGE			10,352,006	2.098	3,350,834	0.679
8 MR. O E H KALVO			9,857,109	1.998	9,857,109	1.998
9 SEYLAN BANK PLC/JANASHAKTHI PLC			9,278,007	1.881	-	-
10 FIRST CAPITAL MARKETS LIMITED/ANILANA COLLECTION (PVT) LTD			9,000,000	1.824	13,714,285	2.780
	9,000,000	10,000,000				
ANILANA COLLECTION (PVT) LTD						
	-	3,714,285				
11 NATION LANKA CAPITAL LTD/JEROME RADLEY JUDE EPHRAU			8,469,784	1.717	9,233,386	1.872
12 SANDWAVE LIMITED			7,894,196	1.600	7,894,196	1.600
13 HINL-BBH-GMO FUNDS PLC			7,259,665	1.472	5,559,665	1.127
14 JANASHAKTHI PLC ACCOUNT NO.1			6,000,000	1.216	6,000,000	1.216
15 HSBC INTL NOM LTD-SSBT-MDPIM EMERGING MARKETS EQUITY POOL			4,200,000	0.851	-	-
16 PAN ASIA BANKING CORPORATION PLC./MR.MOHOTTALLAGE NIHAL RANASINGHE			4,000,000	0.811	4,000,000	0.811
17 MR A DE ZOYSA			3,637,000	0.737	-	-
18 CEYQUARTZ MBI (PVT) LTD			3,333,400	0.676	3,333,400	0.676
19 MAS CAPITAL (PRIVATE) LIMITED			3,185,710	0.646	8,498,271	1.723
20 MRS. S M SENEVIRATNE			2,900,000	0.588	4,533,333	0.919
			451,222,790	91.469	397,538,307	76.532
			42,85,724	8.531	95,770,207	23.468
TOTAL			493,308,514	100.00	493,308,514	100.00

DISTRIBUTION OF SHAREHOLDINGS AS AT 31ST MARCH 2016

From	To	No. of Holders	No. of Shares	%	
1	-	1,000	478	163,100	0.03
1,001	-	10,000	363	1,707,142	0.35
10,001	-	100,000	227	8,608,141	1.74
100,001	-	1,000,000	74	20,752,002	4.21
Over 1,000,000			31	462,078,129	93.67
			1173	493,308,514	100.00

Analysis of shareholders as at 31st March 2016

Category	No. of Shareholders	No. of Shares	%
Local Individuals	1072	134,381,131	27.24
Local Institutions	82	223,120,944	45.23
Foreign Individuals	13	10,492,471	2.13
Foreign Institutions	6	125,313,968	25.40
Total	1173	493,308,514	100.00

Directors' holding in shares as at 31st March 2016

	No. of Shares	%
Mr. P L Amerasinghe	966,667	0.196
Mr. A C Seneviratne	76,550,093	} 133,846,350 27.132
First Capital Markets Ltd/Mr A C Seneviratne	21,214,400	
People's Leasing & Finance PLC/ Mr A C Seneviratne	36,081,857	
Mrs. M C Seneviratne	20,000,001	4.054
Mr. A G Punchihewa	40,000	0.008
Mr. W M V Perera	Nil	Nil

Market price per share

Highest during the period	Rs. 6.30 (25-06-2015)	Rs.8.50 (01-12-2014)
Lowest during the period	Rs. 2.60 (28-03-2016)	Rs.5.40 (31-03-2015)
As at end of the period	Rs. 2.90	Rs.5.60

Public Holding

The percentage of shares held by the public as at 31st March 2016 is 26.493% comprising of 1,152 Shareholders.

Notice of Meeting

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of ANILANA HOTELS AND PROPERTIES PLC will be held on 31st October 2016 at the auditorium, The Ceylon Chamber of Commerce, No 50 Navam Mawatha, Colombo 02 at 2.00 PM for the following purposes:

1. To receive and consider the Report of the Directors and the Statement of Accounts for the year ended 31st March 2016 with the report of the Auditors thereon.

2. Directors

(i) To re-elect Mr Ajahn Gardiye Punchihewa who retires by rotation at the Annual General Meeting in terms of Article 81 of the Company's Articles of Association.

(ii) To re-appoint as a Director, Mr. Peter Lucien Amerasinghe who is 72 years of age and who vacates his office in terms of Section 210 of the Companies Act No. 7 of 2007.

Notice is hereby given of the undernoted Ordinary Resolution in relation to Mr. Peter Lucien Amerasinghe's re-appointment to be passed in compliance with Section 211 of the Companies Act No. 7 of 2007.

"RESOLVED THAT Mr. Peter Lucien Amerasinghe who is 72 years of age be and is hereby re-appointed a Director of the Company and it is hereby declared as provided for in section 211 of the Companies Act No. 07 of 2007, that the age limit of 70 years referred to in Section 210 of the said Companies Act shall not apply to the said Mr. Peter Lucien Amerasinghe."

3. To re-appoint the retiring Auditors M/s Amarasekera & Co, Chartered Accountants to hold office until the conclusion of the next Annual General Meeting and to authorize the Directors to determine their remuneration.

**BY THE ORDER OF THE BOARD
ANILANA HOTELS AND PROPERTIES PLC**



**CORPORATE ADVISORY SERVICES (PRIVATE) LIMITED
SECRETARIES
Colombo**

25th of August 2016

Form of Proxy

I/We* the undersigned
of.....
.being a member/members of **ANILANA HOTELS AND PROPERTIES PLC** hereby
..... or failing him/her

Mr. P L Amerasinghe (Chairman of the Company)	of Colombo or failing him
Mr. A C Seneviratne (Managing Director)	of Colombo or failing him
Mrs. M C Seneviratne (Director)	of Colombo or failing her
Mr. A G Punchihewa (Director)	of Colombo

as my/our* proxy to vote as indicated hereunder for me/us* and on my/our* behalf at the Annual General Meeting of the Company to be held on 31st October 2016 at the auditorium, The Ceylon Chamber of Commerce, No 50 Navam Mawatha, Colombo 02 at 2.00 PM and at any adjournment thereof, and at every poll which may be taken in consequence thereof.

Please indicate your preference by placing an 'X' against the Resolution No.

	FOR	AGAINST
1. To receive and consider the Report of the Directors and the Statement of Accounts for the year ended 31st March 2016 with the Report of the Directors and Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. Directors		
(i) To re-elect Mr Ajahn Gardiye Punchihewa Director who retires by rotation in terms of Article 81 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
(ii) To pass the Ordinary Resolution set out in the Notice of Meeting pertaining to re-appointment of Mr. P L Amerasinghe who is 72 Years of age, as a Director of the Company,	<input type="checkbox"/>	<input type="checkbox"/>
3. Re-appoint the retiring Auditors M/s Amarasekera & Company, Chartered Accountants to hold office until the conclusion of the next Annual General Meeting and to authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this day of2016
.....
Signature

* Please delete the inappropriate words
Notes:

1. If you wish your Proxy to speak at the Meeting you should insert the words "to speak and" in the place indicated with an asterisk and initial such insertion.
2. Please indicate with an "x" in the space provided how your Proxy is to vote. If there is in the view of the Proxy holder doubt (by reason of the way in which the instructions contained in the Proxy have been completed) as to the way in which the Proxy holder should vote, the Proxy holder shall vote as he thinks fit.
3. A Proxy holder need not be a member of the Company.
4. Instructions as to completion appear on the reverse hereof.

Instruction for Completion of Form of Proxy

1. Kindly complete the Form of Proxy by filling in legibly your full name and address, and your instructions as to voting, by signing in the space provided and filling in the date of signature.
2. Please indicate with an "X" in the cages provided how your proxy is to vote on the Resolution. If no indication is given or if there is any doubt as to how the Proxy should vote by reason of the manner in which the instructions are carried out, the proxy in his/her discretion may vote as he/she thinks fit.
3. The completed Form of Proxy should be deposited at the Registered Office of the Company at No 14, Reid Avenue, Colombo 7, not less than 48 hours before the time appointed for holding the meeting.
4. If the Form of Proxy is signed by an attorney, the relative power of attorney should accompany the completed form of proxy for registration, if such power of attorney has not already been registered with the Company.

Note: If the shareholder is a Company or body Corporate, Section 138 of the Companies Act No. 7 of 2007 applies to corporate shareholders of Anilana Hotels and Properties Plc

Please furnish the following information:

	Shareholder	OR	Proxy holder
NIC No./ Passport No.
Nationality
Share Certificate No.
No. of Shares:

Corporate Information

Name of the Company

Anilana Hotels & Properties PLC

Legal Form

Public Limited Company listed in July 2013 on the Colombo Stock Exchange. (Incorporate as a Private Limited Liability Company on 19th May 2010 under the Companies Act No. 17 of 1982 and converted to a Public Limited Liability Company on 13th November 2010)

Directors

Peter L. Amerasinghe (Chairman)
Asanga C. Seneviratne (Managing Director)
Manjula C. Seneviratne (Director)
Ajahn Gardiye Punchihewa (Director)
Manjula Viraj Perera (Director)

Secretaries

Corporate Advisory Services (Pvt) Ltd
No.47, Alexandra Place, Colombo 07.
Tel: 94 11 2695782
Fax: 94 11 2695410
Email: desaram@desaram.com

Registered Office

No. 14, Reid Avenue, Colombo 07.
Tel: 94 11 2030900
Fax: 94 11 2673355
Email: info@anilana.com
Web: www.anilana.com

Hotels

- Pasikuda
- Craig Bank Nuwara Eliya
- Nilaveli

Bankers

Sampath Bank PLC
Hatton National Bank
People's Bank
Pan Asia Bank
NDB Bank

Auditors

Amerasekera & Co.
Chartered Accountants
No. 12, Rotunda Gardens. Colombo 03.

ANILANA

HOTELS • RESORTS • RETREATS