



a touch of paradise
2019-2020

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ANILANA

Annual Report

2019-2020

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A TOUCH OF PARADISE

THE RESILIENT NATION...

Sri Lanka with its 2,500 year history has seen it all. From colonialism to devastating tsunamis, three decades of civil war and now the effects of a global pandemic. Yet, we are a resilient nation, a determined people with one heartbeat that resonates strength, courage and the will to survive.

The double blow the Easter Sunday attacks and the COVID-19 pandemic affected Anilana like any other tourism and hospitality related business in the country. The lockdown meant months without the smiles of visitors or the echoes of laughter through our properties. We were shaken, but we did not fall. Because we are built on a firm foundation.

Anilana Hotels and Properties currently owns and operates three properties in Nilaveli, Nuwara Eliya and Pasikudah. Each location has been carefully curated to embody the character of its geography, environment and people in the locality. The underlying theme of tranquility, serenity and regality which is the ethos of Anilana can be experienced at each property through the luxury, inherent hospitality, intimate seclusion and complete rejuvenation of the mind, body and soul that our resorts offer.

NILAVELI



Nilaveli which translates to the moon shining over land in the Tamil language is the newest in the Anilana collection, and is situated on what has been described as one of

the best beaches in the world. With breathtaking views of the Indian Ocean, each room or suite is designed and furnished to mirror the natural surroundings with much emphasis on the sun, sea and sand. The winner of the Best Luxury Beach Resort in 2016, Nilaveli allows guests to laze around at one of the two pools, rejuvenate at the in-house spa, or bask on the sun-kissed beach. For the more adventurous, the property is located in close proximity to snorkeling and diving points, dolphin and whale watching expeditions and even a plethora of water sports and activity centers. Nilaveli tugs at the heart strings of any type of traveler, be it young or old, first timer or seasoned.

NUWARA ELIYA



Known to many as Little England for its cool climates and English countryside architecture, Nuwara Eliya is a dream vacation spot for those who wish to get away from the tropical sun. Set amidst lush green hills that are kissed by snowy white clouds, Anilana Craighbank is all about bringing old world charm to life. The most intimate of the collection, this four-bedroom villa has been transformed from its bygone days as a planter's bungalow. Homelier than the beach-front properties, Craighbank also personifies regality with the service provided being fit for the kings. Enjoy the true meaning of colonial splendor in the architecture, interiors and lush, green gardens of the property and even enjoy meals outdoors with the mist gently caressing you. A stroll along Craighbank's famed gardens is a must and is also ideal for a tête-à-tête with fellow guests.

PASIKUDAH



The flagship of the Anilana brand, Pasikudah or “the green-algae-bay” is quite aptly described as a tropical heaven. A private, coral pool is a highlight of the property that is carefully preserved while the quiet yet attentive service allows you to do what you want, when you want. Maximum relaxation is guaranteed with great seafood and tropical drinks are available at your fingertips. Just ask and you shall receive. If you do decide to venture outdoors, Pasikudah is also home to a 48ft catamaran that sails out in to the Indian Ocean towards Kalkudah or Elephant Rocks. It is truly an experience like no other. Pasikudah invites you to relax, find peace and make memories that will last a lifetime.

Apart from these locations, Anilana is also in the process of setting up several new properties around the island. Pristine plots of land have been acquired, and plans drawn up for construction to begin shortly.

PANICHCHANKERNI



Situated between Trincomalee and Batticaloa on the Eastern Coast, Panichchankerni is a lesser known coastal village that will soon house an Anilana property spanning

almost 17 acres of beachfront. An eco-friendly resort village has been planned for this location keeping in mind the relative anonymity of the village. An independent spa, water sports facility, high quality restaurants and shopping kiosks will surround the main “village” so that guests have a complete experience of village life once they enter the property. Rooms, suites and villas amounting to 70 keys has been mapped out, with focus also on destination weddings and banquet facilities.

DAMBULLA



Connecting the East with the rest of the nation, Dambulla is also a key town in Sri Lanka’s history. Surrounded by historic and natural sights, this city has drawn tourists both local and international for many years and is also the gateway to other parts of the country. A 39-acre prime real estate plot on the Dambulla-Colombo road will soon house the exclusive Anilana Country Club. With an equestrian theme-the property will also include a professional horse riding school, stables and even a show jumping course. The main building draws inspiration from an old English country manor and the large rooms and suites will also follow similar architecture and interior design. Riverside chalets have also been mapped out totaling 54-rooms on the property with swimming pools, spa, fully equipped gymnasium and much more ensuring a perfect getaway.

SELLADIV ISLAND



Island life is part and parcel of who we are and Anilana's projects in the pipeline include Selladiv Island, a 10-acre property on a mini island off the East Coast. Situated in between Batticaloa and Trincomalee, this will be a retreat unto itself with luxurious water bungalows secluded away from the rest of the world and overlooking a vibrant coral reef. Paying special attention to the bio-diversity of the island, the Anilana property here will concentrate on eco-friendliness and the main building is set to be constructed on an elevation so as not to disrupt natural habitats. 24 exclusive water bungalows, 10 island suites, a lobby lounge, restaurant and bar, spa, water sports facility and diving center will complete this integrated resort project.

VAKARAI



Another 21-acre land about 65km North of Batticaloa will be home to Anilana Vakarai. Concentrating heavily on water sports this property will focus mainly on adventure and outdoor tourists. Facilities here will include spacious, state-of-the-art and luxurious villas,

clusters of eco-friendly beach houses, and a main hotel with up to 90 luxury rooms and suites. A well-designed spa, fully-equipped gymnasium, world-class restaurants highlighting island cuisine, multiple pools for relaxation and breathtaking views of the Indian Ocean await guests upon the completion of this property.

KALKUDAH



A 34-acre pristine, beach-front property in Kalkudah is also among the Anilana portfolio. Set to be developed in to an eco-friendly, integrated resort, this will be a place where comfort and relaxation is of prime importance. Although the Kalkudah Bay is relatively busy during peak season, the white, sandy beaches have still retained their natural allure which is sure to draw tourists from around the world. The concept of indoor and outdoor living will be a part of the property once constructed, with independent villas, private plunge pools, beach houses and beach-front spas also being included in the final design.

BLUE LAGOON



As its name suggests, this property situated on Trincomalee's golden beaches is all about bringing to life the true meaning of being an islander. A smaller property of 7-acres in comparison to Anilana's other East Coast hideouts, this property is more about intimacy and total privacy. Surrounded by the tranquil river on one side and the roaring ocean on the other, it also brings together the best of both worlds. Snorkeling, diving, fishing and water sports will be the highlight of this property that hopes to have 70-rooms of varying sizes and views. This location is also unique in its vegetation with many medicinal herbs growing on the property that will be used exclusively at the rejuvenating in-house spa.

During the last few months Anilana has seen a larger influx of local tourists as Sri Lankans dig deep and try to help one another in this time of need. Adhering to maximum health and safety protocols, all three operational properties have evolved into ultimate family-oriented, cost-effective and serene holiday destinations bringing to life the wonders of this island. We strongly believe that through diligence and supporting one another the properties, the industry and the nation as a whole will rise again..

CHAIRMAN'S MESSAGE



“ We are grateful to those who trusted that we had followed all necessary precautions and health and safety measures at the properties and chose to visit us.”

Anilana is a family brand, and this reflects on how we do business. One of the main reasons we aligned ourselves with the brand and its properties was also because of the ethos of the organization that tricked down from the top to every person involved in the smooth running of our resorts. We also find Anilana to be synonymous with resilience, which is why the brand has survived many a storm and continues to do so today.

GLOBAL AND LOCAL TRENDS

When 2020 began Sri Lanka was in a good place to welcome tourists after the entire industry had rebirthed from the tragic Easter Attacks of 2019. We are indeed glad to have completed 2019 on a positive note after tourism came to a standstill post-April. Anilana used the time we were forced to shut down, to regroup, rethink and strategize a new approach on attracting tourists in the big 2020. Sri Lanka was still named a hotspot for travel and we were indeed looking forward to welcoming travelers from around the world.

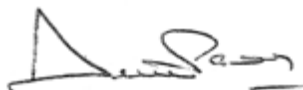
Although globally the battle against COVID-19 was limited to a few nations, Sri Lanka at that point was named one of the safest destinations to travel to. Even when the first patient was detected here, the handling of the cases and the swift action taken by the health authorities ensured that this nation remained safe. However, come March the world realized that the battle with this simple, but highly-contagious disease was not going to be an easy one. Once again nations like Sri Lanka that rely heavily on tourism were hit with cancellations from nations where the disease was spreading and restrictions for outside travel were imposed.

The lockdown in Sri Lanka certainly took a drastic toll on the industry with many properties being forced to shut down, while others had to let go of staff, cut salaries and commissions or rethink their rates and offerings. Once the lockdown was eased Anilana too focused on the “local tourist” and creating safe, “home-away-from-home” packages for families to enjoy. I must add here that we are grateful to those who trusted that we had followed all necessary precautions and health and safety measures at the properties and chose to visit us. This not only gave us much needed revenue but also motivated our staff to keep going despite the difficulties.

We are continuing to battle COVID-19 which has literally brought the world to a standstill. Back in my home country where millions have been affected we are also continuing to battle the disease so that life can go back to normal. As an organization we continue to operate our properties with the hope that a cure will soon be found and the day is near that we can once again welcome guests to all that Anilana has to offer.

ACKNOWLEDGEMENTS

I would like to extend my sincere appreciation to each person on the Anilana team for holding the fort even during troubled times. As the Board we made a conscious decision not to retrench or close down any of our properties during the volatility and staff have responded by staying firm with us. I would also like to thank the members of the Board who have strategically maneuvered Anilana towards a new era.



DINESH PANDEY
CHAIRMAN

MANAGING DIRECTOR'S MESSAGE

The 2019/20 financial year began with a crucial blow to Sri Lanka's tourism industry when extremist groups targeted Christian churches and hotels with suicide bombs that took the innocent lives of many locals and tourists. Our island that had known peace for a little more than a decade was shaken to its core at the brutality of targeting innocent civilians at Sunday worship or enjoying Easter brunch with their families. The fact that some of the largest hotels in Colombo were hit was a blow to tourism island wide with immediate cancellations putting the entire industry in dire straits for more than ½ the year

“Our staff however have been an immense strength and stepped up to the plate when it was required for us to sanitize properties and follow health authority regulations. It was only after we ourselves were 100% satisfied that our properties were safe, that we opened up to the public.”



2019. Just when it looked like the Christmas holiday season would bring new hope and new arrivals, the world was struck with the COVID-19 pandemic. For an island nation like Sri Lanka that relies heavily on its tourism earning, this was a heavy blow. The ensuing lockdown resulted in many smaller tourist operations having to shut down as the double blow was too much to bear.

Anilana also took a considerable hit on both occasions. Right after the Easter Sunday attacks we changed our strategies and concentrated heavily on welcoming the local tourist to our properties. Reducing rates and offering family, corporate and destination wedding packages helped us sustain. We also used the time wisely to train our staff and streamline our processes.

We had a couple of good months in January and February 2020 before COVID-19 took over everything about our lives. Unlike last year where we were able to at least open up the properties the lockdown has been challenging to say the very least. Our staff however have been an immense strength and stepped up to the plate when it was required for us to sanitize properties and follow health authority regulations. It was only after we ourselves were 100% satisfied that our properties were safe, that we opened up to the public.

The East Coast in particular has seen some traffic with surfing season bringing in international visitors stranded here and local tourists looking to take a break from the chaos. Our hope is that while the health authorities and the general public continue to fight the pandemic, the last few months of this year will allow some internal travel so that hotels can at least marginally

make-up for losses and people will have that much-needed vacation.

ACKNOWLEDGEMENTS

I would like to extend my sincere appreciation to our Board of Directors for their guidance and patience in dealing with the setbacks to the hospitality industry and steering Anilana through it all. My job has indeed been made easier by their understanding and support. Sri Lanka is a resilient nation and we look forward to the days when the sun rises on a better tomorrow sans the fear of a virus.



ASANGA SENEVIRATNE
MANAGING DIRECTOR





BOARD OF DIRECTORS



DINESH PANDEY, CHAIRMAN
(EXECUTIVE, NON-INDEPENDENT DIRECTOR)

A successful entrepreneur with many achievements to his name, Mr Dinesh Pandey holds many years of corporate experience and is the founder of Somap group. He combines vision with practicality, hard work with creativity and has played a pivotal role in varied fields, which encompasses trading, management, real estate and construction. Dinesh Pandey, who is a Master in Maths also holds a business Degree from Delhi University. The Somap Group, which he heads has diversified interests ranging from shipping to hospitality. The Group has made substantial investments in Hospitality sector and is focusing to expand it.



ASANGA SENEVIRATNE, DIRECTOR
(EXECUTIVE, NON-INDEPENDENT DIRECTOR)

Founder of Anilana Hotels & Properties Limited, spearheading the launch of the “Anilana” brand. He is also a Non-Executive Director of Nation Lanka Finance PLC. Asanga 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 was previously a Director of the Colombo Stock Exchange.



PETER AMERASINGHE, FORMER CHAIRMAN
(NON-EXECUTIVE, NON-INDEPENDENT DIRECTOR)

Peter Amerasinghe is an accomplished business professional with more than 45 years in the corporate world, which includes more than 15 years of plantation management and 17 years of senior management tenure. He was also the Founder Director of Lanka Tiles Ltd, and remains on the Board to-date. He also represents several listed and non-listed company Boards. During his time as Chairman of Anilana, the company expanded to 10 exclusive properties in prime locations around the island.

PRAMOD PANDEY, NON-EXECUTIVE, NON-INDEPENDENT DIRECTOR

Pramod Pandey joined the Anilana Board in the 2017/2018 financial year and functions as a Non-Executive, Non-Independent Director. Pramod has extensive trading experience to his name and has been with the Somap Group since its inception in 1996. Having travelled the world his knowledge of hospitality and the corporate world plays a key role in advising the Board of new strategies and markets to explore.

SONAL PANDEY, NON-EXECUTIVE, NON-INDEPENDENT DIRECTOR

As the Head of Business Development at the Somap Group, Sonal Pandey is all about new ideas and bringing in fresh new perspectives to operations. She strongly believes that values defines people and people are the backbone of any successful organization. As a Non-Executive, Non-Independent Director of the Anilana Board since 2017/2018, Sonal attempts to inculcate the same values in the operations and running of Anilana.

ARJUN DOSAJ, NON-EXECUTIVE, INDEPENDENT DIRECTOR

With more than 30 years' experience in Banking, Insurance, Real Estate and Hospitality, Arjun Dosaj joined the Anilana Board in 2019. A seasoned business professional, he was instrumental in implementing organization-wide change and risk assessment and management in previous employment. In the past he has also been an advisor to noted multi-national banks, financial institutions and other corporate entities. Arjun holds a Bachelors in Commerce and Business and is also a Six Sigma certified Professional.

A. SHARMA, NON-EXECUTIVE, NON-INDEPENDENT DIRECTOR

A. Sharma is another one of the newer members of the Anilana Board. She however carries more than a decade of experience in Financial Management in both the state and corporate sector in India. She is an Associate Member of the Institute of Chartered Accountants of India and is actively involved in bringing about change to archaic financial management practices. She is presently working at a large State Enterprise in India as Deputy Manager -Finance.

RAKESH SHARMA, NON-EXECUTIVE, INDEPENDENT DIRECTOR

Rakesh Sharma also joined the Anilana Board in 2019 and brings to the table decades of expertise having worked with the state governments in India and corporate entities throughout his career. His work with the Government of Uttarkhand and an impressive academic record are testament to his ability and knowledge in the fields of Economics and Business. He holds a PHD in Forest Management, a MSC in Economics from the prestigious London School of Economics and a MA in Economics from the Delhi School of Economics.





MANAGEMENT DISCUSSION & ANALYSIS



Anilana Hotels and Properties PLC was established in 2014 with the objective of satisfying the needs of the local and international Tourists.

It commenced business with the star grade hotel at Nilaweli and then extended to Paskudha and intend to open the next hotel at Dambulla ancient city.

The Anilana Hotel has had a remarkable history of offering customer satisfaction to both Foreign and Local guests, extending a hospitality experience like no other. Anilana has established mutually close relationships that have endured.

Hotels consist of a dedicated team to fulfill all the requirements of the guests and it gives the feeling like lived with the loved once.

The Hotel provides guest satisfaction cards at the hotel, in the rooms and the reception. The guests could fill these forms and handover to the front desk. All such feedback receives the prompt attention of the General Manager as well as the Managing Director. Hotel treats this data as invaluable in training and development

too. Further this information allows the hotel management to remedy errors, improve services and identify trends in customer preferences.

NILAVELI HOTEL

This consists of 54 rooms. There are six categories namely Deluxe Garden View, Deluxe Sea View, Pool Chalet, Anilana Studio, Nilaweli Studio, Anilana Lux Suite. A large swimming pool with a pool bar, Spa and other facilities are available for providing maximum satisfaction to the guests. The rear side of the hotel is bordering the beach with a panoramic view of Pigeon Island.

PASIKUDHA HOTEL

This consists of 45 rooms. There are seven categories namely Anilana Deluxe, Beach Chalet, Lofts, Anilana Suite, Kalkudha Suite, Anilana Lux Suite. A large swimming pool with a pool bar, Spa and other facilities are available for providing maximum satisfaction to the guests. The rear side of the hotel is bordering the well-known Pasikudha beach.

PROSPECTS OF THE INDUSTRY

The economic Prospects of Sri Lanka's post



-War development hinge primarily on a few key industries. Among these the Tourism sector has emerged as a front runner. A sector that is positioned to benefit directly from the anticipated boom in Tourism is the Sri Lankan hotel Industry. After nearly a decade in the post war period, the outlook on the Industry has now completely turned around, and it is expected to play a wider role in Sri Lanka's future economic development. According to Central Bank statistics the Hotel Industry contributes only 2% to the country's GDP at present. With the Tourist arrivals targeted to hit 2.5 Million this year the Hotel Industries' contribution to GDP is expected to rise significantly. Last year the hotel Sector recorded an average of 70% occupancy while during the peak periods it exceeded 90%. Increased Demand has enabled Hotel operators to increase their room rates leading to stronger revenues and broader margins for most establishments.

Looking ahead, the sectors growth prospects appear very promising, particularly in the short to medium term. Industry experts estimate that the current capacity will have to be doubled

to accommodate this influx. However this is perceived to be unattainable in the medium term due to long lead time for hotel development.

The existing establishments in the meantime will stand to benefit from the shortage of rooms and rising rates.

The Sri Lankan Hotel sector has been mainly focused on Colombo, the main economic and financial hub as well as the gateway to the rest of the country. The southern region comes second as Hotel owners take advantage of Sri Lanka's beach attractions. As such the Colombo area accounted for around 40% of the capacity of the tourist hotels followed by the southern region and ancient cities accounting for 35%. The newly liberated Eastern and Northern regions constituted less than 2% of the Capacity, highlighting their growth potential.

PROPOSED DEVELOPMENT

AHPL plans to build on its comparative advantage of owning prime beach front properties in the Eastern coast of the Country. The unique selling points which the Company is planning to harness

would be its location, luxury ambience, unparalleled service and ease of travelling from the Colombo Airport.

TARGET MARKET AND STRATEGY

AHPL will strive to be one of the top rated resorts in the Eastern Coast and will compete with other top tier resorts in the Country, particularly in the Eastern coast. Due to the geography of the eastern coast, AHPL will be in an advantageous position to attract upscale and medium scale leisure travelers and Groups on the basis of Location and quality of the facilities. Nila and Pasi are in a position to compete with all comparable properties across the country due to untapped beaches and planned development in this region.

Hotels will target the high end of the tourist segment and will be positioned as a five-star grade hotel. The Hotels expect to target high spending tourists from Europe as well as new markets such as China and India. The management is confident in attracting 85% of bookings through foreign markets while the balance is expected to be filled by local tourists.

The Management is keen to bring in an internationally reputed hotel management company who would bring with them a globally recognized hospitality Brand. Further the Company will collaborate with reputed operators to position the hotel as one of the leading Hotels in Sri Lanka.

STRATEGY

A comprehensive Marketing plan will be undertaken comprising the following strategies.

- One to one sales callings to agents based in MUMBAI/DELHI and BANGALORE on daily basis.
- Product Trainings to big wholesalers and TO's
- Tie up with OTAs like Yatra, Go-Mmt, Rezlive, GRN-Connect, TBO etc.
- Tie up with Wholesalers like Red apple, Miles Tourism, One Above etc.
- Target Mice companies like JTB MICE, Zenith Holidays, Tybros, Trail Blazer, FCM, Alpcord Network etc
- Approach wedding planners and event management companies to position Anilana Resorts for special event hosting
- Promoting the ongoing campaign with OTA, Wholesalers or Airlines.
- Promotions on social media and WhatsApp
- Assist in closing the queries.
- Competition information to be discussed and analyzed.

THE PROPOSED DEVELOPMENT OF THE PROPERTIES

Name of the Property	Proposed Development	Star Category
Nilaveli	Upgrade to 70 Rooms	5 Star
Panichchankerni	50 Rooms	5 Star
Vakarai	100 Rooms plus 20 Villas	5 Star
Dambulla	50 Rooms plus 20 Villas	5 Star

The company is keen to complete the half built hotel In Dambulla over the next five years and develop it into a five star hotel. The Original Plan consists of the following features ,

- Hotel and Administration building
- Premium Leisure and SPA Club
- Entertainment facilities and Club House
- Bars and Restaurants
- Maintenance facility area, Housekeeping Laundry
- Staff Accommodation
- Super Market and a fuel station

Initially, the company hopes to complete the main Hotel and Administration Building to start operations to generate an Income. As it progresses the additional facilities will be added.

The company hopes to make full use of the unique Locations it owns and the attractive places of interest that surrounds it to lure the tourists in numbers





OPERATING STRATEGY & REVIEW

CUSTOMERS ARE THE REASON WE DO WHAT WE DO, SO WELL.



The pivotal point of all Anilana operations stem from our wish to meet the consumers every need and our directives, both strategic and operational, ensure that the highest quality is achieved and maintained on a consistent basis, in all that we do. In order to do this in the best way possible we have brand standards and a strong human resource development plan, so that the resorts presently in operation and the development projects currently underway, are geared to sustain future levels of profitability. Our existing clientele always comes first but we need to widen our base, so we have furthered our efforts to attract new customers as well, who we are confident will grow to love Anilana as much as our long-standing customers do. The excellence in quality in every single process and its output at Anilana and our impeccable service that constantly amazes everyone that comes into contact with it, has been our long standing recipe for success.

CORPORATE STRUCTURE

We have a lean corporate structure for we do not believe in offloading inefficiencies or unseemly expenses to our valued customers, and with this

AWESOME STAY

“ If you are planning to go to Nilaveli.. this is the best. This place has beautiful & clean beach. The staff is so good they care for you all the time..service was exceptional. The food is awesome.. nothing to complain in this hotel.. highly recommended ”

Thilina
Tripadvisor, Anilana Nilaveli

in mind we have centralized some of our key functions, so that every advantage we gain by such economies of scale will trickle down to all our stakeholders. Therefore, at Anilana Centre, our Head Office, which is situated in Colombo; we handle a vast range of support services, such as project management, finance, legal & compliance based work, marketing & sales, reservations, information technology, human resource management, technical services and procurement, so as to minimize our on-site manning levels and to give them the freedom to do what they do best, which is providing unmatched service to our guests. At Anilana Centre, we focus on the mantra to our success, which is sustaining profitability, developing human resources, achieving brand clarity and maintaining the integrity and consistency of our brand, which is a formula that holds the key to our success.

SUSTAINABILITY

Life is a cycle, what we give out comes back to us, or so we believe. So, with this in mind, sustainability is something we at Anilana, fully endorse, be it our legal and moral obligations, or our ethical responsibility to society at large. We believe that all things come from the environment, so we treat it with inordinate respect and we believe this is one 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.

Our vision is not a short term one. We know the damage wrecked, when man tries to grasp all he can with little regard for everything around him, So we take the high road, and we carry out our actions in a way that both we and the environment prospers, a win-win situation if

you will, and endeavour to protect our natural resources, be it water, energy or the natural environment, not only for its beauty and diversity, but because we believe that the earth is not ours to use and dispose, but something to protected for generations to come.

ENVIRONMENT

All we have comes from our environment be it directly or indirectly. This is instilled in us at Anilana from inception and so it comes as no surprise to learn that we respect all environmental regulations, ordinances and laws that are put in place to safeguard our health, our people and our natural resources. We believe in in cutting down waste at all levels, so we Reduce, Re-use & Re-cycle, wherever and whenever possible. We have invested in the best equipment and a cutting-edge computerized monitoring system that facilitates the efficient use of resources.

We believe in gratitude. Our environment offers us many resources, which we use in a sustainable manner. However, we believe that we also need to actively engage in bettering our natural surroundings, and so with this in mind, we engaged in a tree planting venture, which was indeed a highly successful one.

At Anilana, we are all eco-warriors in every sense of the word, but we do not shout out slogans from platforms, instead we incorporate environmental at each stage of our operations, be it design, construction or implementation, all of which is carried out in a sustainable and efficient manner. For instance:

- We know that only 0.01% of the water available on earth can be used for drinking, so we treat it very rightly, as a precious resource, which it indeed, is. We do this by incorporating an effective water management system and natural filtration programme we ensure that we



have access to clean water supplies at all times, which is adequate to fulfil all our operational requirements. However, we minimize the wastage of water by carrying out our functions carefully, in a well-thought-out manner, by gaining an in-depth understanding of local water conditions, treatment methods and optimal storage conditions.

- Fossil fuels are depleting fast, and so with this in mind nearly 80% of our light fittings use LED or solar powered lighting. Our air-conditioning units are solar powered for the most part, and hot water is dispersed as a by-product, which in turn helps us minimize the utilization of boilers. Despite such methods yielding a higher initial investment cost, it has found to be most economical in the long run, whilst yielding numerous environmental benefits as well.
- We are indeed committed to the 3R's and we are careful of the impact of all our actions on the world at large, and so we ensure that proper transportation, treatment and disposal methods are used when it comes to dealing with any toxic substance that may cross our path.

- Our future plans include living with nature as one, something we wish to do by tastefully incorporating the concept of indoor cum outdoor living which lessens our dependence on artificial lighting and cooling systems, which in turn reduces energy consumption. High ceilings and vast spaces provide natural cooling, and lessens are reliance on air-conditioning units. To this same end, we will be using water features and fountains, which in turn will provide a cool atmosphere, whilst being aesthetically appealing, too.
- We have and will continue to use natural materials in our design and construction, wherever possible. For instance, we use natural thatching for roofs, indigenous wood for floors and stairways, to name but a few examples.

BRANDING & CUSTOMERS

To us, branding is a very important tool at our disposal. The Anilana brand always has and always will be synonymous with quality. With this end in mind, we develop relationships with our long-standing clientele and try to make a positive difference in their lives, by providing exceptional products and impeccable service;

across all our resorts, through which we ensure that the Anilana experience is indelibly etched in their minds.

We are renowned for our beautiful, luxurious resorts which have an inbuilt exclusivity that is hard to define. Our three watchwords are “stylish, unique and contemporary”. We have garnered numerous awards and accolades over the years, of which shows that our commitment to quality and consistency does not go unremarked.

Our customers are our lifeblood; and so, we take all necessary steps to ensure that we maintain

optimal standards of comfort and hygiene, safety and consistency, in all that we do, across the Board, in all our resorts.

Sri Lankan hospitality is renowned worldwide. So we at Anilana combine this with innovative marketing strategies. Together with the time-honoured advertising avenues we have utilized social media, be it Twitter, Facebook or Instagram with undeniable skill, so as to highlight our achievements in order to attract new clientele whilst appreciating our existing customers whose loyalty is indeed, admirable.







TAKING CARE OF OUR PEOPLE & SURROUNDINGS

PEOPLE. PLANET. PROFIT



We believe that happy employees make happy guests and therefore consider it paramount that we take care of our employees first at all our properties.

As much as we give back to the communities we are based in, we also strive to better for our staff who are very much a part of the family. Here are some of projects carried out for them this year..

MEDICAL CHECK-UP

A Medical Check-Up was conducted for all our employees at Pasikudah. The Medical Health Officers of the Valachchenai Hospital conducted the camp on 30 employees who engage in food handling at the hotel, while 10 others also provided blood samples for further testing. This is a mandatory health check we do annually to ensure food safety standards and also to give back to our employees. The hotel offered free lunch to the medical personnel in return for their valued services.

SINHALA AVURUDHU CELEBRATIONS

The staff, their families and in-house guests celebrated the Sinhala and Tamil New Year at the Pasikudah premises with emphasis on the traditional practices and observances. The auspicious times were all observed while a table laden with traditional Sinhala and Tamil sweet meats was a delight for all present. It was also encouraging to see foreign and local tourists enjoying the festivities and joining in with the staff to partake in meals and the traditional games that were arranged thereafter.

SPECIAL OCCASIONS

The staff at our properties love celebrating special occasions and this year was no different. From the dawn of 2019, to Independence Day and Christmas the revelry at the hotel was at its highest. It is also encouraging to see guest and staff interactions at the highest level and guest satisfaction being attributed to the hospitality they receive from our staff. One of the highlights of the calendar this year was the Inter-Department Cricket Match that was held between the staff at Head Office, Nilaveli and Pasikudah where the Pasikudah team emerged victorious.

TAKING CARE OF OUR SURROUNDINGS

At Anilana, we truly believe in giving back to the communities that we are based in. As such we strive to enhance livelihoods, engage local communities in our projects and also protect the environment around us. Our projects in the past, have brought us closer to the localities and has gained us recognition for being a property that is environmentally and socially conscious.

Here are some of the highlights from projects carried out this year..

SHARAMADANA AT NILAVELI

The staff at Anilana Nilaveli gathered together and undertook a special Shramadana Campaign to clear the Nilaveli property. The gardens, and hotel premises were cleaned out, and potential dengue breeding sites were also identified and eliminated. The building exteriors were cleaned and cleared out while a special garbage disposal system was also introduced. Furthermore, the staff also undertook to clean the adjoining property which was overgrown and a potential risk to staff and guests alike.

BEACH CLEAN-UP

The majestic Indian Ocean is an integral part of Anilana Nilaveli's allure and offering. As such we consider it of paramount importance that the beach strip is kept impeccably clean. While our staff strive to ensure cleanliness, we extended our operations to the entire Nilaveli strip by organizing a beach clean-up in the area. Our staff together with the locals cleared the beach of plastic and other disposable waste and also set up signage requesting visitors not to pollute the precious beach.

A second beach clean-up was also held in lieu of May Day this year.

VISIT BY THE NEXT GENERATION

We had 50 children between the ages of 4-6 visit our property this year for an educational tour. This was organized by the local government authorities and education department to encourage the younger generation to develop a love for the hospitality industry at a young age. We also educated the young ones on how to keep the surrounding environment clean and dispose garbage methodically. The children greatly enjoyed the excursion and our staff were also thrilled to take them around the property.



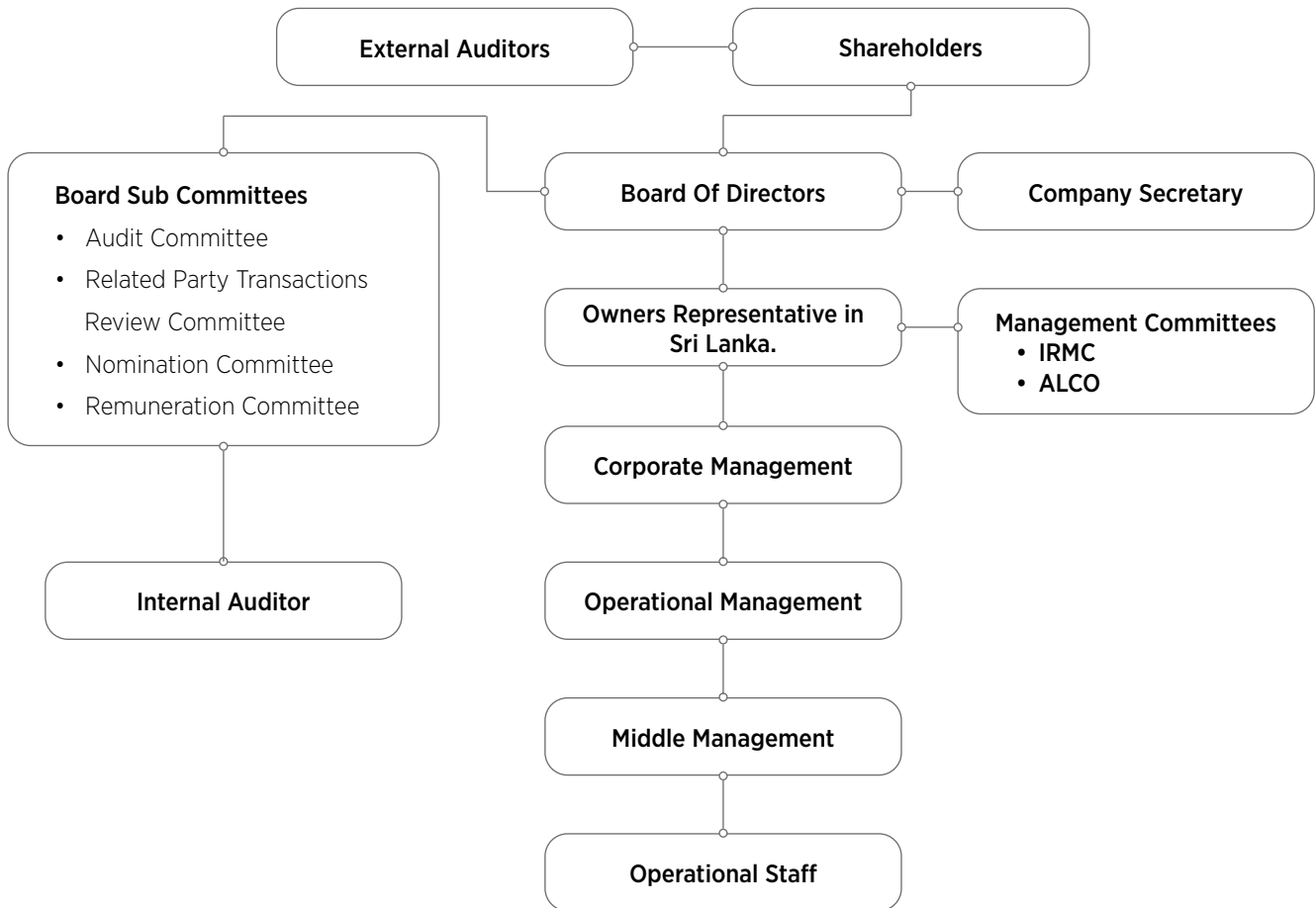
CORPORATE GOVERNANCE

Anilana Hotels and Properties PLC is one of the leading companies in hospitality industry in Sri Lanka. It operates two-star grade hotels in eastern coastal area. The company is a listed company in the Colombo Stock Exchange (CSE).

The Board of Directors has given the highest priority to establish a corporate governance frame work to the company. Accordingly, the Board always relies on the Board sub committees and the management committees to ensure a sound internal control system with a view to providing transparency and accountability to ensure the best practices of corporate governance principles.

Furthermore, the Company has also adopted the “Code of Best Practices on Corporate Governance 2017 issued by The Institute of Chartered Accountants of Sri Lanka.” The Company’s governance philosophy is its vehicle to sustainable business relationships, integrity, transparency and long-term value creation to the stakeholders.

Corporate Governance Structure is given below.



COMPOSITION OF THE BOARD

The Board consists of eight members six of whom are Non-Executive Directors.

It is with deep regret that we announce the demise of our Former Chairman and Director Mr. Peter Amerasinghe in April 2020.

The credentials of the Directors are shown in the page No 14 to 15 of the Annual Report. Out of the seven directors Mr Arjun Doasaj and Mr Rakesh Sharma are independent directors.

The details of the Directors and their status is shown in the below mentioned table.

#	Name of the Director	Position	Category
1	Mr. Dinesh Pandey	Chairman	Executive / Non Independent
2	Mr. Asanga Senevirathna	MD	Executive / Non Independent
3	Mr. Peter Amarasinghe (Deceased)	Director	Non-Executive / Non Independent
4	Mr. Promoadh Pandey	Director	Non-Executive / Non-Independent
5	Mrs. Sonal Pandey	Director	Non-Executive / Non-Independent
6	Mr. Arjun Dosaj	Director	Non-Executive / Independent
7	Mr. Rakesh Sharma	Director	Non-Executive / Independent
8	Mrs. Anamika Sharma	Director	Non-Executive / Non-Independent

DIRECTORS AND CEO'S SHARE OWNERSHIP

As per the Company Register the number of shares held by each director are given below.

#	Name of the Director	Number of Shares as at	
		31.03.2020	31.03.2019
1	Mr. Dinesh Pandey	Nil	Nil
2	Mr. Asanga Senevirathna	41,452,023	41,452,023
3	Mr. Peter Amarasinghe (Deceased)	966,667	966,667
4	Mr. Promod Pandey	Nil	Nil
5	Mrs. Sonal Pandey	Nil	Nil
6	Mr. Arjun Dosaj	Nil	Nil
7	Mr. Rakesh Sharma	Nil	Nil
8	Mrs. Anamika Sharma	Nil	Nil

SEGREGATION OF WORK BETWEEN THE CHAIRMAN AND THE MANAGING DIRECTOR

There is a clear segregation of duties and the functions between the Chairman and the Managing Director.

BOARD MEETINGS HELD DURING THE FINANCIAL YEAR 2019/2020

During the Financial year 4 meetings were held. The participation of the Directors is shown in the below mentioned table.

#	Name of the Director	31.05.2019	26.07.2019	18.11.2019	13.03.2020
1	Mr. Dinesh Pandey	Y	Y	Y	Y
2	Mr. Asnga Senevirathna	Y	Y	Y	Y
3	Mr. Peter Amarasinghe	N	N	N	N
4	Mr. Promoad Pandey	Y	Y	Y	Y
5	Mrs. Sonal Pandey	N	N	N	Y
6	Mr. Arjun Dosaj	Y	Y	Y	Y
7	Mr. Rakesh Sharma	Y	Y	Y	Y
8	Mrs. Anamika Sharma	Y	Y	Y	Y

Y = Indicates participated and N = Indicates Not participated.

COMMITTEES IN OPERATION AT THE COMPANY

With a view to maintaining the Corporate Governance the Board has formed the Board Sub Committees and the management committees also.

- Audit Committee
- Related Party Transactions Review Committee
- Nomination Committee
- Remuneration Committee

BOARD AUDIT COMMITTEE

The Board Audit Committee (AC) is formed as per the “Code of Best Practices on Corporate Governance 2017 issued by The Institute of Chartered Accountants of Sri Lanka.”

Accordingly, one member of the AC is a member of a professional Accounting body.

The AC comprises of three members. All three members hold Non-Executive Director status. Out of the three members two members hold Independent status and the other director holds a non-independent status.

The Audit Committee works according to the Board approved Audit Committee Charter which explained the Terms of References. The minutes of the AC is forwarded to the Board at the immediate next Board meeting together with a Board paper of the Chairman.

The AC composition, details of the meetings held and the Report of the AC is given in the page no. 40 of the Annual Report.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE (RPT-RC)

The Board Related Party Transactions Review Committee (RPT-RC) is formed as per the rules and regulations of the below mentioned bodies and the standards.

- a. Code of Best Practice issued by the Securities and Exchange Commission of Sri Lanka (SEC).
- b. The Listing Rule No 9 released by the Colombo Stocks Exchange (CSE).
- c. Sri Lanka Accounting Standards (LKAS) No 24.

The RPT-RC comprises of three members. Out of that two members including the Chairman hold Non-Executive and Independent status and the other director holds Non-Executive and Non-independent status.

Committee works according to the Board approved RPT-RC Charter which explained the Terms of Reference also.

The minutes of the RPT-RC is forwarded to the Board at the immediate next Board meeting together with a Board paper of the Chairman.

The composition of RPT-RC, details of the meetings held and the Report of the RPT-RC is given in the page no. 48 of the Annual Report.

NOMINATION COMMITTEE

The Board Nomination Committee is formed as per the “Code of Best Practices on Corporate Governance 2017 issued by The Institute of Chartered Accountants of Sri Lanka.”

The Nomination Committee comprises of three members. Out of that two members including the Chairman hold Non- Executive and Independent status and the other director holds Non-Executive and Non-independent status.

Committee works according to the Board approved Charter which explained the Terms of Reference also.

The composition of the Nomination Committee, details of the meetings held and the Report of the Nomination Committee is given in the page no. 46 of the Annual Report.

REMUNERATION COMMITTEE

The Board Remuneration Committee is formed as per the “Code of Best Practices on Corporate Governance 2017 issued by The Institute of Chartered Accountants of Sri Lanka.” and the Section 7.1.5 of the Continuous listing rules published by the Securities and Exchange Commission of Sri Lanka.

The Remuneration Committee comprises of three members. Out of that two members including the Chairman hold Non- Executive and Independent status and the other director holds Non-Executive and Non-independent status.

Committee works according to the Board approved Charter which explained the Terms of Reference also.

The composition of the Remuneration Committee, details of the meetings held and the Report of the Remuneration Committee is given in the page no. 44 of the Annual Report.

DIRECTORS ATTENDANCE FOR THE YEAR 2019/2020

The attendance of the Directors for the Board Committees and the management committees are shown below.

Director	Audit Committee		RPT-RC		Remuneration Committee		Nomination Committee	
	Eligibility	Attendance	Eligibility	Attendance	Eligibility	Attendance	Eligibility	Attendance
Mr. Rakesh Sharma	4	4	4	4	2	2	2	2
Mr. Arjun Dosaj	4	4	4	4	2	2	2	2
Mrs. Anamika Sharma	4	4	4	4	2	2	2	2

BOARD EFFECTIVENESS

Board and Board Committee Performance Evaluation

With a view to increasing the effectiveness of the Board of Directors and its relationship with the management, the Board gets the assistance from the Audit, Remuneration, Nomination and Related Party Transaction and Review Committee and in evaluating performance of the Board as a whole and its committees. At the same time each Board Committee is responsible for conducting an annual evaluation of their performance as well. In the event of re-nominating the same directors to the Board, their individual performance and the contributions are evaluated annually.

PERFORMANCE GOVERNANCE

Chairman and the Board of Directors evaluate the performance of the company at the Board level and take pertinent strategic decisions to enhance the performance. The Executive Directors hold meetings with the divisional head to educate them about the new strategies and to review the divisional activities and performance of the divisions.

CODE OF CONDUCT

The company will maintain a sound code of conduct and ethics which will apply to all shareholders, employees, customers and suppliers, and which the company expects to abide by. The Directors will

also be required to be bound by the code of Conduct. When there is any waiver of the conflict of interest requirements of such code in favor of any directors or executive officer will be subject to an approval by the Board. In the case of consideration of such waiver of the conflict of interest in favor of the directors, such directors shall not be participating in deliberating or voting relating to such waiver.

INTERNAL AUDIT FUNCTION

The company has out sourced the internal audit functions to an Audit Firm. The Audit Committee supervise the activities performed by the Audit Firm. Accordingly, the internal audit report is sent by the audit firm in monthly basis.

FINANCIAL DISCLOSURE AND TRANSPARENCY

The company prepares the financial statements in accordance with the Sri Lanka Accounting Standard and the Companies Act and other rules and regulations of the regulators. As a listed company, Anilana Hotels and Properties PLC published an audited quarterly/ half yearly and annual audited Financial Statements in compliance with the Listing Rules of the CSE and Companies Act No 7 of 2007.

Messrs. Amerasekara & Company, Chartered Accountants acted as the independent auditor in the Financial year 2019/2020 of the company.

STATUTORY PAYMENTS

All statutory payments to the Government which have fallen due have either been made or provided for.

Rule No	Subjects	Requirements	Status of compliance	Details
7.10.1 (a)	Non-Executive Directors	The Board of Directors of listed entity shall include at least, Two non-executive Directors or Such number of non-executive Directors equivalent to one third of the total number of Directors whichever shall be higher.	Complied	Six non-executive Directors out of eight Directors
7.10.2 (a)	Independent Directors	Two or one third of non-executive Directors in the Board whichever is higher shall be independent.	Complied	Two independent Directors out of six Non executive Directors.
7.10.2 (b)	Declaration of Independent Directors	The Board shall require each non- executive director to annually submit a signed and dated declaration of his/ her independent or non-independent status against the specified criteria.	Complied	Declarations were made.

7.10.3 (a)	Disclosure relating to Directors	The Board shall annually make a determination as to the independence or non-independence of non-executive Directors and shall set out the names of the independent Directors in the annual report.	Complied	Shown in the page no. 33 of the Annual Report.
7.10.3 (c)	Disclosure relating to Directors	A brief resume of each director which includes his/ her expertise in relevant functional areas.	Complied	Shown in the page no. 14 - 15 of the Annual Report.
7.10.3 (d)	Disclosure relating to Directors	Upon appointment of a new director to the Board , the entity forthwith provide the brief resume of such director that includes matters stated in the rule 7.10.3 (a) & (c)	Complied	No new Director appointed
7.10.5	Remuneration committee.	A listed company shall have a remuneration committee.	Complied	A report is given in the page no. 44 of the Annual Report.
7.10.5 (a)	Composition of remuneration committee	It shall comprise of, Two independent non-executive Directors. Or Non-executive Directors a majority of whom shall be independent, whichever shall be higher.	Complied	Two independent non-executive Directors out of three.
7.10.5 (b)	Function of Remuneration Committee	The Remuneration Committee recommend the remuneration to be paid to the Chief executive Officer and the Executive Directors.	Complied	No Directors received any remuneration
7.10.5 (c)	Disclosures Relating to the Remuneration Committee	The Board shall set out the names of Directors and the remuneration of the executive and non-executive Directors of the committee.	Complied	No Directors received any remuneration
7.10.6	Audit committee	A listed entity shall have an audit committee.	Complied	A report is given in the page no. 40 of the Annual Report.
7.10.6 (a)	Composition of Audit committee	It shall comprise of, Two independent non-executive Directors. Or Non-executive Directors a majority of whom shall be independent, whichever shall be higher. At least one member of the committee should be a Member of a recognized Professional Accounting Body.	Complied	Two independent non-executive Directors and one non independent non-Executive Director. One member holds the membership of a recognized professional accounting body.

9	Related Party Transaction Review Committee	The Board should establish a related party transaction (RPT-RC) Review committee consisting exclusively of Non-Executive Directors with a minimum of 3 Non-Executive Directors of whom the majority should be independent.	Complied	RPT-RC is formed with two Non - Executive Independent Directors and one Non-Executive Non-Independent Director.
	Nomination Committee	The Nomination Committee makes recommendations to the Board for all new appointments of the members.	Complied	A report is given in the page no. 46 of the Annual Report.
A.7.2 ¹	Assessment of Board Composition	The Board as a whole annually assesses the composition of the Board to ascertain whether combined knowledge and experience of the Board match with the strategic demands faced by the Company. New Board Members will be appointed as and when the need arises	Complied	A report is given in the page no. 36 of the Annual Report.
A.7.3 ¹	Appointment of a new director	The Board has disclosed the appointments of new Directors to the shareholders with the material information	Complied	A report is given in the page no. 14 - 15 of the Annual Report.

¹ Code of Best Practices On Corporate Governance 2017 issued by The Institute of Chartered Accountants of Sri Lanka

AUDIT COMMITTEE REPORT

The Audit Committee of Anilana Hotels and Properties PLC consists of the following three members.

Name	Directorate	Membership
Mr.Rakesh Sharma	Non-Executive, Independent	Chairman
Mr.Arjun Dosaj	Non-Executive, Independent	Member
Mrs.Anamika Sharma	Non-Executive, Non-Independent	Member

The credentials of the members of the Audit Committee are given on page number 15 of the Annual Report.

The company complies with the below mentioned requirements of Section 7.10.6.a of the Continuing Listing Requirement released by the Securities and Exchange Commission of Sri Lanka (SEC).

- Majority of members are Independent Directors.
- Member Mrs.Anamika Sharma is a member of The Institute of Chartered Accountants of India.
- Chairman Mr.Rakesh Sharma is an independent Non-Executive Director.

During the financial year 2019/2020 the Audit Committee held four meetings using Skype and Zoom technologies and the attendance of the members are shown in the below mentioned table.

Name of the Member	Number of the meetings held	Number of meetings attended
Mr.Rakesh Sharma	4	4
Mr.Arjun Dosaj	4	4
Mrs.Anamika Sharma	4	4

The owner's representative Mr.Tarun Sharma, the Director Finance Mr.Lasantha Mendis and Managing Director Asanga Seneviratne participated in all the Audit Committee meetings on the invitation of the Audit Committee Chairman.

Company Secretaries "Corporate Advisory Services PVT Ltd" acted as the Secretary to the Audit Committee while Minutes of the Audit Committee were kept by the Secretaries and tabled at the immediate Board Meeting that followed.

AUDIT COMMITTEE CHARTER AND THE TERMS OF REFERENCES

The Company Audit Committee is governed by the Board approved Audit Committee Charter which clearly defines the Terms of Reference (TOR) of the Audit Committee. Further the Board continuously reviewed the Audit Committee Charter to ensure that the functions of the Company Audit Committee is in line with the new changes in the industry and the rapid development of the Company.

Accordingly, the Audit Committee Charter was reviewed by the Board of Directors at the Board meeting held on 31.05.2019.

OBJECTIVES OF THE AUDIT COMMITTEE

The Prime Objective of the Audit Committee is to assist the Board of Directors to maintain the good governance of the Company. In doing this the Company abides by the rules and regulations laid down by the regulatory bodies such as CSE, SEC, and Companies Act etc. The Company has a separate compliance officer and operates an Internal Audit team also to ensure compliance to the rules and regulations.

MINUTES OF THE MEETING

Minutes of the meetings were kept by the Secretary. The adopting the minutes is done at the immediate next Audit Committee meeting. As a practice the Chairman of the Audit Committee tables the minutes of the Audit committee at the Board meeting with a brief description about the salient points and the recommendations of the Audit Committee.

MAIN ACTIVITIES PERFORMED BY THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR 2019/2020

These are the main activities of the Audit committee performed during the financial year.

- a. Approved the annual Internal Audit Plan of the Company for the financial year 2019/2020.
- b. Discussed the Audit Committee Charter for the financial year 2019/2020 and got approval from the Board.
- c. Ensured the smooth functions of the other management committees such as IRMC and ALCO within the company.
- d. Reviewed the Quarterly Accounts and the Annual Accounts and expressed the views of the committee to the Board together with the recommendations with special reference to:
 - i. Preparation, Presentation and adequacy of disclosures in the Financial Statements, in accordance with the Sri Lanka Accounting Standards.
 - ii. Compliance with the financial reporting requirements, information requirements of the Companies Act, and other relevant financial reporting related regulations and requirements.
- e. Making recommendation to the management for managing the risk factors, and to achieve the Company objective and goals.

- f. Held meetings to discuss the Internal Audit Reports. In these meetings the Audit Committee paid special attention to the recommendations made by the Internal Auditors and discussed with the management ways of executing those recommendations.
- g. Held few meetings with the External Auditors to clarify the matters referred in the Management Letter released by them for the financial year 2018/2019. At the meeting the AC discussed the recommendations made by the External Auditors in detail together with the explanations made by the management on the shortcomings highlighted therein. Based on the discussion with the External Auditors and with the management, the AC made recommendations to the Board on improving the quality and timeliness of information and also on improvements to internal control systems.
- h. Ensured the compliance with the Sri Lanka Accounting standards, and other regulatory requirements.
- i. Evaluated the existing Procedure Manual, and expressed ideas for improvements by considering the changes in the industry and within the company too.
- j. Discussed the matters referred in the letters received from the regulatory bodies.

SELECTION OF EXTERNAL AUDITOR

The Audit Committee recognizes the importance of the independent status of the External Auditor. Therefore, the Audit Committee evaluated the qualifications, performance and independence of the External Auditor and determined whether to reappoint the External Auditor. Accordingly, the Audit Committee recommends to re-appoint Amerasekera & Company (Chartered Accountants) as the External Auditor for 2020/2021 as well.

However, the Audit committee recommends getting the shareholder's consent at the AGM to ratify the appointment of the External Auditors. Amerasekara & Company has been acting as the External Auditor for the Company since 2009. Though the service of the External Auditor is more than 10 years, the Audit Committee is satisfied about the independence of the External Auditor since the External Audit is carried out under the supervision of a new managing partner from 2018/2019 as per their policy of confirming the independent status.

OPINION OF THE AUDIT COMMITTEE

The Audit Committee is of the opinion that the internal controls and procedures were in place for assessing and managing the risks and provide reasonable assurance regarding the reliability of financial reporting of the company. Further the Audit Committee confirms that the Company has complied with the statutory rules and regulations as well as the other guidelines recommended by the Institute of Chartered Accountants of Sri Lanka specially to maintain the corporate governance of the company.

The Audit Committee is also of the view that the company maintained good governance in all its activities.



RAKESH SHARMA,

Chairman, Audit Committee

31st May 2020

REMUNERATION COMMITTEE REPORT

The Board Remuneration Committee of Anilana Hotels & Properties is set up according to the rules and recommendations of the “Code of Best Practices on Corporate Governance 2017” issued by The Institute of Chartered Accountants of Sri Lanka.

Accordingly, the company Remuneration Committee operates within agreed terms of reference and its committed to the principles of accountability and transparency and ensuring that remuneration arrangements align reward with performance.

Here the term of remuneration shall make reference to cash and non-cash benefits whatsoever received in consideration of employment with the company.

SCOPE OF THE COMMITTEE

Main scope of the Company Remuneration Committee is to assist the Board of Directors in ensuring the remuneration arrangements in the company align with the performance of the staff members at all the levels.

COMPOSITION OF THE REMUNERATION COMMITTEE

The company Remuneration Committee comprises of three non-executive Directors, a majority of whom shall be independent Directors.

Mr. Arjun Dosaj
Non-Executive / Independent Chairman

Mr. Rakesh Sharma
Non-Executive / Independent

Mrs. A. Sharma
Non-Executive / Non independent

ATTENDANCE OF THE MEMBERS

Company has fulfilled the requirements of the number of meetings to be held in the Financial year by holding one meeting.

Mr Rakesh Sharma	1/1
Mr Arjun Dosaj	1/1
Mrs. A. Sharma	1/1

Chief Financial Officer attended the meeting on invitation of the Remuneration Committee.

The Committee members possess a vast exposure in the field of Business Management, Human Resource Management, and Prevailing Labor Regulations in the country.

INDEPENDENCE OF THE COMMITTEE

The majority of the Committee is composed of Non-Executive Directors. They are independent of management and are completely free from any business, personal or other relationships that may interfere with the exercise of their independence and unbiased judgement. The members of the Committee refrain from taking part in determining their own remuneration

PERFORMANCE BASED REMUNERATION

The committee evaluated the performance of the Head of Divisions and Senior Management of the Strategic Business Units. Committee further evaluated the available succession planning to ensure the continuity of the business even after a disaster situation and looked in to the achievements as well as unaccomplished goals.

THE REMUNERATION POLICY

The Company follows a formal and transparent procedure to ascertain the remuneration packages for the key officers. The Committee considers the importance of formulating remuneration packages that are sufficient to motivate, attract and retain the key staff members for a considerable period. The company

remuneration policy which was reviewed by the Committee remained unchanged during the year under review.

AUTHORITY

The Committee has the authority to discuss issues under its purview and report to the Board with recommendations for enabling the Board to take the final decision.

CONCLUSION

The Committee is satisfied that it has fulfilled the expectations placed by the Board in the year under review and it has achieved the targets set by the Board.



ARJUN DOSAJ

Chairman, Remuneration Committee,
15th August 2020

NOMINATION COMMITTEE REPORT

The Board established the Nomination Committee as per the requirements of the “Code of Best Practices of Corporate Governance 2017” issued by The Institute of Chartered Accountants of Sri Lanka.

COMPOSITION OF THE BOARD NOMINATION COMMITTEE

The Board Nomination Committee consists of Non-Executive Directors and chaired by a Non-Executive Independent Director.

The members of the committee have wide range of experience and a sound knowledge of business acumen.

Mr. Rakesh Sharma, Chairman
Non-Executive, Independent

Mr. Arjun Dosaj, Member
Non-Executive, Independent

Mrs. A. Sharma, Member
Non-Executive, Non-Independent

INDEPENDENCE OF THE COMMITTEE

The Committee is independent of the management and totally free from any business, personnel or any other relationship that may cause hindrance in making independent judgements when performing the functions of the Committee.

TERMS OF REFERENCE OF THE COMMITTEE

The Committee operates as per the Terms of References approved by the Board. Further this Terms of Reference were prepared as per the Terms of Reference recommended by the “Code of Best Practices of Corporate Governance 2017” issued by The Institute of Chartered Accountants of Sri Lanka.

Below mentioned items are included in Terms of References.

- a. Identify and recommend suitable candidates as Directors to the Board considering succession plan and requirements of the Board of Directors. In this exercise the Shareholders should also get the right to nominate a suitable individual to the Board if desires.
- b. Regularly review the structure, size and composition of the Board in order to fulfill the requirements of the regulatory bodies.
- c. Ensure the Board consists of members possessing a sound knowledge, experience and entrepreneurial skills to enhance the effectiveness of the Board.
- d. Review the Charter for the appointment and reappointment of Directors to the Board and recommend amendments whenever required.

Membership, number of meetings held and the participation at the meetings

Status of the members of the Nomination Committee, their eligibility of being as a member in the committee and the participation within the financial year is set forth below.

Name	Capacity	Position	Attendance
Mr. Rakesh Sharma	Independent Non-Executive Director	Chairman	1 out of 1
Mr. Arjun Dosaj	Independent Non-Executive Director	Member	1 out of 1
Mrs. A. Sharma	Non-Independent, Non-Executive Director	Member	N/A

One meeting was held within the financial year 2019/2020 by complying with the requirements of the regulatory bodies.

PERFORMANCE OF THE COMMITTEE

The members of the Nomination Committee work closely with the Board of Directors in reviewing the structure and skills needed for a successful organization. Further the Committee also reviewed its own performance.

MINUTES OF THE MEETING

Minutes of the meetings were kept by the Secretary and adopted at the immediate next meeting. Further the minutes were tabled by the Chairman to the Audit committee at the immediate Board meeting together with a special Board paper by describing the main activities of the Nomination Committee.



RAKESH SHARMA

Chairman of the Nomination Committee
15th August 2020

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

The Related Party Transaction Review Committee (RPT-RC) was established by the Board in the Financial Year 2019/2020 as per the requirements of the below mentioned documents.

- a. Code of Best Practice issued by the Securities and Exchange Commission of Sri Lanka (SEC).
- b. The Listing Rule No 9 released by the Colombo Stocks Exchange (CSE).
- c. Sri Lanka Accounting Standards (LKAS) No 24.

Accordingly, the Related Party Transactions Review Committee of the Company comprises of three Non-Executive Directors of which two Directors are independent.

The RPT-RC of Anilana Hotels and Properties PLC consists of the below mentioned members.

Name	Directorate	Membership
Mr. Rakesh Sharma	Non-Executive Independent	Chairman
Mr. Arjun Dosaj	Non-Executive Independent	Member
Mrs. Anamika Sharma	Non-Executive Non-Independent	Member

Accordingly, the Company RPT-RC is in line with the requirements of the Section 9.2.2 of The Listing Rule No 9 released by the CSE.

A brief profile of each member is given in the page number 15 of this Annual Report.

The Company Secretaries “Corporate Advisory Services PVT Ltd” acted as the Secretary to the RPT-RC also. Minutes of the RPT-RC were kept by the Secretaries and tabled at the immediate next Board meeting.

NUMBER OF MEETINGS HELD AND THE PARTICIPATION OF THE MEMBERS.

During the financial year 2019/2020 the RPT-RC held four meetings and the attendance of the members are shown in the below mentioned table.

Name of the Member	Number of the meetings held	Number of meetings attended
Mr.Rakesh Sharma	4	4
Mr.Arjun Dosaj	4	4
Mrs.Anamika Sharma	4	4

OBJECTIVES OF THE COMMITTEE

The prime objective of the RPT-RC is to assist the Board to confirm that all related party transactions were carried out by the Company as per the rules and regulations of the CSE Listing Rule No 9, Code of Best practices issued by SEC and LKAS 24.

ACTIVITIES AND FOCUS OF THE COMPANY RPT-RC

- Prepared the RPT-RC Charter and obtained Board approval.
- Updating the Board on the related party transactions incurred at the Company and the views of the RPT-RC on such related party transactions.
- Making immediate disclosures on applicable related party transactions if any as required by Section No 9.3.1 of the Continuing Listing Rules of the Colombo Stock Exchange (CSE).
- Making required disclosures in the Annual Report on related party transactions if any as required by the Section No 9.3.2 of the Continuing Listing Rules of the Colombo Stock Exchange (CSE).

Accordingly, the Related Party Transactions Review Committee confirms hereby that the Company has acted on all the related party transactions incurred at the Company according to the rules and regulations of the CSE Listing Rule No 9, Code of Best practices issued by SEC and LKAS 24.

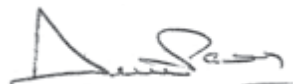


RAKESH SHARMA

Chairman, Related Party Transaction Review Committee
31st May 2020

DECLARATION BY THE BOARD OF DIRECTORS

The Board of Directors of Anilana Hotels and Properties PLC confirm that the company has complied with all the rules of CSE pertaining to Related Party Transactions.



DINESH PANDEY

Chairman
31st May 2020

DIRECTORS REPORT ON COMPANY AFFAIRS

The Board of Directors of Anilana Hotels and Properties PLC present their report on the affairs of the company together with the following audited financial statements.

- a. Statement of Financial position as at 31.03.2020
- b. Statement of Profit or Loss and other comprehensive income for the financial year ended 31.03.2020
- c. Statement of Changes in Equity.
- d. Statement of Cash Flows.

The report contains pertinent information and disclosures required under the

- a. Companies Act No 7 of 2007.
- b. The Listing Rules of the Colombo Stocks Exchange.
- c. Code of Best Practices on Corporate Governance 2017 issued by The Institute of Chartered Accountants of Sri Lanka.
- d. Sri Lanka Accounting Standards.

DIRECTORS RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors are responsible for preparing and presenting the financial statements in conformity with the Sri Lanka Accounting Standards as laid down by The Institute of Chartered Accountants of Sri Lanka and The Companies Act No 7 of 2007.

The Directors are satisfied that the Financial Statements provided are a true and fair view of the state of affairs of the company as well as the profits of the Company for the year ending 31.03.2020.

SIGNIFICANT ACCOUNTING POLICIES

The Accounting policies adopted in preparation of financial statements are explained in this Annual Report as required by Section 168 (1) d of the Companies Act No 7 of 2007.

The Directors are of the view that suitable accounting policies have been used which are applied continuously and supported by reasonable and prudent judgement and that all applicable accounting standards have been followed.

The Financial Statements are prepared on a Going Concerned basis.

CORPORATE GOVERNANCE

A Separate report on Corporate Governance is given in this annual report.

DIRECTORATE

The names of the Directors as at 31st March 2020, their capacity at the Board and the share ownership is described in the Report on Corporate Governance shown in this Annual Report.

No new appointments to the Board have been made during the year 2019/2020.

BOARD SUB COMMITTEES

The names of the Board Sub Committees, details of their participations, capacity and the eligibilities for the meetings are given in the Report on Corporate Governance shown in this Annual Report.

DIRECTORS FEES AND EMOLUMENTS

No Directors fees and emoluments have been paid during the financial year ending 31.03.2020

PROPERTY PLANT AND EQUIPMENT

The details of the Property Plant and Equipment, Additions and disposals during the year and the depreciation charges made in the financial year are given in the Financial Statements.

Further the Directors consider that the market values of the Property Plant and equipment are reasonable with the amounts shown in the financial statements as at 31.03.2020.

STATED CAPITAL

Stated Capital of the Company was Rs.4,896,829,930. Number of Shares listed in the Colombo Stock Exchange was 1,189,797,899

SHAREHOLDERS

The Total shareholders of the company is 1,632 and 1,708 as at 31.03.2019 and 01.04.2020 respectively.

The details of the 20 major shareholders is given in the page no 124 of the Annual Report.

COMPLIANCE WITH THE STATUTORY REQUIREMENTS

As Directors we confirm hereby that the company complies with the requirements, laws and regulations and internal controls and are taking every effort to eliminate the non-compliances.

UTILIZATION OF RIGHT ISSUE FUNDS

Utilization of Funds raised through the Rights Issue concluded in January 2020

Rights Issue Tranche	Objective	Amount (Rs.)	Timeline	Application of Funds with Period/Timelines
Tranche 1	Part Payment of Loan to Sampath Bank (to make it a performing loan)	91,000,000	Immediately upon the allotment of shares on Tranche 1	Part Payment of Sampath Bank Loan Rs.91,000,000/- 16th May to 10th June 2019
	Part Settlement of Loan obtained from Peoples Leasing & Finance PLC	32,500,000	Immediately upon the allotment of shares on Tranche 1	Part Settlement of Loan obtained from Peoples Leasing & Finance PLC Rs 32,500,000
	VAT and other statutory payments	30,000,000	Immediately upon the allotment of shares on Tranche 1	Paid TD,VAT and EPF Rs 30 Mn
	Other operational items of expenses such as electricity, water, office rent, staff salaries, security charges, IT expenses	29,545,830	Immediately upon the allotment of shares on Tranche 1	Paid Office Rent, Salaries and Security Charges Rs 30 Mn
	Sub Total	183,045,830		183,500,000

Utilization of Funds raised through the Rights Issue concluded in January 2020

Rights Issue Tranche	Objective	Amount (Rs.)	Timeline	Application of Funds with Period/Timelines
Tranche 2	Part Payment of Loan to Sampath Bank (to make it a performing loan)	91,000,000	Immediately upon the allotment of shares on Tranche 2	Part Payment of Sampath Bank Loan Rs.98,094,000/- 24th September to 25th September 2019
	Payment to Peoples Leasing & Finance PLC	32,500,000	Immediately upon the allotment of shares on Tranche 2	Payment to Peoples Leasing & Finance PLC Rs. 55Mn.
	VAT and other statutory payments	40,000,000	Immediately upon the allotment of shares on Tranche 2	Paid EPF,ETF,TDL,NBT and VAT Rs 10,951,830
	Other operational items of expenses such as electricity, water, office rent, staff salaries, security charges, IT expenses	19,545,830	Immediately upon the allotment of shares on Tranche 2	Paid Electricity and Salaries Rs.19 Mn.
Total		366,091,660		366,545,830

THE AUDITORS

As per the recommendations of the company audit committee and the approval of the shareholders Amarasekera & Company (Chartered Accountants) acted as the Auditors of the company 2019/2020. A payment of Rs. 1,200,000/- was made to the auditors for conducting the audit of 2019/2020. The Auditors have not involved in any non-audit assignments during the financial year under review. As far as the Board is aware the Auditors do not have any undisclosed relationship with the company other than carrying out the external audit assignment.

By Order of the Board,



ASANGA SENEVIRATHNA,
Director



CORPORATE ADVISORY SERVICES (PVT) LTD
Secretaries to the Company
15th December 2020



RAKESH SHARMA
Director

RISK MANAGEMENT

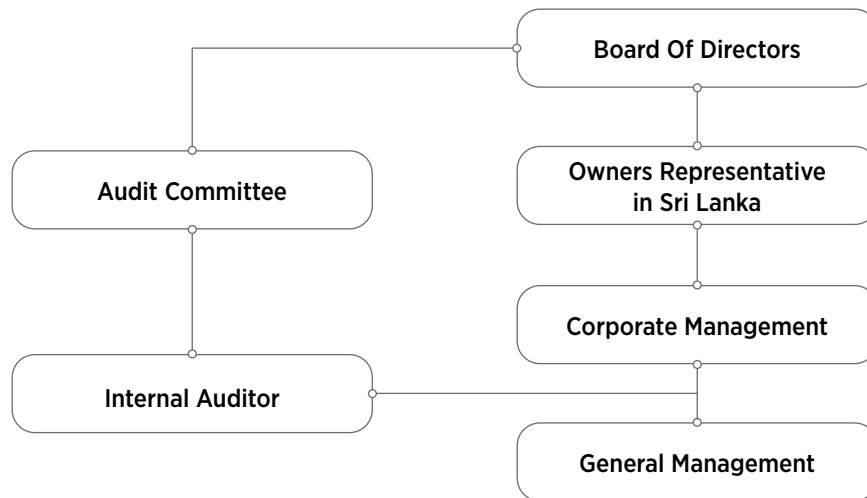
Risk is an event or incident that if occurs will adversely affect the achievement of expected goals and objectives. Therefore, risk management is an organization-wide effort and a responsibility which cascades down from the Board of Management to the operational level employees of the organization.

The company well understands that risk is a factor which cannot be completely eliminated since risk is an inherent element of each business transaction. Therefore, the company always takes necessary steps to manage the risk factor and mitigate the occurrence of the risk element.

Accordingly, the company has implemented various risk management techniques to identify, manage and mitigate the risk factors. Further the Risk Management techniques are continuously reviewed by the management to ensure its adequacy and effectiveness.

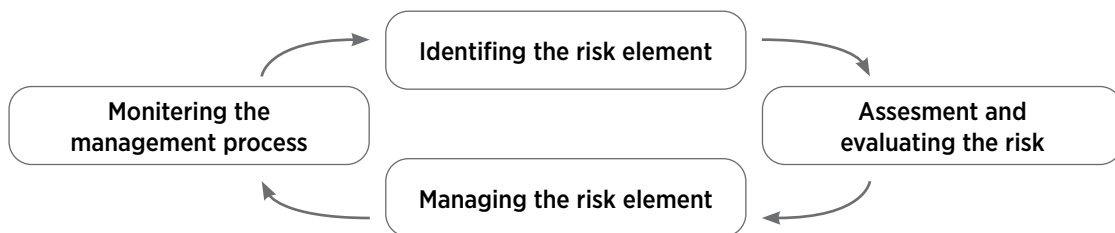
RISK MANAGEMENT APPROACH

The Risk Management approach of Anilana Hotels and Properties PLC (AHPL) is explained in the below mentioned diagram.



RISK MANAGEMENT PROCESS

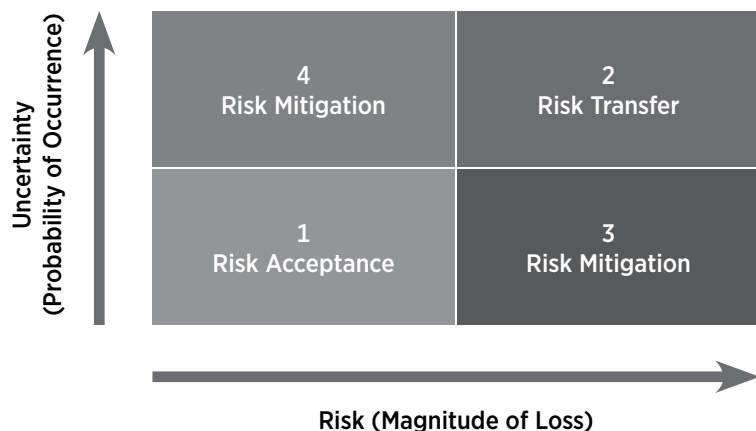
The Risk Management process in place at the Company is explained below.



AHPL approaches risk management in a proactive manner and has implemented systems where possible to avoid or mitigate risk. Control mechanisms are in place to track the exposure to risk as well, giving the management signals as to when and where control is needed.

Response of our company against the risk factor is explained in below mentioned diagram.

RISK LEVELS AND THE COMPANY RESPONSE TOWARDS THE RISK FACTOR.



RISK CATEGORIES AND MITIGATION TECHNIQUES

BUSINESS AND OPERATIONAL RISK

This is a common risk at any type of organization. Business and operational risk can occur due to human errors, fraud, malpractice, failures or breakdowns in the system and in the procedures and deviations due to the negligence or non-adherence to procedures.

Possible adverse impacts of Business and Operational risks are;

- Reduced revenue, cash flows and profitability of the company
- Hindrance to future growth
- Losing stakeholders’ confidence
- Loss of reputation

MITIGATION STRATEGIES;

The below mentioned mitigation strategies are designed by the company to face operational risk.

- Company has introduced a “Standard Operating Procedure” (SOP) with the approval of the Company Audit Committee and The Board to maintain uniformity and quality of transactions.
- Standard qualification and required experience for each job category are pre-determined by the company. Therefore, the company is able to recruit well-experienced and qualified staff members.

- Backups are kept for all important electronic data and raw data as well. Further a trial run on disaster recovery is made by the Internal Audit Division to ensure the smooth retrieval of backups. This exercise is done on a different platform to ensure the retrieval of backups under any circumstances.
- The Company has designed a well-planned Business Continuity Plan to face any unforeseen situation.
- If the probability of risk is high and the magnitude of loss associated with that risk is also comparatively high the company has taken steps to transfer the risk to a third party by taking a reasonable insurance coverage

PROCUREMENT RISK

Since the Company is in the Hospitality and Hotel industry procurement takes a significant position in operations. If the quality of the raw material is not up to standard, the outcome could tarnish the reputation of the brand.

MITIGATION STRATEGIES

- A separate supply division has been established at the Hotels to coordinate with suppliers and to procure raw material on time to minimize stockout situations at the hotels.
- Long term relationship with suppliers has been developed through contractual agreements.
- Supplier's base has increased to reduce dependency on individual suppliers.
- Timely settlement of suppliers' bills and advance payments prior to supply has ensured timely delivery of quality raw material in the right quantities.
- Priority is given to the agents of the products when procuring raw materials.

SOCIO – ECONOMIC POLITICAL AND ENVIRONMENTAL RISK

The company in particular during the last two years has had to face many risks in this area

- a. Major events affecting either economic or political stability on a global and local level which in turn effects the company.
- b. Risk from natural or human made disasters.
- c. Risk from natural Epidemics or Pandemics.

Possible adverse impacts of these risks are significant for hospitality and hotel industry in the current context both in the national and global market.

MITIGATING STRATEGIES

The hotel management works closely with lobby groups, relevant authorities and trade associations to ensure the best interests of the tourism industry are fulfilled at all the time.

Transferring risk factors to third parties through insurance policies is another way of mitigating the risk factor.

LEGAL RISK

Legal risk is the risk resulting from the legal or regulatory framework that govern the company and its transactions with a third party

MITIGATION STRATEGIES

The company operates the below mentioned strategies to mitigate legal risk.

- AHPL always takes necessary steps to comply with the legal, statutory requirements and special attention has been given to maintain ethical standards and transparency.
- The company always obtains services of a well-reputed legal firm for handling legal issues.

LIQUIDITY RISK

Liquidity risk is the risk of inability of meeting the funds requirements for operational activities.

MITIGATION STRATEGIES

The below mentioned mitigation strategies are available at present.

- The Company operations are controlled by the pre-approved budgets which carefully scrutinize operational costs and returns. Furthermore, budgetary control meetings are held to manage the actual costs with the budget.
- The regular preparation and follow up of cash flows.
- The Company makes every effort to maintain the current ratio and the quick assets ratio at its optimum level.
- MISs are prepared on monthly basis.

REPUTATION RISK

Goodwill is the most important intangible asset of the Company. AHPL has realized the importance of maintaining a sound reputation to retain and improve its customer base, and also to have a better public image in the eyes of all stakeholders.

MITIGATION STRATEGIES

The below mentioned mitigation strategies are followed at present.

- The Company always takes every effort to satisfy its stakeholders.
- Company operates a separate unit named “Customer Care Unit” to address the grievances of customers.
- Company operates a whistle blowing technique for timely identification of frauds and malpractices.
- Organizing training programs and awareness programs to develop the skills of employees.
- Holding regular meetings with customers, suppliers, tour operators and staff members. The Company gives special emphasis to constructive suggestions received from the above parties.

CONCLUSION

Since the risk element is positively correlated with the rewards, the risk factor cannot be fully eliminated by a business enterprise. Therefore, timely and well-thought of risk management is imperative for operational excellence. Accordingly, the management is of the opinion that the Company has managed risk factors in all above mentioned areas in a favourable manner.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The statement of Directors responsibility in relation to preparation of Financial Statements of Anilana Hotels and Properties PLC is set out in this report in terms of the provisions of the Companies Act No.07 of 2007.

As per Section 150(1), 151,152(1) and 153 of the Companies Act No 7 of 2007, the Directors are responsible to ensure the compliance with the requirements set out therein to prepare

- a. Financial Statements for each Financial Year by giving a true and fair view of the state of the affairs of the Companies at 31.03.2020.
- b. Financial performance of the Company for the financial year ended on 31.03.2020.

Further as per the Section 148 of the Companies Act No 7 of 2007 it is the responsibility of the Board of Directors to maintain proper accounting records with reasonable accuracy, the financial position of the Company and to enable the management to prepare the Financial Statement in the most appropriate manner.

Accordingly, the Board of Directors confirms that in preparing these Financial Statements

- a. Appropriate accounting policies have been selected and applied in consistent manner.
- b. The material departures if any have been disclosed and explained.
- c. Complied with all the applicable Sri Lanka Accounting Standards.
- d. All the judgements and estimates have been made in the most reasonable and prudent manner.

e. Provides the information required by the Companies Act No 7 of 2007 and the Listing Rules released by the Colombo Stocks Exchange.

APPLICABILITY OF GOING CONCERN CONCEPT

According to the financial statements of the company, it had adequate resources to continue the operations in the year 2019/2020 and beyond. The Company has obtained a written undertaking from the majority Shareholder Ms. Somap International that it will continue to support the Company financially. Further, the Share Capital of the Company was raised in 2018 by the infusion of fresh Capital of Rs.667 Mn by way of a Private Placement. Further a Rights Issue for Rs. 360 Mn was raised in the current year. Further Right Issue for Rs. 183 Mn is in progress. With the infusion of this Capital the Company's Financial position should improve considerably. The Company will be utilizing part of these funds to reduce its debts and save a considerable amount of Interest charges. Also the Company hopes to increase Sales through promotions and aggressive marketing and increase revenue and gradually turn the Company around.

The Directors have taken reasonable measures to maintain a sound and reliable internal control to safe guard shareholder's investments as well as the Company Assets to ensure the continuity of operations.

M/s Amerasekera & Company was reappointed as the External Auditors for the Financial year 2019/2020 in accordance with a resolution passed at the Annual General Meeting. Further the company arranged all the facilities for the External Auditors to conduct the Annual Audit and provided all the required information.

The Board accepts the responsibility for accuracy of the financial statements presented.

The External Auditors Report shown in the page No. 64 sets out their responsibility in relation to the Financial Statements.

The Board of Directors confirms that to the best of their knowledge, all taxes, duties and levies payable by the company, all contributions, levies and taxes payable on behalf of and in respect of the employees of the company, and all other known statutory dues payables by the company as at the balance sheet date have been paid or where relevant provided for except as specified in the financial statement covering contingent liabilities.

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

BY ORDER OF THE BOARD ANILANA HOTELS & PROPERTIES LTD



CORPORATE ADVISORY SERVICES (PVT) LTD.

Secretaries to the Company
15th December 2020

THE BOARD OF DIRECTORS' STATEMENT ON INTERNAL CONTROLS

Having a sound internal control is an integral part of any company in the modern world. Accordingly, the Board has allocated all the resources to the management to form a sound internal control system within the company.

The Board is satisfied that the prevailing system of internal control procedures is sound and adequate to provide a reasonable assurance in relation to the reliability of Financial Reporting and the preparation of Financial Statements for the stakeholders. Further Board confirms that the Financial statements are in accordance with the generally accepted accounting principles and also in line with the applicable requirements of the Regulators.

Further the Board reviewed periodically the effectiveness and smooth operation of the Internal Control procedures.

INTERNAL AUDIT

However, it is a known fact that any internal control system has its inherent limitations. The Board believes that introducing a sound monitoring mechanism helps to mitigate such inherent limitations of internal control procedures.

Accordingly, the company has established a suitable arrangement to carry out a continuous internal audit functions within the company. In order to maintain independence, the Board has assigned the internal audit functions to a reputed audit firm.

The independent internal auditors' functions are based on the annual audit plan approved by the

Board of Directors on the recommendations of the Audit Committee.

The Board expects the work of the internal audit team to be monitored by the Board Audit Committee.

As per the agreement with the firm, the Internal Audit Reports are released in each month covering the transactions of the previous month. The Audit Committee meets in each quarter to discuss the recommendations made by the Internal Auditors.

Hence, the Board of Directors believes that the internal audit provides a reasonable assurance and the guideline for the preparation and reporting of financial statements.

STANDARD OPERATING PROCEDURES

With a view to maintaining the uniformity of the procedures, the company has documented the procedures of all the key areas in to a manual by the name of "Standard Operating Procedures (SOP)". Board has carefully reviewed the procedures set in the SOP with the assistance of the Audit Committee. Further the procedures stated in the SOP are periodically reviewed by the Board and the Audit committee with a view to addressing the new developments of the industry and the company. The procedures have been designed in a way which do not hamper the operations of the company while ensuring the internal controls .

REVIEWING ADEQUACY AND EFFECTIVENESS OF THE SYSTEM

The Board of Directors periodically reviewed

the adequacy and effectiveness of the compliances in internal control procedures with the assistance and the guidance of the Audit Committee. The Board Audit Committee tables a Board paper for each Board meeting by summarizing the findings recorded in the Internal Audit Reports and the validity of the recommendations given by the internal auditors.

Accordingly, both the Board and the Audit committee conclude that that an effective system of risk management and internal controls are in place to safe guard the stakeholders interest.

WHISTLE BLOWING POLICY

Company has designed a policy of Whistle Blowing to encourage the staff members to keep the management informed in timely manner when they notice any irregularity in financial reporting, internal controls or any other matter which may be harmful to the company.

According to the Whistle Blowing Policy company gives an assurance about the confidentiality of the informers.

Further the arrangements have been made to facilitate fair and independent investigation for the matters that come to light from the Whistle Blowing Policy adopted by the company.

The effectiveness and the smooth operation of this policy is closely monitored by the Company Audit Committee.

POLICIES, PROCEDURES AND BUDGETS

The Policies, Procedures and the Budgets are approved by the Board of Directors. Further the Policies, Procedures and the Budgets are periodically reviewed and updated by the Board. Whenever there is a necessity, the Board advises the relevant officers to update the said documents to be in line with the current environment.

Annual budgets are approved by the Board and the budgetary control meetings are being held in monthly basis to identify variations.

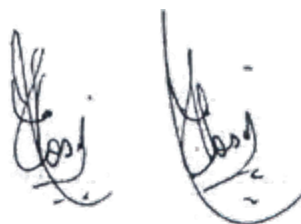
At the end of the financial year actual performance assessed against the approved budget. The Internal Audit Division of the company check the compliances with policies and procedures to achieve best performance. If any variances are noted with the existing procedure , explanations are required for the significant variances.

SECURITY OF CYBERSPACE

The company has now become more automated in its operations. Therefore, the cyberspace used by the company should be more secured. Accordingly, a sound system of backing up the important data has been put in place as a risk management technique. The Trial run on Backups to ensure the smooth retrieval is one of the key functions of the Internal Audit division.



DINESH PANDEY,
Chairman



ARJUN DOSAJ
Director



RAKESH SHARMA
Chairman of the Audit Committee.
15 December 2020.



ANILANA FINANCE

TO THE SHAREHOLDERS OF ANILANA HOTELS AND PROPERTIES PLC REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Anilana Hotels and Properties PLC (“the Company”) and the consolidated financial statements of the Company and its subsidiaries (“the Group”), which comprise the statement of financial position as at 31 March 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information set out on pages 04 to 50.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2020, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

BASIS FOR OPINION

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

GOING CONCERN

The consolidated financial statements of the group have been prepared using the going concern basis of accounting and accordingly management has disclosed in note 2.1.8 and 34 to these financial statements the steps taken to mitigate that may cast doubts on the Group’s ability to continue as a going concern. Our opinion is not modified in this regard.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Key Audit Matter	Our Response
<p>Revaluation of Freehold Lands and Investment Property Refer note 09 and 10 to the financial statements</p>	
<p>As of 31 March 2020, Group carried freehold land, certain other property, plant and equipment (PPE) and investment property at fair value. As of reporting date, such Property Plant and Equipment and Investment Properties amounted to Rs. 2.6 Bn and Rs 1.2 Bn respectively.</p> <p>The management's assessment of fair value of PPE and investment property is based on valuations performed by a qualified independent property valuer in accordance with recognised industry standards.</p> <p>We identified valuation of PPE and investment property as a key audit matter because the determination of the fair values involves significant judgement and estimation, particularly determining the underlying assumptions, and because the valuations are sensitive to the key assumptions applied.</p>	<p>Our audit procedures included;</p> <ul style="list-style-type: none"> • We assessed the objectivity, competency and capabilities of the external valuer appointed by the management. • We read the valuation reports to obtain an understanding of the work done by the valuer and scope of work. • Testing a sample of data inputs underpinning the valuation such as the price per perch, price per square foot and the area extent against our knowledge of the business and industry, to assess the accuracy, reliability and completeness thereof. • We assessed the appropriateness of the disclosures relating to the valuation techniques and key inputs applied by the professional valuer as disclosed in Note 09 and 10 to the financial statements.

OTHER INFORMATION

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going

concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 1354.



CHARTERED ACCOUNTANTS

COLOMBO

15 December 2020.

ANILANA HOTELS AND PROPERTIES PLC**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME** *(Expressed in Sri Lankan Rupees)*

FOR THE YEAR ENDED 31 MARCH 2020	Note	Group		Company	
		2020	2019	2020	2019
Revenue from Contract with Customers	3	211,486,418	245,471,497	133,720,525	150,405,304
Cost of Sales		(51,429,467)	(63,396,291)	(31,235,572)	(32,114,415)
Gross Profit		160,056,951	182,075,206	102,484,953	118,290,889
Other Income	4	14,201,653	2,143,681	11,324,569	1,600,126
Administrative Expenses		(354,430,848)	(402,310,675)	(255,617,994)	(253,689,486)
Business Promotion Expenses		(13,835,893)	(5,701,326)	(11,368,625)	(4,397,561)
Profit / (Loss) from Operation		(194,008,136)	(223,793,113)	(153,177,096)	(138,196,032)
Change in Fair Value of Financial Assets at Fair Value through Profit or Loss	17.1	(13,334)	(53,333)	-	-
Change in Fair Value of Investment Properties	10	360,001,000			
Finance Income	5	30,386	80,072	30,386	80,072
Finance Expense	5	(151,310,274)	(222,370,799)	(129,217,919)	(162,290,897)
Profit / (Loss) Before Taxation	6	14,699,643	(446,137,173)	(282,364,629)	(300,406,857)
Income Tax Expense	7	12,095,012	-	(185,947)	-
Profit / (Loss) for the Year		26,794,654	(446,137,173)	(282,550,576)	(300,406,857)
Attributable to - Equity holders of the Parent		26,794,345	(446,137,139)	(282,550,576)	(300,406,857)
Attributable to - Non-Controlling Interest		309	(34)	-	-
		26,794,654	(446,137,173)	(282,550,576)	(300,406,857)
Basic Earnings / (Loss) Per Share (Rs.)	8	0.03	(0.54)	(0.28)	(0.36)
Profit / (Loss) for the Year		26,794,654	(446,137,173)	(282,550,576)	(300,406,857)
Other Comprehensive Income / (Expense) Items that will not be reclassified to profit or loss					
Actuarial Gain / (Loss) on Retirement Benefits Obligation	23	440,794	(318,927)	260,999	213,133
Deferred Tax on Actuarial Gain / (Loss)	24.2	(11,368)	-	(36,540)	-
Revaluation Gain on Lands	9.3 / 9.4	546,980,000	121,398,582	328,080,000	55,236,555
Deferred Tax on Revaluation Surplus	24.2	(82,777,367)	-	(33,211,420)	-
Loss on Fair Value Change in FVTOCI	15	(7,839,352)	-	(7,839,352)	-
		456,792,707	121,079,655	287,253,687	55,449,688
Total Comprehensive Income / (Expense) for the Year		483,587,362	(325,057,518)	4,703,111	(244,957,169)
Attributable to - Equity holders of the Parent		483,587,053	(325,057,484)	4,703,111	(244,957,169)
Attributable to - Non-Controlling Interest		308	(34)	-	-
		483,587,362	(325,057,518)	4,703,111	(244,957,169)

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Figures in brackets indicate deductions

Notes to the Financial Statements on Pages 75 to 122 form an integral part of these Financial Statements.

ANILANA HOTELS AND PROPERTIES PLC**STATEMENT OF FINANCIAL POSITION** (Expressed in Sri Lankan Rupees)

AS AT 31 MARCH 2020	Note	Group		Company	
		2020	2019	2020	2019
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	9	4,636,048,850	4,192,000,627	2,126,248,870	1,855,588,121
Investment Properties	10	1,299,401,000	939,400,000	-	-
Intangible Assets	11	-	-	-	-
Right-of-Use-Assets	12	25,567,556	-	-	-
Leasehold Land	13	-	26,899,556	-	-
Investment in Subsidiaries	14	-	-	1,352,715,051	1,383,773,420
Other Non Current Financial Assets	15	13,242,040	21,081,392	13,242,040	21,081,392
Total Non-Current Assets		5,974,259,446	5,179,381,575	3,492,205,961	3,260,442,933
Current Assets					
Inventories	16	5,611,637	3,971,626	1,891,876	1,708,307
Financial Assets at Fair Value through Profit or Loss (FVTPL)	17	93,333	106,667	-	-
Trade and Other Receivables	18	14,879,735	24,615,864	201,571,395	111,898,833
Other Non-Financial Assets	19	28,929,734	33,521,859	28,061,437	32,325,133
Cash and Cash Equivalents	20	11,250,647	53,472,906	9,220,495	37,891,719
Total Current Assets		60,765,086	115,688,922	240,745,203	183,823,992
Total Assets		6,035,024,532	5,295,070,497	3,732,951,164	3,444,266,925
EQUITY AND LIABILITIES					
Equity					
Stated Capital	21	4,896,829,930	4,530,738,270	4,896,829,930	4,530,738,270
Revaluation Reserve		1,651,933,475	1,187,730,841	631,553,155	336,684,575
Fair Value through OCI Reserve		(7,839,352)	-	(7,839,352)	-
Retained Earnings (at debit)		(2,702,371,204)	(2,729,594,975)	(3,365,976,391)	(3,083,650,274)
Equity Attributable to Equityholders of the Parent		3,838,552,849	2,988,874,136	2,154,567,342	1,783,772,571
Non - Controlling Interest		1,478	1,169	-	-
Total Equity		3,838,554,327	2,988,875,305	2,154,567,342	1,783,772,571
Non - Current Liabilities					
Borrowings - (Non-Current Portion)	22	1,473,773,269	621,667,459	1,074,166,489	225,060,459
Retirement Benefits Obligation	23	6,152,291	4,837,517	3,015,482	2,295,051
Deferred Tax Liability	24	70,693,724	-	33,433,907	-
Total Non - Current Liabilities		1,550,619,284	626,504,976	1,110,615,878	227,355,510

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Figures in brackets indicate deductions

Notes to the Financial Statements on Pages 75 to 122 form an integral part of these Financial Statements.

ANILANA HOTELS AND PROPERTIES PLC**STATEMENT OF FINANCIAL POSITION** *(Expressed in Sri Lankan Rupees)*

AS AT 31 MARCH 2020	Note	Group		Company	
		2020	2019	2020	2019
Current Liabilities					
Trade and Other Payables	25	471,900,811	434,351,245	354,513,832	333,648,908
Borrowings - (Current Portion)	22	9,578,175	1,077,409,216	9,578,175	988,439,179
Other Non-Financial Liabilities	26	159,187,746	162,337,481	98,499,796	107,030,983
Bank Overdrafts	20	5,184,189	5,592,274	5,176,141	4,019,773
Total Current Liabilities		645,850,921	1,679,690,216	467,767,944	1,433,138,844
Total Equity and Liabilities		6,035,024,532	5,295,070,497	3,732,951,164	3,444,266,925
Net Assets Value Per Share		3.23	2.97	1.81	1.77

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



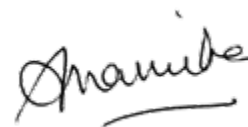
Chief Financial Officer

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

Approved and signed for and on behalf of the Board,



Director



Director

Date : 15 December 2020
Colombo.

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Figures in brackets indicate deductions

Notes to the Financial Statements on Pages 75 to 122 form an integral part of these Financial Statements.

ANILANA HOTELS AND PROPERTIES PLC

STATEMENT OF CHANGES IN EQUITY (Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 MARCH 2020

Group	Attributable to Equity holders of the Parent						Total Equity
	Stated Capital	Share Application and Pending Allotment	Fair Value through OCI Reserve	Revaluation Reserve	Retained Earnings (at debit)	Non-Controlling Interest	
Balance as at 01 April 2018	3,863,261,648	302,456,110	-	1,066,332,259	(2,283,138,909)	1,203	2,948,912,312
Proceed for Share Allotment	667,476,622	(302,456,111)	-	-	-	-	365,020,512
Profit / (Loss) for the Year	-	-	-	-	(446,137,139)	(34)	(446,137,173)
Revaluation Gain	-	-	-	121,398,582	-	-	121,398,582
Actuarial Gain / (Loss) on Retirement Benefits Obligation	-	-	-	-	(318,927)	-	(318,927)
Balance as at 31 March 2019	4,530,738,270	-	-	1,187,730,841	(2,729,594,975)	1,169	2,988,875,305
Proceed for Share Allotment	366,091,660	-	-	-	-	-	366,091,660
Profit / (Loss) for the Year	-	-	-	-	26,794,345	309	26,794,654
Revaluation Gain	-	-	-	546,980,000	-	-	546,980,000
Loss on Fair Value Change in FVTOCI	-	-	(7,839,352)	-	-	-	(7,839,352)
Actuarial Gain on Retirement Benefits Obligation	-	-	-	-	440,794	-	440,794
Deferred Tax Charge	-	-	-	(82,777,366)	(11,368)	(1)	(82,788,735)
Balance as at 31 March 2020	4,896,829,930	-	(7,839,352)	1,651,933,475	(2,702,371,204)	1,478	3,838,554,327

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 Figures in brackets indicate deductions
 Notes to the Financial Statements on Pages 75 to 122 form an integral part of these Financial Statements.

ANILANA HOTELS AND PROPERTIES PLC**STATEMENT OF CHANGES IN EQUITY** (Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 MARCH 2020

Company	Stated Capital	Share Application and Pending Allotment	Fair Value through OCI Reserve	Revaluation Reserve	Retained Earnings (at debit)	Total
Balance as at 01 April 2018	3,863,261,648	302,456,110	-	281,448,020	(2,783,456,550)	1,663,709,228
Profit / (Loss) for the Year	-	-	-	-	(300,406,857)	(300,406,857)
Proceed for Share Allotment	667,476,622	(302,456,110)	-	-	-	365,020,512
Revaluation Gain	-	-	-	55,236,555	-	55,236,555
Actuarial Gain on Retirement Benefits Obligation	-	-	-	-	213,133	213,133
Balance as at 31 March 2019	4,530,738,270	-	-	336,684,575	(3,083,650,274)	1,783,772,571
Profit / (Loss) for the Year	-	-	-	-	(282,550,576)	(282,550,576)
Proceed for Share Allotment	366,091,660	-	-	-	-	366,091,660
Revaluation Gain on Lands	-	-	-	328,080,000	-	328,080,000
Loss on Fair Value Change in FVTOCI	-	-	(7,839,352)	-	-	(7,839,352)
Actuarial Gain on Retirement Benefits Obligation	-	-	-	-	260,999	260,999
Deferred Tax Charge	-	-	-	(33,211,420)	(36,540)	(33,247,960)
Balance as at 31 March 2020	4,896,829,930	-	(7,839,352)	631,553,155	(3,365,976,391)	2,154,567,342

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Figures in brackets indicate deductions

Notes to the Financial Statements on Pages 75 to 122 form an integral part of these Financial Statements.

ANILANA HOTELS AND PROPERTIES PLCSTATEMENT OF CASH FLOWS *(Expressed in Sri Lankan Rupees)*

FOR THE YEAR ENDED 31 MARCH 2020

	Note	Group		Company	
		2020	2019	2020	2019
Cash Flows from Operating Activities					
Profit / (Loss) Before Taxation		14,699,643	(446,137,173)	(282,364,629)	(300,406,857)
Adjustments for;					
Depreciation	9	107,047,325	123,958,586	58,355,544	79,090,746
Amortization of Leasehold land	12	1,332,000	1,332,000	-	-
Gratuity Charge for the Year	23	1,941,819	1,571,111	1,105,180	881,173
Change in Fair Value of Investment Properties		(360,001,000)	-	-	-
Change in Fair Value of Financial Assets at Fair Value through Profit or Loss	17.1	13,334	53,333	-	-
Provisions for Impairment of Investment in Subsidiary		-	-	31,058,368	-
Written-Off of Balances (Net)		744,158	31,009,258	-	1,714,043
Provisions for Impairment of Receivables		24,949,687	933,911	14,368,939	933,911
Interest Expenses	5	151,310,274	222,370,799	129,217,919	162,290,897
Interest Income	5	(30,386)	(80,072)	(30,386)	(80,072)
Operating Profit / (Loss) Before Working Capital Changes		(57,993,148)	(64,988,247)	(48,289,065)	(55,576,159)
Changes in Working Capital					
Inventories		(1,640,011)	2,470,886	(183,569)	(345,995)
Trade and Other Receivables		(15,957,716)	(42,717,054)	(104,041,502)	(106,720,867)
Other Non-Financial Assets		4,592,125	7,595,263	4,263,696	(12,971,763)
Other Non-Financial Liabilities		37,549,565	112,176,790	(8,531,187)	21,335,823
Trade and Other Payables		(3,149,735)	26,745,506	20,864,924	106,536,249
Cash Generated from / (used in) Operations		(36,598,919)	41,283,143	(135,916,702)	(47,742,712)
Gratuity Paid	23	(186,250)	(244,901)	(123,750)	(87,120)
Taxes Paid		-	-	-	-
Interest Paid		(339,716,230)	(233,437,519)	(257,546,343)	(174,869,949)
Net Cash used in Operating Activities		(376,501,399)	(192,399,278)	(393,586,795)	(222,699,781)

*Audit Report on Page 64 to 67**Figures in brackets indicate deductions**Notes to the Financial Statements on Pages 75 to 122 form an integral part of these Financial Statements.*

ANILANA HOTELS AND PROPERTIES PLCSTATEMENT OF CASH FLOWS *(Expressed in Sri Lankan Rupees)*

FOR THE YEAR ENDED 31 MARCH 2020

	Note	Group		Company	
		2020	2019	2020	2019
Cash Flows from Investing Activities					
Acquisition of PPE	9	(4,115,548)	(241,238)	(936,293)	(146,000)
Investments In Un-quoted Shares	15	-	(11,500,000)	-	(11,500,000)
Interest Received	5	30,386	80,072	30,386	80,072
Net Cash used in Investing Activities		(4,085,161)	(11,661,166)	(905,906)	(11,565,928)
Cash Flows from Financing Activities					
Term Loans Obtained	22	20,000,000	-	20,000,000	-
Settlements of Term Loans		(47,319,275)	(127,233,686)	(21,426,550)	(99,074,943)
Consideration Received for the Pending Allotment of Shares		366,091,660	365,020,512	366,091,660	365,020,512
Net Cash Flow from Financing Activities		338,772,385	237,786,826	364,665,110	265,945,569
Net Changes in Cash and Cash Equivalents During the Year		(41,814,174)	33,726,382	(29,827,592)	31,679,861
Cash and Cash Equivalents at Beginning of the Year		47,880,632	14,154,250	33,871,946	2,192,085
Cash and Cash Equivalents at End of the Year	20	6,066,458	47,880,632	4,044,354	33,871,946

*Audit Report on Page 64 to 67**Figures in brackets indicate deductions**Notes to the Financial Statements on Pages 75 to 122 form an integral part of these Financial Statements.*

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2020

1 CORPORATE INFORMATION

1.1 Reporting Entity Consolidated Financial Statements

Anilana Hotels and Properties PLC (“the Company”) is a Public Limited Liability Company incorporated and domiciled in Sri Lanka. The ordinary shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka. The Registered office of the Company was located at 14, Reid Avenue, Colombo 07. With Effect from the 01 April 2018 registered office of the Company has changed to No. 44, Premasiri Khemadasa Mawatha (formally known as Guildford Crescent), Colombo 07.

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.

Company Name	Nature of Business Operation	Registered Address of Business
Eastern Development Enterprises (Pvt) Ltd	Managing Hotels	No. 14, Hotel Development Road, Pasikuda, Kalkudah.
Anilana Resorts (Pvt) Ltd	Managing Hotels and Properties	No: 48, Waterfield Drive, Nuwara Eliya.
Dambulla Hotel and Country Club (Pvt) Ltd	Developing Hotels and Properties	14, Reid Avenue, Colombo 07.
South Asia Asset Management (Pvt) Ltd	Maintain Investment in subsidiaries	14, Reid Avenue, Colombo 07.
Vakarei Hotel (Pvt) Ltd	Developing Hotels and Properties	14, Reid Avenue, Colombo 07.
Panichchankerni Hotels Ltd	Developing Hotels and Properties	14, Reid Avenue, Colombo 07.
East wind Resorts (Pvt) Ltd	Developing Hotels and Properties	14, Reid Avenue, Colombo 07.
Blue Lagoon Hotel Resorts (Pvt) Ltd	Developing Hotels and Properties	14, Reid Avenue, Colombo 07.

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 Parent Entity and Ultimate Parent Entity

In the opinion of the directors, the Group’s ultimate parent undertaking and controlling party is SOMAP International Pte Ltd, which is incorporated in Singapore.

1.4 Date of Authorization for Issue

The consolidated financial statements of the Group and the Company for the year ended 31 March 2020 were authorized for issue in accordance with a resolution of the Board of directors on 15 December 2020.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

2.1.1 Statement of Compliance

The statements of financial position, profit or loss and other comprehensive income, changes in equity and cash flows, together with the notes, (the “Financial Statements”) of the Group and the Company as at 31 March 2020

and for the year then ended have been prepared in accordance with Sri Lanka Accounting Standards (SLASs) promulgated by the Institute of Chartered Accountants of Sri Lanka and complies with the requirements of the Companies Act No 07 of 2007 and the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995.

2.1.2 Directors' Responsibility for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of these Financial Statements in accordance with Sri Lanka Accounting Standards and as per the provisions of the Companies Act No. 07 of 2007. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

2.1.3 Basis of Measurement

The financial statements have been prepared on the historical cost basis, except for:

- Certain classes of property, plant and equipment and investment properties measured at fair value
- Financial assets measured at fair value
- Defined benefit obligation are measured at its present values, based on actuarial valuation method

2.1.4 Foreign Currency Translation

2.1.4.1 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 Lanka Rupees (LKR), which is the Group's presentation currency.

2.1.4.2 Foreign Currency Translation

Foreign currency transactions are translated into the functional currency using the exchange rates

at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income/ administration expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

2.1.5 Comparative Information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period in the Financial Statements in order to enhance the understanding of the current period's Financial Statements and to enhance the inter period comparability. The presentation and classification of the Financial Statements of the previous year are amended, where relevant for better presentation and to be comparable with those of the current year.

2.1.6 Use of Accounting Estimates and Judgments

The preparation of the financial statements of the Group in conformity with SLASs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The Estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results which form the

basis of making the judgments about the carrying amount of assets and liabilities that are not readily apparent from other sources.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows;

(a) Revaluation of Property, Plant & Equipment (PPE) and Fair Value of Investment Property

The Group carries its investment properties at fair value, with changes in fair value being recognised in the statement of profit or loss. For investment properties, a valuation methodology based on open market values.

In addition, it measures the PPE except the buildings, land development and roadways and motor vehicles at revalued amounts, with changes in fair value being recognised in OCI. The properties were valued by reference to transactions involving properties of a similar nature, location and condition.

The Group engaged an independent valuation specialist to assess fair values as at 31 March 2020 for the investment properties and PPE.

The key assumptions used to determine the fair value of the properties and sensitivity analyses are provided in Notes 9 and 10.

(b) 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.

(c) 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.

(d) Provision for Expected Credit Losses of Trade Receivables and Contract Assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

(e) Retirement Benefit Obligations

The cost of defined benefit plan is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate and future salary increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions.

All assumptions are reviewed at each reporting date. In determining the appropriate discount rate, management considers the Treasury bond rate.

The assumptions are used in determining the net cost and obligation for defined benefit plan including the discount rate disclosed in note 23.

2.1.7 Materiality and Aggregation

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard - LKAS 1 on 'Presentation of Financial Statements'.

Notes to the financial statements are presented in a systematic manner which ensures the understandability and comparability of financial statements of the Group. Understandability of the financial statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

2.1.8 Going Concern

Anilana Hotels and Properties PLC and its subsidiary operate in the tourist sector that has been significantly affected by the outbreak of COVID - 19. With the spread of the virus on a global scale in mid-March 2020 and rightly the stringent measures taken by the Government including the closure of airports and lock downs, have compelled the temporary closure of all the Group's hotels. The Board of Directors has made an assessment of the Group's ability to continue as a going concern considering all the current internal and external environmental factors including the business impact of the overall tourism industry decline due to the impact of Covid-19 pandemic and they do not intend either to liquidate or to cease trading.

Even though the performance of the Group was at significantly lower level in the month of March 2020, the management believes that the situation is solely due to the cancellation of bookings due to the Covid-19. The Management is being negotiated with travel agents to pick up the business once the global pandemic is managed and success in attracting tourists from mid of next year.

The Group has been closely monitoring the impact of the development of COVID-19 on the business operations. Despite many challenges, the Group operates at a reduced scale. Further, management has assessed expected revenue streams, cost management, profitability, ability to defer nonessential capital expenditure, debt repayment schedules, and potential sources of financing facilities. Accordingly, Directors are satisfied that the Company, its subsidiary and associate have adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing and presenting these financial statements.

Effect of COVID 19 on the Operating Activities

The Travel and leisure sector is facing an unprecedented challenge of global scale and proportion. The future of the sector remains quite uncertain until a permanent global solution for Covid-19 is reached. Thereby, it is impossible to reliably forecast the future of the business.

However, Anilana Hotels and Properties PLC was operated without suspending the business activities under COVID 19 pandemic.

Effect of COVID 19 on the Fixed Assets

The Group has not determined impairment as at the reporting date due to the COVID-19 pandemic.

Effect on Trade and Other Receivables

The Group's simplified expected credit loss model is based on the provision metrics which allowed to use under the practical expedient of SLFRS 9. The individual receivable balances were re-assessed, specific provisions were made wherever necessary, existing practice on the provisioning of trade receivables were re-visited and adjusted to reflect the different ways in which the COVID-19 outbreak affects different types of customers. The Group assessed how the timing and amount of cash flows generated by outstanding trade receivables might be affected and increased loss rates as necessary.

2.1.9 Changes in Accounting Policies

The Group applied SLFRS 16 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below. Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

The Group has adopted SLFRS 16 - "Leases" using the modified retrospective approach from 1 April 2019 and therefore the comparative information has not been restated and continues to be reported under LKAS 17 - "Leases" and IFRIC 4 - "Determining Whether an Arrangement Contains a Lease".

Impacts on Financial Statements

There were no material adjustments other than the following classification changes due to the adoption of this standard.

The effect of adoption SLFRS 16 as at 1 April 2019 is as follows:

Assets	Group
Right-of-use Assets	Rs. 29,563,556/-
Leasehold Land	Rs. (29,563,556/-)

However, there is no impact to the Company.

There is no impact to the comparative statement of profit or loss, cash flows and earnings per share as the Group has adopted the SLFRS 16 using Modified retrospectives approach.

2.1.10 New Standards and Interpretations not yet Adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2020 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below;

2.1.10.1 Amendments to LKAS 1 and LKAS 8 on the Definition of Material

Amendments have been issued to LKAS 1 Presentation of Financial Statements and LKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments to the definition of material is not expected to have a significant impact on the Group's financial statements.

There are no other standards that are not yet

effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.1.10.2 SLFRS 17

Insurance Contracts SLFRS 17; Insurance Contracts, is issued by the CA Sri Lanka and up to the date of issuance of the Group financial statements that standard is not effective. SLFRS 17 is effective from 01 January 2022. However, the adoption of SLFRS 17 does not expecting to have an impact on the Group Financial Statements.

2.1.10.3 Amendments to SLFRS 3: Definition of a Business

The Institute of Chartered Accountants of Sri Lanka issued amendments to the definition of a business in SLFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

2.2 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee

- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

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

Profit or loss and each component of 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. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

If the Group loses control over a subsidiary, it derecognises the related assets (including

goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.3 Summary of Significant Accounting Policies

2.3.1 Business Combinations and Goodwill

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

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SLFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with SLFRS 9. Other contingent consideration that is not within the scope of SLFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held 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 Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

2.3.2 Fair Value Measurement

The Group measures certain financial instruments, and non-financial assets such as investment properties, at fair value at each reporting date.

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

- In the principal market for the asset or liability
- or
- In the absence of a principal market, in the

most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

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

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

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

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

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

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair

value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as investment properties and Property, Plant and Equipment. Selection criteria of external valuers include market knowledge, reputation, independence and whether professional standards are maintained.

2.3.3 Current versus Non-current Classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.3.4 Property, Plant and Equipment

2.3.4.1 Basis of Recognition

Property, plant and equipment are recognized if it is probable that future economic benefits associated with the assets will flow to the Group and cost of the asset can be reliably measured.

2.3.4.2 Basis of Measurement

Items of property, plant and equipment other than freehold land, plant and machinery, furniture and fitting, electric equipment, computers and IT equipment, pool complex and kitchen equipment, are measured at cost less accumulated depreciation and any impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site at 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 of property, plant and equipment.

2.3.4.3 Cost Model

The Group applies the cost model to buildings, land development and roadways and motor vehicles, which is recorded at cost of purchase together with any incidental expenses thereon less accumulated depreciation and any accumulated impairment losses.

2.3.4.4 Revaluation Model

The Group revalues its freehold land, plant and machinery, furniture and fitting, electric equipment, computers and IT equipment, pool complex and kitchen equipment which are measured at its fair value at the date of revaluation less any subsequent accumulated depreciation and any accumulated impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. The Group

has adopted a guideline of revaluing assets by a professional value at least once in every five years.

On revaluation of property, plant and equipment, any increase in the revaluation amount is credited to the revaluation reserve in shareholder's equity unless it offsets a previous decrease in value of the same asset that was recognized in profit or loss. A decrease in value is recognized in profit or loss where it exceeds the increase previously recognized in the revaluation reserve. Upon disposal, any related revaluation reserve is transferred from the revaluation reserve to retained earnings and is not taken into account in arriving at the gain or loss on disposal.

2.3.4.5 Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is de-recognized. The costs of the day-to-day servicing of property, plant and equipment are expensed as incurred.

2.3.4.6 Depreciation

Depreciation is based on the cost/revalued amount of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful life of each component of an item of property, plant and equipment. 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.

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is de-recognized.

Depreciation methods, useful lives, residual values are assessed at the reporting date and adjusted

if appropriate. The estimated useful lives for the current year are listed below.

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

2.3.4.7 De-recognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognized net within other income/other expenses in the Statement of profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

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.

2.3.4.8 Capital Work-in-progress

Capital work-in-progress is stated at cost less any accumulated impairment losses if any. These would be transferred to the relevant asset category in property, plant and equipment when the asset is completed and available for use i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

2.3.5 Investment Properties

2.3.5.1 Basis of Recognition

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

2.3.5.2 Basis of Measurement Fair Value Model

Investment properties are initially recognized at cost. Subsequent to initial recognition the investment properties are stated at fair values, which reflect market conditions at the reporting date. Gains or losses arising from changes in fair value are included in profit or loss in the year in which they arise.

2.3.5.3 De-recognition

Investment properties are de-recognized 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 profit or loss in the year of retirement or disposal.

2.3.5.4 Subsequent Transfers to/from Investment Property

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party or completion of construction or development.

For a transfer from investment property to owner occupied property or inventories, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If the property occupied by the Group as an owner occupied property becomes an investment property, the Group, accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

2.3.5.5 Determining Fair Value

External and independent valuers, having appropriate recognized professional qualifications and recent experience in the location and category

of property being valued, values the investment property portfolio by every 3 years.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

2.3.6 Intangible Assets Software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software so that it will be available for use
- Management intends to complete the software and use or sell it
- There is an ability to use or sell the software
- It can be demonstrated how the software will generate probable future economic benefits
- Adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- The expenditure attributable to the software during its development can be reliably measured

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Acquired computer software is capitalized on the basis of the costs incurred to acquire and bring to use the specific software and systems.

2.3.6.1 Subsequent Expenditure

Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits embodied by these assets. All other expenditure is expensed when incurred.

2.3.6.2 De-recognition

Intangible assets are de-recognized on disposal or when no future economic benefits are expected from its use. The gain or loss arising from de-recognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset.

2.3.6.3 Amortization

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use.

The estimated useful life of intangible asset is as follows;

- Computer Software - 05 Years

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

2.3.7 Leases

2.3.7.1 Accounting Policy Applied up to 31 March 2019

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

(a) Group as a Lessee

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

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

Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

2.3.7.2 Accounting Policy Applied from 1 April 2019

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(b) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold Land - 30 Years - Rate 3.33%

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

(c) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(d) Short-Term Leases and Leases of Low-Value Assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

2.3.8 Investments in Subsidiaries

Subsidiaries are those enterprises controlled by the parent. Investment in subsidiaries are initially recognised at cost in the financial statements of the Company. Any transaction cost relating to acquisition of investment in subsidiaries are immediately recognised in the income statement. Following initial recognition, investment in subsidiaries are carried at cost less any accumulated impairment losses.

2.3.9 Impairment on Non-Financial Assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating units' (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

2.3.10 Financial Instruments – Initial Recognition and Subsequent Measurement

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

2.3.10.1 Financial Assets

a) Initial Recognition and Subsequent Measurement

Financial assets are classified, at initial recognition,

as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price as disclosed in section (2.3.18) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

b) Subsequent Measurement

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

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

However, financial assets of the Group are limited to following categories.

Financial Assets at Amortised cost (Debt Instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables, and amount due to related parties.

Financial Assets Designated at Fair Value through OCI (Equity Instruments)

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

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated

at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised as other income in the statement of profit or loss when the right of payment has been established.

c) Derecognition

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

- The rights to receive cash flows from the asset have expired or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In

that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

d) Impairment

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

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

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also

consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.3.10.2 Financial Liabilities

a) Initial Recognition and Measurement

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

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

b) Subsequent Measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

However, financial liabilities of the Group are limited to following categories.

Financial Liabilities at Amortised Cost (Loans and Borrowings)

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

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees

or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 90 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

c) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

2.3.10.3 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

2.3.11 Fair Value of Financial Instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations. (bid prices for long position and ask price for short positions), without any deductions for transaction costs. For instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using

recent arm's length market transactions; reference to the current fair value of another instrument that is subsequent that is substantially the same; a discounted cash flow analysis or other valuation models. An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 32.

2.3.12 Inventories

Inventories are measured at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and conditions are accounted at Weighted average cost basis.

Net realisable value is the estimated selling price in the ordinary course of business less, the estimated cost of completion and the estimated costs necessary to make the sale.

2.3.13 Cash and Cash Equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

2.3.14 Stated Capital and Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.3.15 Dividends Distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.3.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a

result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.3.17 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 an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to Defined Contribution Plans are recognized as an employee benefit expense to profit or loss in the periods during which services are rendered by employees.

Employee Provident Fund and Employee Trust Fund

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

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The defined benefit is calculated by independent actuaries using Projected Unit Credit (PUC) method as recommended by LKAS 19 – "Employee benefits". The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that are denominated in the currency in which the benefits will be paid, and

that have terms to maturity approximating to the terms of the related liability.

Current service cost and interest cost are recognized in the Statement of Profit or Loss while any actuarial gains or losses arising are recognized in Statement of Other Comprehensive Income.

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in note 23. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

Provision has been made for retirement gratuities from the beginning of service for all employees, in conformity with LKAS 19 on employee benefit. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

c) Short-Term Employee Benefit

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

2.3.18 Revenue Recognition

2.3.18.1 Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the company expect to entitled in exchange of those goods or services.

The Company's gross turnover comprises proceeds from provision of food, beverage, lodging and other hospitality industry related activities. The net Company's turnover excludes turnover taxes and trade discounts.

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

Food and beverage revenue is recognised at the time of sales.

Other hotel related revenue is accounted when such service is rendered.

Goods Transferred at a Point in Time

Under SLFRS 15, revenue is recognised upon satisfaction of a performance obligation. The revenue recognition occurs at a point in time when control of the asset is transferred to the customer, generally, on delivery of the goods.

Disaggregation of Revenue

The Group presented disaggregated revenue based on the timing of transfer of goods.

Significant Financing Component

Generally, the Group receives short-term advances from its customers. Using the practical expedient in SLFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception since the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Right of Return Assets

Right of return asset represents the Group's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned

goods. The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Contract Balances

Contract Asset

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Trade Receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

Contract Liability

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

2.3.18.2 Interest Income

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

2.3.18.3 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 profit and loss.

2.3.18.4 Dividend Income

Dividend income is recognized when the right to receive payment is established.

2.3.18.5 Other income

Other income is recognized on accrual basis.

2.3.19 Expenses

Expenses are recognized in the statement of profit or loss on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

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

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

Repairs and renewals are charged to the Statement of profit or loss in the year in which the expenditure is incurred.

2.3.20 Borrowing Cost

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

2.3.21 Current Tax and Deferred Tax

2.3.21.1 Current Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. The provision for income tax is based on the elements of income and expenditure reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and the amendments thereto.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2.3.21.2 Deferred Tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also 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 or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in statement of comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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

2.3.23 Cash Flow Statement

The statement of cash flow has been prepared using the 'Indirect Method' in accordance with the LKAS 7 - Cash Flow Statements.

2.3.24 Related Party Disclosures

2.3.24.1 Transactions with Related Parties

The Group carries out transactions in the ordinary course of its business with parties who are defined as related parties in LKAS 24. The Pricing applicable to such transactions is based on the assessment of the risk and pricing model of the Group and is comparable with what is applied to transactions between the Group and its unrelated customers.

2.3.24.2 Transactions with Key Management Personnel (KMP)

According to LKAS 24 - "Related Party Disclosures", Key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the board of directors (including executive and non-executive Directors), personnel hold designation of General Manager and above positions and their immediate family members have been classified as Key Management Personnel of the Group.

The immediate family member is defined as spouse or dependent. Dependent is defined as anyone who depends on the respective director for more than 50% of his/her financial needs.

2.3.24.3 Close Family Member (CFM)

Close Family Members (CFM) of a KMP are those family members who may be expected to influence, or be influenced by, that KMP in their dealings with the Group. They may include KMP's domestic partner and children, children of the KMPs domestic partner and dependents of the KMP or the KMPs domestic partner.

2.3.25 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.

2.3.26 Commitments

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

ANILANA HOTELS AND PROPERTIES PLCNOTES TO THE FINANCIAL STATEMENTS *(Expressed in Sri Lankan Rupees)*

FOR THE YEAR ENDED 31 MARCH 2020

	Group		Company	
	2020	2019	2020	2019
3 Revenue from Contract with Customers				
Accommodation	144,004,089	164,204,936	107,862,051	120,655,340
Food	52,055,733	58,947,209	15,650,116	15,568,004
Beverage	5,721,441	13,931,909	4,128,107	11,175,963
Other	9,705,155	8,387,444	6,080,251	3,005,998
	211,486,418	245,471,497	133,720,525	150,405,304
3.1 Disaggregation of Revenue from Contract with Customers				
(a) Major Products / Service Lines				
Accommodation	144,004,089	164,204,936	107,862,051	120,655,340
Food and Beverage Revenue	57,777,174	72,879,118	19,778,223	26,743,967
Other	9,705,155	8,387,444	6,080,251	3,005,998
	211,486,418	245,471,497	133,720,525	150,405,304
(b) Timing of Revenue Recognition				
Products & Services Transferred at a Point in Time	67,482,329	81,266,562	25,858,474	29,749,964
Products and Services Transferred Over Time	144,004,089	164,204,936	107,862,051	120,655,340
	211,486,418	245,471,497	133,720,525	150,405,304
4 Other Income				
Interest Income	12,549	-	-	-
Exchange Gain	664,383	852,261	245,271	308,706
Profit / (Loss) on Disposal of Furnituer & Fittings	-	632,000	-	632,000
Amount Writen Back	11,079,299	659,420	11,079,299	659,420
Insurance Claim	2,445,423	-	-	-
	14,201,653	2,143,681	11,324,569	1,600,126
5 Net Finance Expenses				
Interest Income				
Interest income from Deposits	18,943	70,489	18,943	70,489
Interest income from Staff Loans	11,444	9,583	11,444	9,583
	30,386	80,072	30,386	80,072
Interest Expenses				
On Loan	151,307,274	221,647,151	129,217,919	161,576,781
On Overdraft	3,000	723,649	-	714,116
	151,310,274	222,370,799	129,217,919	162,290,897
	151,279,887	222,290,727	129,187,532	162,210,825

ANILANA HOTELS AND PROPERTIES PLC**NOTES TO THE FINANCIAL STATEMENTS** (Expressed in Sri Lankan Rupees)**FOR THE YEAR ENDED 31 MARCH 2020**

	Group		Company	
	2020	2019	2020	2019
6 Profit / (Loss) Before Taxation				
Profit / (Loss) Before Taxation is arrived at after charging all expenses including the following;				
Auditors' Remuneration	2,014,000	1,059,000	1,340,000	500,000
Written-Off of Balances (Net)	744,158	31,009,258	-	1,714,043
Provisions for Impairment of Investment in Subsidiary	-	-	31,058,368	-
Provisions for Impairment of Receivables	24,949,687	933,911	14,368,939	933,911
Staff Costs	90,838,674	90,724,496	64,841,413	61,221,447
Defined Contribution Plan Costs - EPF / ETF	10,114,715	9,937,802	6,589,479	6,612,972
Defined Benefit Plan Cost - Retiring Gratuity	1,941,819	1,571,111	1,105,180	881,173
Depreciation	107,047,325	123,958,586	58,355,544	79,090,746
Amortization of Leasehold Lands	1,332,000	1,332,000	-	-

7 Income Tax Expense

Provision for Current Tax Expense	Note 7.1	-	-	-	-
Deferred Tax Charge for the Year	Note 24	12,095,012	-	(185,947)	-
		12,095,012	-	(185,947)	-

7.1 Reconciliation Between the Current Tax Expense and the Product of Accounting Profit / (Loss).

Accounting Profit / (Loss) Before Taxation	14,699,643	(446,137,173)	(282,364,629)	(300,406,857)
Aggregate of Disallowable Expenses	(190,807,533)	46,943,111	106,853,715	81,221,246
Aggregate of Allowable Expenses	(201,418,515)	(76,747,192)	(124,156,473)	(142,481,883)
Other / Exempted Income / Adjustment to Accounting Losses	(18,943)	(543,555)	(18,943)	(712,072)
Adjusted Business Profit / (Loss)	(377,545,348)	(476,484,810)	(299,686,330)	(362,379,566)
Assessable Income / Taxable Income	-	-	-	-
Income Tax on Statutory Tax Rate of 14%	-	-	-	-
Current Tax for the Year	-	-	-	-
Tax Losses				
Loss Brought Forward	2,366,166,433	1,889,681,624	1,731,036,630	1,368,657,065
Loss Incurred During the Year	377,545,348	476,484,810	299,686,330	362,379,566
Loss Utilized	-	-	-	-
Loss Carried forward	2,743,711,782	2,366,166,433	2,030,722,960	1,731,036,630

7.2 Applicable Tax Rate

The profits and income of the Group arising on provision of tourism related services is liable for taxation at the rate of 14% (2018/19 : 14%) in terms of Revenue Act No. 24 of 2017 and amendments thereto.

ANILANA HOTELS AND PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS (Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 MARCH 2020

	Group		Company	
	2020	2019	2020	2019
8 Basic Earnings / (Loss) Per Share (Rs.)				
Amount used as the Numerator				
Profit / (Loss) Attributable to Ordinary Shareholders (Rs.)	26,794,345	(446,137,139)	(282,550,576)	(300,406,857)
Number of Ordinary Shares used as the Denominator				
Weighted Average Number of Ordinary Shares	1,013,961,065	830,915,235	1,013,961,065	830,915,235
Basic Earnings / (Loss) Per Share (Rs.)	0.03	(0.54)	(0.28)	(0.36)

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 2020.

8.1 Diluted Earnings / (Loss) per Share

There were no potentially dilutive ordinary shares outstanding at any time during the year or previous year. Therefore, diluted earnings / (loss) per share is equal to basic earnings / (loss) per share.

9 Property, Plant and Equipment

Group	Lands	Building	Land Development and Roadways	Plant and Machinery	Computers and IT Equipment	Pool Complex / Curtains and Fabrics / Kitchen Equipment	Motor Vehicles	Furniture and Fittings / Office / Electric Equipment	Total
Cost / Valuation									
Balance as at 01 April 2019	1,799,000,000	1,980,451,238	58,610,246	87,568,083	49,359,492	276,709,272	572,860	293,364,683	4,545,635,875
Additions	-	-	-	-	3,175,505	-	-	940,043	4,115,548
Transferred from Capital Work-in-Progress	90,000,000	-	-	-	-	-	-	-	90,000,000
Disposal	-	-	-	-	(2,430,000)	-	-	-	(2,430,000)
Adjustment on Revaluation	546,980,000	-	-	-	-	-	-	-	546,980,000
Balance as at 31 March 2020	2,435,980,000	1,980,451,238	58,610,246	87,568,083	50,104,997	276,709,272	572,860	294,304,726	5,184,301,423
Depreciation									
Balance as at 01 April 2019		387,964,253	15,467,269	33,918,984	20,606,038	163,692,846	572,860	186,062,086	808,284,336
Charge for the Year		66,780,202	2,278,009	5,364,910	3,618,302	14,428,559	-	14,577,342	107,047,325
Disposal		-	-	-	(2,430,000)	-	-	-	(2,430,000)
Balance as at 31 March 2020		454,744,456	17,745,278	39,283,894	21,794,340	178,121,406	572,860	200,639,428	912,901,661
Net Carrying Values									
Land								2,435,980,000	1,799,000,000
Building								1,525,706,782	1,592,486,985
Land Development and Roadways								40,864,968	43,142,977
Plant and Machinery								48,284,189	53,649,099
Computers and IT Equipment								28,310,658	28,753,454
Pool Complex / Curtains and Fabrics / Kitchen Equipment								98,587,867	113,016,426
Motor Vehicles								-	-
Furniture and Fittings / Office / Electric Equipment								93,665,298	107,302,598
								4,271,399,762	3,737,351,539
Capital Work-in-Progress								364,649,088	454,649,088
								(Note 9.1)	(Note 9.2)
								4,636,048,850	4,192,000,627

ANILANA HOTELS AND PROPERTIES PLC
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FOR THE YEAR ENDED 31 MARCH 2020

9 Property, Plant and Equipment Cont...

Company	Cost / Valuation	Lands	Building	Land Development and Roadways	Plant and Machinery	Computers and IT Equipment	Pool Complex / Curtains and Fabrics / Kitchen Equipment	Motor Vehicles	Furniture and Fittings / Office / Electric Equipment	Total
	Balance as at 01 April 2019	613,000,000	1,237,304,874	15,449,940	42,963,403	19,976,001	182,957,284	572,860	132,640,005	2,244,864,368
	Additions / Disposal	-	-	-	-	-	-	-	936,293	936,293
	Adjustment on Revaluation	328,080,000	-	-	-	-	-	-	-	328,080,000
	Balance as at 31 March 2020	941,080,000	1,237,304,874	15,449,940	42,963,403	19,976,001	182,957,284	572,860	133,576,297	2,573,880,660
	Depreciation									
	Balance as at 1 April 2019		184,040,321	3,089,989	17,091,164	9,959,675	102,007,436	572,860	81,004,465	397,764,910
	Charge for the Year		36,155,859	617,998	2,587,224	2,003,465	9,729,232	-	7,261,767	58,355,544
	Balance as at 31 March 2020		220,196,179	3,707,987	19,678,388	11,962,140	111,736,668	572,860	88,266,231	456,120,454
	Net Carrying Values									
	Lands									2020
	Buildings									2020
	Land Development and Roadways									941,080,000
	Plant and Machinery									1,017,108,695
	Computer and IT Equipment									11,741,953
	Pool Complex / Curtains and Fabric / Kitchen Equipment									23,285,015
	Motor Vehicles									8,013,861
	Furniture and Fittings / Office / Electric Equipment									71,220,616
	Capital Work-in-Progress									-
										45,310,066
										2,117,760,206
										8,488,663
										(Note 9.1)
										(Note 9.2)
										2,126,248,870
										1,855,588,121
	9.1 Capital Work-in-Progress-Buildings									
										Group
										2020
										2019
										454,649,088
										454,649,088
										(90,000,000)
										364,649,088
										454,649,088
										8,488,663
										8,488,663
										Company
										2020
										2019
										454,649,088
										454,649,088
										8,488,663
										8,488,663
										Company
										2020
										2019
										1,600,195,249
										1,579,300,968
										2,671,204,513
										2,158,050,571
										364,649,088
										454,649,088
										4,636,048,850
										4,192,000,627
										2,126,248,870
										1,855,588,121

Capital work-in-progress represents the amount of expenditure recognised under property plant and equipment during the constructions of hotels in Irakkandi and Nilaveli.

9.2 Carrying Value of Property, Plant and Equipment

At Cost	Valuation	Work-in-Progress	Group		Company	
			2020	2019	2020	2019
			1,600,195,249	1,579,300,968	1,028,850,648	1,065,624,505
			2,671,204,513	2,158,050,571	1,088,909,558	781,474,953
			364,649,088	454,649,088	8,488,663	8,488,663
			4,636,048,850	4,192,000,627	2,126,248,870	1,855,588,121

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9	Property, Plant and Equipment Cont...
9.3	Revaluation of Property, Plant and Equipment except Lands

(a)	Group
	Group has revalued its Plant and Machinery, Computers and IT Equipment, Pool Complex / Curtains and Fabrics / Kitchen Equipment and Furniture and Fittings/Office/ Electric Equipment revalued at Rs. 268,834,214 /- by an independent professional valuer who hold recognized and relevant professional qualification and recent experience in location and category of the relevant revalued value amounts are incorporated in the Group's books on 31 March 2019. The balance of Rs.121,398,582/- which resulted as the excess over the net book value of the assets has been credited to the revaluation reserve of Group.
(b)	Company
	Company has revalued its Plant and Machinery, Computers and IT Equipment, Pool Complex / Curtains and Fabrics / Kitchen Equipment and Furniture and Fittings/Office/ Electric Equipment revalued at Rs. 168,328,953 /- by an independent professional valuer who hold recognized and relevant professional qualification and recent experience in location and category of the relevant revalued value amounts are incorporated in the Company's books on 31 March 2019. The balance of Rs. 55,236,555/- which resulted as the excess over the net book value of the assets has been credited to the revaluation reserve of Company respectively.

9.4	Revaluation of Lands
(a)	Group
	The Lands of the Group were revalued at Rs.2,435,980,000/- by an independent professional valuer who hold recognized and relevant professional qualifications and recent experience in location and category of the relevant revalued property and incorporated in the Group's books on 31 March 2020. The balance of Rs. 546,980,000/- which resulted as the excess over the net book value of the assets has been credited to the revaluation reserve of Group.
(b)	Company
	The Land of the Company were revalued at Rs. 941,080,000/- by an independent professional valuer who hold recognized and relevant professional qualifications and recent experience in location and category of the relevant revalued property and incorporated in the Company's books on 31 March 2020. The balance of Rs. 328,080,000/- which resulted as the excess over the net book value of the assets has been credited to the revaluation reserve of the Company.

9.5	The details of Property, Plant & Equipment of the Group/Company which are stated at valuation are indicated below.										
(a)	Revaluation of Lands	Property	Method of Valuation	Effective Date of Last Valuation	Valuer	Significant Unobservable Inputs	Sensitivity of Fair Value to Unobservable Inputs	Carrying Value of Revalued Assets			
								Historical	Revalued		
					31 Mar. 2020	31 Mar. 2019	31 Mar. 2020	31 Mar. 2020	31 Mar. 2019	31 Mar. 2019	
Company											
		Lands of Anilana Hotels and Properties PLC	Market Approach	31 March 2020	Mr. Sampath Dayarathne	Estimated Price per Perch	Positively Correlated	281,551,980	281,551,980	941,080,000	613,000,000
Subsidiaries											
		Lands of Dambulla Hotel Resort And Country Club (Pvt) Ltd	Market Approach	31 March 2020	Mr. Sampath Dayarathne	Estimated Price per Perch	Positively Correlated	7,900,000	7,900,000	1,198,900,000	1,186,000,000
		Lands of Panichchankerni Hotels Ltd	Market Approach	31 March 2020	Mr. Sampath Dayarathne	Estimated Price per Perch	Positively Correlated	90,000,000	90,000,000	296,000,000	90,000,000
								379,451,980	379,451,980	2,435,980,000	1,889,000,000

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9 Property, Plant and Equipment Cont...	Property	Method of Valuation	Effective Date of Last Valuation	Valuer	Significant Unobservable Inputs	Sensitivity of Fair Value to Unobservable Inputs	Carrying Value of Revalued Assets			
							Historical	Revalued	Revalued	
							31 Mar. 2020	31 Mar. 2019	31 Mar. 2019	
(b) Revaluation of Property, Plant and Equipment except Lands										
Company										
	Plant and Machinery, Computers and IT Equipment, Pool Complex / Curtains and Fabrics / Kitchen Equipment and Furniture and Fittings/Office/ Electric Equipment	Market Approach	31 March 2019	D. Jayawardana	Estimated Cost per Item	Positively Correlated	104,221,776	113,238,398	147,829,558	168,474,953
Subsidiaries										
	Plant and Machinery, Electrical Equipment, Furniture and Fittings and Kitchen Equipment	Market Approach	31 March 2019	D. Jayawardana	Estimated cost per item	Positively Correlated	30,187,478	34,413,590	87,394,955	100,575,617
							134,409,254	147,651,988	235,224,513	269,050,571
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. 22.1 for Property, Plant and Equipment pledged as securities for liabilities as at the Reporting date.										
9.7 There were no capitalized borrowing costs related to the acquisition of property, plant and equipment of the Group / Company during the year.										
10 Investment Properties - Lands										
Group										
							2020	2019		
	Balance as at 01 April						939,400,000	939,400,000	939,400,000	939,400,000
	Change in Fair Value						360,001,000	-		
	Balance as at 31 March						1,299,401,000	939,400,000	939,400,000	939,400,000
10.1 Details of Group's Lands Stated at Valuation are Indicated below:										
	Property	Method of Valuation	Effective Date of Last Valuation	Valuer	Significant Unobservable Inputs	Sensitivity of Fair Value to Unobservable Inputs	Carrying Value of Revalued Assets			
							Historical	Revalued	Revalued	
							31 Mar. 2020	31 Mar. 2019	31 Mar. 2020	31 Mar. 2019
Group										
	East Wind Resorts (Pvt) Ltd.	Market Approach	31 March 2020	Mr. Sampath Dayarathne	Estimated Price per Perch	Positively Correlated	1,000,000	1,000,000	165,200,000	94,400,000
	Blue Lagoon Hotels Resort (Pvt) Ltd	Market Approach	31 March 2020	Mr. Sampath Dayarathne	Estimated Price per Perch	Positively Correlated	7,900,000	7,900,000	608,968,000	471,000,000
	Vakarei Hotels (Pvt) Ltd	Market Approach	31 March 2020	Mr. Sampath Dayarathne	Estimated Price per Perch	Positively Correlated	650,000	650,000	525,233,000	374,000,000
							9,550,000	9,550,000	1,299,401,000	939,400,000

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11	Intangible Assets Group / Company	Computer Software	Hotel Property Management System	Accounting System	Total
Cost					
	Balance as at 01 April 2019	1,364,677	2,439,501	3,133,916	6,938,094
	Additions	-	-	-	-
	Balance as at 31 March 2020	1,364,677	2,439,501	3,133,916	6,938,094
Amortization					
	Balance as at 01 April 2019	1,364,677	2,439,501	3,133,916	6,938,094
	Charge for the Year	-	-	-	-
	Balance as at 31 March 2020	1,364,677	2,439,501	3,133,916	6,938,094
Net Carrying Values				2020	2019
	Computer Software			-	-
	Hotel Property Management System			-	-
	Accounting System			-	-
				-	-
<hr/>					
12	Right-of-Use-Assets	Group			
		2020		2019	
	Balance as at 01 April	-		-	
	Transfer to Right-of-Use Assets	26,899,556		-	
	Amortization for the Year	(1,332,000)		-	
	Balance as at 31 March	25,567,556		-	
<hr/>					
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.					
<hr/>					
12.1 Analysis of Right-to-use-Assets - Group				2020	2019
<i>Prepaid lease rights are to be amortised;</i>					
	Not Later than One Year	1,332,000		-	
	Later than One Year but Not Later than 5 Years	3,996,000		-	
	Later than Five Years	20,239,556		-	
		25,567,556		-	
<hr/>					
13	Leasehold Property - Group	Group			
		2020		2019	
	As at 01 April	26,899,556		28,231,556	
	Amortization for the Year	-		(1,332,000)	
	Transfer to right-of-use assets	(26,899,556)		-	
	At 31 March	-		26,899,556	

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Information on the Freehold Land, Freehold Buildings, Leasehold Land and Buildings on Leasehold Land of the Group is as follows.

Company	Location	Ownership	Extent	Lease Period	Remaining Period	No. of Buildings
Anilana Hotels and Properties PLC	Nilaveli	Freehold	A8.R5 P.12			14
Anilana Hotels and Properties PLC	Kalkuda	Freehold	A34 R0 P12			-
Anilana Hotels and Properties PLC	Panichchankerni	Freehold	A10 R0 P0			3
Anilana Hotels and Properties PLC	Pasikuda	Freehold	A1.R1 P.6			2
Anilana Hotels and Properties PLC	Pasikuda	Freehold	A0 R0 P42			1
Eastern Development Enterprises (Pvt) Ltd	Pasikuda	Leasehold	A6.R0 P.0	30 yrs	20 yrs	27
Blue Lagoon Resorts (Pvt) Ltd.	Nilaveli	Freehold	A7.R1 P.38			-
Vakerai Resorts (Pvt) Ltd	Vakarai	Freehold	A21.R2 P.35.8			-
Eastwind Resorts (Pvt) Ltd.	Panichchankerni	Freehold	A7 R1 P20			-
Dambulla Resorts and Country Club (Pvt) Ltd.	Dambulla	Freehold	A39 R2 P5			1

14 Investment in Subsidiaries		Company			
		2020	2019		
	Unquoted Investments	(Note 14.1)	1,352,715,051	1,383,773,420	
14.1 Direct Holding Investment by the Company		Effective Equity Interest Held by the Group	Cost		
			2020	2019	
	South Asia Asset Management (Pvt) Ltd	99.99	99.99	661,930,120	661,930,120
	Vakarei Hotel (Pvt) Ltd	100	100	368,000,000	368,000,000
	Dambulla Hotel & Country Club (Pvt) Ltd	49	49	232,443,820	232,443,820
	Eastern Development Enterprises (Pvt) Ltd	100	100	800,000,010	800,000,010
	Anilana Resorts (Pvt) Ltd	99.99	99.99	1,000,000	1,000,000
	Panichchankerni Hotels Ltd	100	100	10	10
				2,063,373,960	2,063,373,960
	Provision for Impairment	(Note 14.2)		(710,658,909)	(679,600,540)
				1,352,715,051	1,383,773,420

14.2 Provision for Impairment		Company	
		2020	2019
	South Asia Asset Management (Pvt) Ltd	702,527	578,637
	Eastern Development Enterprises (Pvt) Ltd	708,956,371	678,021,893
	Anilana Resorts (Pvt) Ltd	1,000,000	1,000,000
	Panichchankerni Hotels Ltd	10	10
		710,658,909	679,600,540

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14.3	Indirect Holding Investment through the Group	Effective Equity Interest Held by the Group		Company	
		2020	2019	Cost - 2020	Cost - 2019
	East wind Resorts (Pvt) Ltd	99.99	99.99	76,700,000	76,700,000
	Dambulla Hotel & Country Club (Pvt) Ltd	51	51	241,931,180	241,931,180
	Blue Lagoon Hotel Resorts (Pvt) Ltd	99.99	99.99	419,998,940	419,998,940
				738,630,120	738,630,120
14.4	During the year there were no changes in the group structure, new acquisition, disposals or transactions between the non-controlling interests.				
14.5	Material Partly-owned Subsidiaries				
	The Group has concluded that non-controlling interest is not material in aggregate and individually for disclosure purpose.				
15	Other Non Current Financial Assets	Group / Company			
		2020	2019		
	Unquoted Shares (Note 15.1)	13,242,040	21,081,392		
15.1	Movement in Other Non Current Financial Asset				
	Balance as at 01 April	21,081,392	21,081,392		
	Changes in Fair Value	(7,839,352)	-		
	Balance as at 31 March (Note 15.2)	13,242,040	21,081,392		
15.2	Cost of the Investments in Unquoted Equity Instruments	For the Year ended 31 March 2020			
		% of Holding	No. of Shares	at Cost	at FVTOCI
	Nation Lanka Promotions Ltd	12.63%	1,200,000	12,000,000	10,134,523
	Nation Lanka Equities (Pvt) Ltd	3.01%	2,300,000	11,500,000	3,107,517
				23,500,000	13,242,040
16	Inventories	Group		Company	
		2020	2019	2020	2019
	Food and Beverage	2,658,456	1,897,079	1,201,763	1,155,369
	House Keeping	2,468,372	1,795,258	205,304	273,649
	Others	484,810	279,289	484,810	279,289
		5,611,637	3,971,626	1,891,876	1,708,307
17	Financial Assets at Fair Value through Profit or Loss (FVTPL)	Group		Company	
		2020	2019	2020	2019
	Investments in Quoted Shares (Note 17.1)	93,333	160,000	-	-
17.1	Analysis of the Investments				
	Balance as at 01 April	106,667	160,000	-	-
	Changes in Fair Value	(13,334)	(53,333)	-	-
	Balance as at 31 March	93,333	106,667	-	-

ANILANA HOTELS AND PROPERTIES PLC**NOTES TO THE FINANCIAL STATEMENTS** (Expressed in Sri Lankan Rupees)**FOR THE YEAR ENDED 31 MARCH 2020**

18 Trade and Other Receivables		Group		Company	
		2020	2019	2020	2019
Trade Receivables	(Note 18.1)	3,764,435	14,352,310	2,307,027	9,264,533
Deposits and Advances	(Note 18.3)	1,585,731	2,875,076	1,572,481	2,861,326
Amounts Due from Related Parties	(Note 18.4)	7,780,928	6,595,548	197,295,301	99,772,974
Others		1,748,642	792,931	396,586	-
		14,879,735	24,615,864	201,571,395	111,898,833
18.1 Trade Receivables					
Trade Receivables	(Note 18.2)	28,239,913	14,352,310	16,675,967	9,264,533
Provision for Expected Credit Loss		(24,949,687)	-	(14,368,939)	-
		3,764,435	14,352,310	2,307,027	9,264,533
18.2 Trade Receivables are unsecured and the analysis of their aging for major segment as at the reporting date is as follows:					
01 - 30 days		1,946,007	-	1,702,254	-
31 - 60 days		926,139	14,173,609	623,151	9,264,533
61 - 90 days		119,027	178,701	55,231	-
More than 90 days		25,248,741	-	14,295,331	-
		28,239,913	14,352,310	16,675,967	9,264,533
18.3 Deposits and Advances					
Refundable Deposits		540,000	510,000	540,000	510,000
Others Advances		1,045,731	2,365,076	1,032,481	2,351,326
		1,585,731	2,875,076	1,572,481	2,861,326
18.4 Amounts Due from Related Parties - Subsidiaries					
Anilana Resort (Pvt) Ltd		-	-	128,695,552	127,395,424
Eastern Development Enterprises (Pvt) Ltd		-	-	221,244,266	127,621,664
Blue Lagoon Hotel (Pvt) Ltd		-	-	1,657,052	1,485,317
East Wind Resort (Pvt) Ltd		-	-	529,141	508,605
Dambulla Hotels & Country Club (Pvt) Ltd		-	-	289,979,905	289,111,734
Vakarei Hotel (Pvt) Ltd		-	-	4,232,986	4,126,950
South Asia Asset Management (Pvt) Ltd		-	-	372,898	346,495
Panichchankerni Hotels Ltd		-	-	110,970,115	110,548,779
		-	-	757,681,914	661,144,967
Provision for Expected Credit Loss		-	-	(563,599,056)	(563,599,056)
		-	-	194,082,858	97,545,911

ANILANA HOTELS AND PROPERTIES PLC

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	Group		Company	
	2020	2019	2020	2019
Other Related Parties				
Asia Fort Asset Management (Pvt) Ltd	41,913,690	41,900,890	41,461,690	41,448,890
Nation Lanka Promotion Ltd	1,938,747	1,938,747	1,938,747	1,938,747
Nation Lanka Capital Ltd	2,900,000	2,900,000	2,900,000	2,900,000
Tropical Foliage Ltd	150,000	150,000	150,000	150,000
Anilana Tropical Foliage Ltd	91,200	91,200	91,200	91,200
Nation Lanka Equities (Pvt) Ltd	9,544,094	8,371,513	6,988,609	6,016,028
SOMAP International Pte Ltd	4,151,664	4,151,664	4,151,664	4,151,664
Director's Current Account	1,561,000	1,561,000	-	-
	62,250,395	61,065,014	57,681,910	56,696,529
Provision for Expected Credit Loss	(54,469,467)	(54,469,467)	(54,469,467)	(54,469,467)
	7,780,928	6,595,548	3,212,443	2,227,062
	7,780,928	6,595,548	197,295,301	99,772,974

19 Other Non-Financial Assets

Prepaid Expenses	28,358,874	32,734,428	27,490,577	31,537,702
Withholding Tax (WHT)	570,860	787,432	570,860	787,432
	28,929,734	33,521,859	28,061,437	32,325,133

20 Cash and Cash Equivalents
Favourable Balances

Cash at Bank	10,088,183	52,197,931	8,781,462	37,650,106
Cash in Hand	1,162,464	1,274,975	439,033	241,613
	11,250,647	53,472,906	9,220,495	37,891,719

Unfavourable Balances

Bank Overdrafts	(5,184,189)	(5,592,274)	(5,176,141)	(4,019,773)
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Total for the Purposes of Statement Cash Flow	6,066,458	47,880,632	4,044,354	33,871,946
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21 Stated Capital,
Issued and Fully Paid

Group / Company	No. of Shares		Value	
Balance as at 01 April	1,006,752,069	493,308,514	4,530,738,270	3,863,261,648
Issuance of Ordinary Shares	183,045,830	513,443,555	366,091,660	667,476,622
Balance as at 31 March	1,189,797,899	1,006,752,069	4,896,829,930	4,530,738,270

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22 Borrowings	Group		Company	
	2020	2019	2020	2019
Movement of Borrowings				
Balance as at 01 April	1,699,076,675	1,837,377,081	1,213,499,638	1,325,153,633
Obtained During The Year	20,000,000	-	20,000,000	-
Settlements Made	(279,116,089)	(370,097,220)	(193,145,832)	(283,373,277)
Accrued Interest as at 31 March	43,390,857	231,796,814	43,390,857	171,719,282
Balance as at 31 March	1,483,351,444	1,699,076,675	1,083,744,664	1,213,499,638
Non-Current Portion	1,473,773,269	621,667,459	1,074,166,489	225,060,459
Current Portion	9,578,175	1,077,409,216	9,578,175	988,439,179
	1,483,351,444	1,699,076,675	1,083,744,664	1,213,499,638

22.1 Securities and Repayment of Borrowings

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 (Rs. Mn)	Outstanding as at 31 March 2020 (Rs.)	Securities
Sampath Bank PLC	12% fixed rate for first year and thereafter AWPLR + 2% p.a. 60 Installments	658.1	658,100,000	Property 01 - Primary Mortgage Bond for Rs.50,000,000/- over the free hold property situated in Passekudah, depicted as Lot 1 & 2 in Plan No. E/183/2012 dated 29.04.2012 made by T. Elavarasu (Licensed Surveyor) owned by Anilana Hotels & Properties PLC together with the buildings thereon. Property 02 - Primary Mortgage Bond for Rs.315,000,000/- over the free hold property situated in Nilaveli, depicted as Lot 1 in Plan No. 3209 dated 06.02.2012 made by P.Pararasasegaram (Licensed Surveyor) owned by Anilana Hotels & Properties PLC together with the buildings thereon. Property 04 - Third Party Primary Mortgage Bond for Rs.125,000,000/- over the free hold property situated in Vekarei, depicted as Lot 1 in Plan No. E/895/2015 dated 22.02.2015 made by T.Elavarasu (Licensed Surveyor).
	Term Loan / AWPLR + 2.5% 12 Installments	20	20,000,000	
	12% fixed rate for first year and thereafter AWPLR + 2% p.a. 60 Installments	102	102,000,000	
People's Bank	Term Loan, 18 Equated Monthly Instalments	200	85,154,125	Primary mortgage over 02 properties situated in Panichankerni. Corporate guarantee of Eastern Development Enterprises (Pvt) Ltd.
People's Leasing & Finance PLC	Term Loan / 12% p.a 12 Monthly Instalments	100 25	55,541,130	Mortgage over 36,081,857 shares of Anilana Hotels & Properties PLC.
Pan Asia Bank PLC	Term Loan /18% p.a 48 Equated Monthly Instalments	82.7	59,019,942	Primary mortgage for Rs.100Mn over free hold land owned by Blue Lagoon Hotel Resort (Pvt) Ltd, thereon with extent 7 Acres depicted in plan No.3221 situated at Valaloothukadu, Muhathuvarathukudu and Irakkandikadu. Mortgage over 41,999,894 shares of South Asia Asset Management (Pvt) Ltd and Blue Lagoon Hotel Resort (Pvt) Ltd.

The management has requested the banks to avail the moratorium on its loan facilities on the terms and conditions stated as announced by Monetary Board Central Bank of Sri Lanka by its circular dated 26 August 2020 (No. 8 of 2020). The management is of the view that the debt moratorium is effective until 31 March 2021 and relate to both recovery of capital and interest.

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23 Retirement Benefits Obligation	Group		Company		
	2020	2019	2020	2019	
Balance as at 01 April	4,837,517	3,192,380	2,295,051	1,714,131	
Expenses Recognized in Profit and loss (Note 23.1)	1,941,819	1,571,111	1,105,180	881,173	
Actuarial (Gain) / Losses Recognized in Other Comprehensive Income	(440,794)	318,927	(260,999)	(213,133)	
Payment Made During the year	(186,250)	(244,901)	(123,750)	(87,120)	
Balance as at 31 March	6,152,291	4,837,517	3,015,482	2,295,051	
23.1 Recognized in Profit and Loss					
Current Service Cost	1,458,067	1,251,873	875,675	709,760	
Interest Cost for the Year	483,752	319,238	229,505	171,413	
	1,941,819	1,571,111	1,105,180	881,173	
23.2 The Principal Actuarial Valuation Assumptions used are as Follows;					
		2020	2019		
Disability Rate [%]		10	10		
Discount Rate [%]		10	10		
Salary Escalation Rate [%]		10	7.5		
Retirement Age [Yrs]		55	55		
Staff Turnover Factor [%]		8% upto 55 and thereafter Zero	8% upto 55 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		Discount Rate [%]		Salary Escalation Rate [%]	
		Increase in 1%	Decrease 1%	Increase in 1%	Decrease 1%
Company	As a Percentage [%]	(24.42)	9.02	8.40	(7.44)
	Value	2,279,249	3,287,411	3,268,666	2,791,111
Group	As a Percentage [%]	(15.43)	8.32	7.72	(6.91)
	Value	5,203,240	6,664,274	6,627,478	5,727,206
23.4 The Sensitivity of The Present Value of Retirement Benefits Obligation to Changes in the Weighted Principal Assumptions By 1% are:					
The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions used with all other variables held constant in the employment benefit liability measurement.					
The sensitivity of the Statement of Profit or Loss and Statement of Financial Position is the effect of the assumed changes in discount rate and salary increment rate on the Profit or Loss and Employment Benefit Obligation for the year.					
Assumption Changed (While all Other Assumptions Remain Unchanged)					
		Effect on Profit or Loss for the Year Ended 31.03.2020		Retirement Benefits Obligation as at 31.03.2020	
	1% increase in Discount Rate	(236,233)		2,779,249	
	1% decrease in Discount Rate	271,929		3,287,411	
	1% increase in Salary Escalation Rate	253,184		3,268,666	
	1% decrease in Salary Escalation Rate	(224,371)		2,791,111	

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24	Deferred Tax Liabilities	Group		Company	
		2020	2019	2020	2019
	Balance as at 01 April	-	-	-	-
	Recognised in Profit or Loss Note 24.1	(12,095,012)	-	185,947	-
	Recognised in Other Comprehensive Income Note 24.2	82,788,735	-	33,247,960	-
	Balance as at 31 March 2020 Note 24.3	70,693,724	-	33,433,907	-
24.1	Deferred Tax Expense Recognised in Profit or Loss				
	Deferred Tax Arising from				
	Accelerated Depreciation for Tax Purposes	139,789,970	-	88,268,485	-
	Provision for Impairment	(90,022,549)	-	(88,541,245)	-
	Revaluation of Investment Property to Fair Value	36,123,400	-	-	-
	Brought Forward Tax Loss	(98,030,557)	-	-	-
	Employee Benefits Liability	44,725	-	458,707	-
		(12,095,012)	-	185,947	-
24.2	Deferred Tax Expense Recognised in Other Comprehensive Income				
	Deferred Tax Arising from				
	Employee Benefits Liability	11,368	-	36,540	-
	Revaluation of Land to Fair Value	67,718,900	-	26,162,000	-
	Revaluation of Other than Land to Fair Value	15,058,467	-	7,049,420	-
		82,788,735	-	33,247,960	-
24.3	The Closing Deferred Tax Liability / (Asset) Balance Relates to the Following:				
	Accelerated Depreciation for Tax Purposes	139,789,970	-	88,268,485	-
	Impact on Revaluation of Property, Plant and Equipment	82,777,367	-	33,211,420	-
	Revaluation of Investment Property to Fair Value	36,123,400	-	-	-
	Brought Forward Tax Loss	(98,030,557)	-	-	-
	Provision for Impairment	(90,022,549)	-	(88,541,245)	-
	Employee Benefits Liability	56,094	-	495,247	-
		70,693,724	-	33,433,907	-
24.4	Unrecognised Differed Tax Asset				
	Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The Company / Group have not been recognised deferred tax assets as at reporting date because it is not probable that future taxable profits will be available against which they can be utilised.				
	The analysis of deferred tax assets is as follows:				
	Brought Forward Tax Loss	(286,089,092)	(331,263,301)	(284,301,214)	(242,345,128)
		(286,089,092)	(331,263,301)	(284,301,214)	(242,345,128)

ANILANA HOTELS AND PROPERTIES PLCNOTES TO THE FINANCIAL STATEMENTS *(Expressed in Sri Lankan Rupees)*

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24.5 Deferred Tax has been Computed at the Following Rates;

As per the inland revenue act No 24 of 2017, Business / Investment assets including land will attract income tax at the corporate tax rate applicable to the group, at the time of realization of such assets. Accordingly, land carried under revaluation model in the financial statements has now been considered as a investment asset and subject to taxable temporary differences. Accordingly a deferred tax liability amount has been computed (Tax rate - 10%).

Company and Subsidiary companies engaged in promotion of tourism - 14%.

25	Trade and Other Payables	Group		Company	
		2020	2019	2020	2019
	Trade Payable	73,335,886	46,352,279	18,592,217	9,594,393
	Other Payables				
	Other Advances	25,487,463	28,517,565	17,264,401	20,294,503
	Contract Liability	8,295,663	-	5,966,013	-
	Retention	16,740,943	16,740,943	15,899,869	15,899,869
	Construction Payable	141,232,087	141,112,752	114,334,791	114,215,456
	Amounts Due to Related Parties (Note 25.1)	177,510,028	171,798,268	169,596,634	163,884,872
	Others	29,298,741	29,829,439	12,859,907	9,759,816
		398,564,925	387,998,966	335,921,615	324,054,515
		471,900,811	434,351,245	354,513,832	333,648,908
25.1	Amounts Due to Related Parties				
	Asia Financial Management Ltd	4,813,739	4,813,739	4,813,739	4,813,739
	Investor Access Equities (Pvt) Ltd	6,904,244	7,033,971	1,560,820	1,690,547
	Ceyquartz MBI Ltd	425,160	425,160	-	-
	Directors' Current Accounts	7,836,341	7,836,343	7,691,531	7,691,531
	Nation Lanka Promotions (Pvt) Ltd	900,000	900,000	-	-
	Anilana Collection (Pvt) Ltd	13,400,000	13,400,000	12,300,000	12,300,000
	Nation Lanka Finance PLC	10,947,311	10,947,311	10,947,311	10,947,311
	SOMAP Internatinal (Pte) Ltd	132,283,233	124,669,718	132,283,233	124,669,718
	Anilana Security Ltd	-	1,772,026	-	1,772,026
		177,510,028	171,798,268	169,596,634	163,884,872
26	Other Non-Financial Liabilities				
	Accrued Expenses / Other Taxes	35,832,882	25,652,577	23,450,293	15,016,972
	Value Added Tax (VAT)	99,582,330	116,242,698	58,456,758	77,627,990
	Current Tax Payable	121,627	121,627	-	-
	Nation Building Tax (NBT)	23,650,907	20,320,580	16,592,745	14,386,022
		159,187,746	162,337,481	98,499,796	107,030,983

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27 Commitments

Details of capital commitments as at 31 March 2020 are as follows;

Description Group	Estimated Cost	Cost Incurred in Prior Periods	Cost Incurred During the Period	Cost to be Incurred
Hotel Construction at Dambulla	831,000,000	26,002,451	-	-
Villa Construction at Panichchnkerni	140,000,000	1,985,472	-	-
Hotel Construction at Passikuda - (Spa & Gym)	65,000,000	2,622,990	-	-
	1,036,000,000	30,610,914	-	-
Company				
Hotel Construction at Nilaveli	20,000,000	8,488,663	-	-

Other Commitments

There were no material commitments, financial or otherwise contracted or consented by the Board of Directors as at 31 March 2020 other than disclosed above.

28 Events after Reporting Period

There are no material events after the reporting period that require adjustments to or disclosure in financial statements in Group / Company except as follows;

Rights Issue

The Company has raised capital by way of a rights issue by issuing 91,522,915 new ordinary shares in the proportion of one (01) new ordinary shares for every twelve (12) ordinary shares held at a price of Rs. 2/- per share for a consideration of Rs. 183,045,830/- on 09 December 2020. Out of the no of shares issued, 91,521,294 shares have been subscribed by SOMAP International Pte Ltd (Parent Company) which is 99.9% of the total shares issued.

29 Related Party Disclosure

The Group and Company carries out transactions in the ordinary course of business with the parties who are defined as related parties in LKAS 24 - Related Party Disclosures the details of which are reported below;

29.1 Terms and Conditions of Transactions with Related Parties

Transactions with related parties are carried out in the ordinary course of the business. These transactions carried at arm's length basis. Outstanding current account balances at year end are unsecured and settlement occurs in cash.

29.2 Transaction with Key Management Personnel

Key Management Personnel (KMPs) are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The key management personnel of the Company are the Board of Directors of the Company and personnel holding the Designation Chief Manager and above. Transactions with Key Management Personnel and transactions with the Close Family Members (CFMs) of the KMPs, if any, also have been taken into consideration in the following disclosure.

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FOR THE YEAR ENDED 31 MARCH 2020

29 Related Party Disclosure (Cont...)
29.2 Transaction with Key Management Personnel (Cont...)

Key Management Personnel Compensation	Group		Company	
	2020	2019	2020	2019
Short-Term Employee Benefits - Directors' Remuneration	Nil	Nil	Nil	Nil
Director's Current Accounts	1,561,000	1,561,000	-	-
Director's Current Accounts	(7,836,341)	(7,836,343)	(7,691,531)	(7,691,531)

29.3 Transactions with Related Entities

The Group / Company carries out transactions in the ordinary course of its business with parties who are defined as related parties in Sri Lanka Accounting Standard 24 "Related Party Disclosures".

Name of the Company	Relationship	Nature of Transactions	Transaction Value (Rs.)	Amount Due from / (to)
Group				
Nation Lanka Equities (Pvt) Ltd	Company under Common Control	Expense Incurred	1,212,298	
		Expense Paid by Related Entity	(39,718)	9,544,094
SOMAP International Pte Ltd	Parent Company	Fund Transfer for Working Capital and Repayment of Loans	315,509,813	4,151,664
		Fund Transfer for Right Issue	58,310,587	(132,283,233)
		Right Issue Made	(366,091,660)	
		Reimbursement of Expenses	(118,300)	
Investor Access Equities (Pvt) Ltd	Company under Common Control	Expense Incurred	129,727	(6,904,244)
Anilana Collection (Pvt) Ltd	Company under Common Control	No Transaction During the Year	-	(13,400,000)
Company				
Anilana Resort (Pvt) Ltd	Subsidiary	Expenses Incurred	4,282,940	
		Reimbursement of Expenses	(2,982,812)	128,695,552
Eastern Development Enterprises (Pvt) Ltd	Subsidiary	Fund Transfers for Settlement of Term Loans	(106,923,364)	-
		Reimbursement of Expenses	196,545,968	-
		Fund Transfers in	(18,000,000)	-
		Fund Transfers out	22,000,000	221,244,266

ANILANA HOTELS AND PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS (Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 MARCH 2020

29 Related Party Disclosure (Cont...)**29.3 Transactions with Related Entities Cont...**

Name of the Company	Relationship	Nature of Transactions	Value (Rs.)	Amount Due from / (to)
Blue Lagoon Hotel (Pvt) Ltd	Sub Subsidiary	Expense Incurred	223,469	1,657,052
		Expenses Reimbursed	(51,734)	-
East Wind Resort (Pvt) Ltd	Sub Subsidiary	Expense Incurred	20,536	529,141
Dambulla Hotels & Country Club (Pvt) Ltd	Sub Subsidiary	Expenses Incurred	868,171	289,979,905
Vakarei Hotel (Pvt) Ltd	Subsidiary	Expenses Incurred	106,036	4,232,986
South Asia Asset Management (Pvt) Ltd	Subsidiary	Expenses Incurred	26,403	372,898
Panichchankerni Hotels Ltd	Subsidiary	Expenses Incurred	421,335	110,970,115
Asia Fort Asset Management (Pvt) Ltd	Company under Common Control	Expenses Incurred	12,800	41,461,690
Nation Lanka Equities (Pvt) Ltd	Company under Common Control	Expenses Incurred	1,212,298	6,988,609
		Expense Paid	(239,718)	-
SOMAP International Pte Ltd	Parent Company	Fund Transfer for Working Capital and Repayment of Loans	315,509,813	4,151,664 (132,283,233)
		Fund Transfer for Right Issue	58,310,587	
		Right Issue Made	(366,091,660)	
		Reimbursement of Expenses	(118,300)	

ANILANA HOTELS AND PROPERTIES PLCNOTES TO THE FINANCIAL STATEMENTS *(Expressed in Sri Lankan Rupees)*

FOR THE YEAR ENDED 31 MARCH 2020

29 Related Party Disclosure (Cont...)**29.4 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 2019 audited financial Statements, which required additional disclosures in the 2019/20 Annual Report 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.

Name of the Company	Relationship	Nature of Transactions	Aggregate value of Related Party Transactions Entered into During the Financial Year (Rs.)	Aggregate Value of Related Party Transactions as a % of Revenue	Terms and Conditions of the Related Party Transactions
SOMAP International Pte Ltd	Parent Company	Fund Transfers	315,509,813	128.53%	Working Capital and Repayment of Loans
Eastern Development Enterprices (Pvt) Ltd	Subsidiary	Fund Transfers	106,923,364	43.56%	Repayment of Loans

29.5 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 whichever is lower as per 31 March 2019 audited financial statements, which required additional disclosures in the 2019/20 Annual Report 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.

Name of the Related Party	Relationship	Value of the Related Party Transactions Entered into During the Financial Year (Rs.)	Value of Related Party Transactions as a % of Equity	Value of Related Party Transactions as a % of Total Assets	Terms and Conditions of the Related Party Transactions	The Rationale for Entering into the Transactions
SOMAP International Pte Ltd	Parent Company	366,091,660	12.25%	6.91%	Right Issue of Shares	Business Acquisition

ANILANA HOTELS AND PROPERTIES PLC**NOTES TO THE FINANCIAL STATEMENTS** *(Expressed in Sri Lankan Rupees)***FOR THE YEAR ENDED 31 MARCH 2020****29 Related Party Disclosure Cont...****29.6 Group Companies/Directors**

The list of Directors at each of the subsidiary

Company Name	Relationship	Directors
South Asia Asset Management (Pvt) Ltd	Subsidiary	Peter Lucien Amerasinghe Asanga Chandana Seneviratne Manjula Cleone Seneviratna
Vakarei Hotel (Pvt) Ltd	Subsidiary	Peter Lucien Amerasinghe Asanga Chandana Seneviratne Manjula Cleone Seneviratna
Dambulla Hotel & Country Club (Pvt) Ltd	Subsidiary	Peter Lucien Amerasinghe Asanga Chandana Seneviratne Manjula Cleone Seneviratna Heyara Hewage Anura Chandrasiri Dinesh Pandey
Eastern Development Enterprises (Pvt) Ltd	Subsidiary	Peter Lucien Amerasinghe Asanga Chandana Seneviratne Manjula Cleone Seneviratna Ajahn Gardiye Punchihewa
Anilana Resorts (Pvt) Ltd	Subsidiary	Peter Lucien Amerasinghe Asanga Chandana Seneviratne Rudra Jayaprakasha Wahalathanthrige Manjula Viraj Perera
Panichchankerni Hotels Ltd	Subsidiary	Peter Lucien Amerasinghe Asanga Chandana Seneviratne Manjula Cleone Seneviratna
East wind Resorts (Pvt) Ltd	Sub Subsidiary	Asanga Chandana Seneviratne
Blue Lagoon Hotel Resorts (Pvt) Ltd	Sub Subsidiary	Peter Lucien Amerasinghe Asanga Chandana Seneviratne Manjula Cleone Seneviratna
27.7 Directors of Parent Entity of the Group		
Company Name	Current Relationship	Directors
SOMAP International Pte Ltd	Parent Company	Dinesh Pandey Sonal Pandey Pramod Pandey

ANILANA HOTELS AND PROPERTIES PLC**NOTES TO THE FINANCIAL STATEMENTS** (Expressed in Sri Lankan Rupees)**FOR THE YEAR ENDED 31 MARCH 2020****30 Litigations and Claims**

Based on the available information, the management is of the view that there are no material litigation or claims that could have a material impact on the financial position of the group / company or lead to disclosures in the financial statements for the year ended 31 March 2020 other than below mentioned litigations;

Company

Case Number	Case Amount	Counter Party	Current Statuses	Carrying Value of As At 31 March 2019
260/91/05/EPF	8,617,681	Commissioner General of Labour	Agreed to Pay Liabilities according to Settlement Plan	6,217,681
74053 / 5 / EPF	11,492,057			5,429,557
256/2020	N/A	Mr. M.G. E. P Munaweera	Case Filed seeking for the released against the termination of service and case is on trail.	N/A
791 /2019/ MR	22,900,000	Siem Construction	Seeking to recover the sum of Rs. 22.9 Mn and case is on trail.	22,900,000
				34,547,238

Subsidiaries**Subsidiary - Eastern Development Enterprises (Pvt) Ltd**

M C Colombo 74050 / 5 / EPF	5,848,606	Commissioner General of Labour	Agreed to Pay Liabilities according to Settlement Plan	2,786,106
M C Colombo 82282 / 5 / EPF	2,274,431			1,086,931
6929 / 2020 / MR	2,420,000	Siem Construction	Seeking to recover the sum of Rs. 2.42 Mn and case is on trail.	2,420,000
				6,293,037

31 Fair Value Hierarchy**31.1 Financial Assets by Fair Value Hierarchy - Group**

	Level 1		Level 2		Level 3	
	2020	2019	2020	2019	2020	2019
Other Non Current Financial Assets	-	-	-	-	13,242,040	21,081,392
Financial Assets at Fair Value through Profit or Loss (FVTPL)	93,333	106,667	-	-	-	-
Total	93,333	106,667	-	-	13,242,040	21,081,392

During the reporting periods 31 March 2020 and 2019, there were no transfers between Level 1 and Level 2 fair value measurements.

31.2 Financial Assets by Fair Value Hierarchy - Company

Other Non Current Financial Assets	-	-	-	-	13,242,040	21,081,392
Total	-	-	-	-	13,242,040	21,081,392

During the reporting periods 31 March 2020 and 2019, there were no transfers between Level 1 and Level 2 fair value measurements.

ANILANA HOTELS AND PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS (Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 MARCH 2020

31 Fair Value Hierarchy cont. ...**31.3 Non-Financial Assets - Group**

	Level 1		Level 2		Level 3	
	2020	2019	2020	2019	2020	2019
Assets Measured at Fair Value						
Lands	-	-	-	-	2,435,980,000	1,799,000,000
Plant and Machinery, Computers and IT Equipment, Pool Complex / Curtains and Fabrics / Kitchen Equipment and Furniture and Fittings/ Office/ Electric Equipment	-	-	-	-	235,224,513	269,050,571
Investment Property	-	-	-	-	1,299,401,000	939,400,000
	-	-	-	-	3,970,605,513	3,007,450,571

31.4 Non-Financial Assets - Company

Assets Measured at Fair Value						
Lands	-	-	-	-	941,080,000	613,000,000
Plant and Machinery, Computers and IT Equipment, Pool Complex / Curtains and Fabrics / Kitchen Equipment and Furniture and Fittings/ Office/ Electric Equipment	-	-	-	-	147,829,558	168,474,953
					1,088,909,558	781,474,953

ANILANA HOTELS AND PROPERTIES PLCNOTES TO THE FINANCIAL STATEMENTS *(Expressed in Sri Lankan Rupees)*

FOR THE YEAR ENDED 31 MARCH 2020

32 Financial Assets and Liabilities by Categories

	Note	Group		Company	
		2020	2019	2020	2019
Financial Assets at Amortised Cost					
Trade Receivables	18	3,764,435	14,352,310	2,307,027	9,264,533
Amounts Due from Related Parties	18	7,780,928	6,595,548	197,295,301	99,772,974
Cash and Cash Equivalents	20	11,250,647	53,472,906	9,220,495	37,891,719
Financial Assets at Fair Value through OCI					
Other Non Current Financial Assets	15	13,242,040	21,081,392	13,242,040	21,081,392
Financial Assets at Fair Value through Profit or Loss (FVTPL)					
Financial Assets at Fair Value through Profit or Loss (FVTPL)	17	93,333	106,667	-	-
TOTAL FINANCIAL ASSETS		36,131,383	95,608,822	222,064,863	168,010,618
FINANCIAL LIABILITIES					
Financial Liabilities Measured at Amortised Cost					
Borrowings	22	1,483,351,444	1,699,076,675	1,083,744,664	1,213,499,638
Trade Payable	25	73,335,886	46,352,279	18,592,217	9,594,393
Amounts Due to Related Parties	25	177,510,028	171,798,268	169,596,634	163,884,872
Construction Payable	25	141,232,087	141,112,752	114,334,791	114,215,456
Bank Overdrafts	20	5,184,189	5,592,274	5,176,141	4,019,773
TOTAL FINANCIAL LIABILITIES		1,880,613,633	2,063,932,248	1,391,444,447	1,505,214,132

The fair value of receivables does not significantly vary from the value based on the amortised cost methodology.

The fair value of financial liabilities does not significantly vary from the value based on the amortised cost methodology.

ANILANA HOTELS AND PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS *(Expressed in Sri Lankan Rupees)*

FOR THE YEAR ENDED 31 MARCH 2020

33 Financial Instruments Risk Management Objectives and Policies

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 group.

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.

33.1 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.

ANILANA HOTELS AND PROPERTIES PLCNOTES TO THE FINANCIAL STATEMENTS *(Expressed in Sri Lankan Rupees)*

FOR THE YEAR ENDED 31 MARCH 2020

33 Financial Instruments Risk Management Objectives and Policies cont. ...**33.1 Financial Risk Factors**

Following table depicts the maximum risk exposure of financial assets reported as at 31 March 2020 and 2019.

Risk Exposure to Financial Assets	Group		Company	
	2020	2019	2020	2019
Cash at Bank	10,088,183	52,197,931	8,781,462	37,650,106
Trade Receivables	3,764,435	14,352,310	2,307,027	9,264,533
Amounts Due from Related Parties	7,780,928	6,595,548	197,295,301	99,772,974

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. 18.2.

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 2020 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.

ANILANA HOTELS AND PROPERTIES PLC
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02 Liquidity Risk Cont..						
Company	Carrying Amount (Rs.)	On Demand	Less than 03 Months	03 to 12 Months	01 to 05 Years	More than 5 Year
Financial Assets and Liabilities						
Financial Assets						
Other Non Current Financial Assets	13,242,040	-	-	-	-	13,242,040
Trade and Other Receivables	201,571,395	197,295,301	4,276,094	-	-	-
Cash and Cash Equivalents	9,220,495	-	9,220,495	-	-	-
Total Undiscounted Financial Assets	224,033,930	197,295,301	13,496,589	-	-	13,242,040
Financial Liabilities						
Trade and Other Payables	335,921,615	169,596,634	166,324,981	-	-	-
Borrowings	1,083,744,664	-	-	9,578,175	1,074,166,489	-
Bank Overdrafts	5,176,141	5,176,141	-	-	-	-
Total Undiscounted Financial Liabilities	1,424,842,420	174,772,775	166,324,981	9,578,175	1,074,166,489	-
Net Undiscounted Financial Assets / (Liabilities)	(1,200,808,490)	22,522,526	(152,828,392)	(9,578,175)	(1,074,166,489)	13,242,040
Group						
Financial Assets						
Other Non Current Financial Assets	13,242,040	-	-	-	-	13,242,040
Financial Assets FVTPL	93,333	-	93,333	-	-	-
Trade and Other Receivables	14,879,735	7,780,928	7,098,807	-	-	-
Cash and Cash Equivalents	11,250,647	-	11,250,647	-	-	-
Total Undiscounted Financial Assets	39,465,755	7,780,928	18,442,787	-	-	13,242,040
Financial Liabilities						
Trade and Other Payables	398,564,925	177,510,028	221,054,897	-	-	-
Borrowings	1,483,351,444	-	-	9,578,175	1,473,773,269	-
Bank Overdrafts	5,184,189	-	5,184,189	-	-	-
Total Undiscounted Financial Liabilities	1,887,100,558	177,510,028	226,239,086	9,578,175	1,473,773,269	-
Net Undiscounted Financial Assets / (Liabilities)	(1,847,634,802)	(169,729,100)	(207,796,299)	(9,578,175)	(1,473,773,269)	13,242,040

ANILANA HOTELS AND PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS (Expressed in Sri Lankan Rupees)

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33 Financial Instruments Risk Management Objectives and Policies cont. ...

33.1 Financial Risk Factors

03 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, debt and equity investments.

3.1 Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency).

The Group's exposure to foreign currency changes is not material.

3.2 Equity Price Risk

The Group's listed and non-listed equity investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. The Group's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to non-listed equity investments at fair value was Rs. 13,335,374/-

3.3 Interest Risk

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

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

Interest Rate Sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Effect on Profit before Tax 2020	
	Group	Company
Increase in Interest Rate 1%	(11,797,068)	(7,801,000)
Decrease in Interest Rate 1%	11,797,068	7,801,000

ANILANA HOTELS AND PROPERTIES PLC
NOTES TO THE FINANCIAL STATEMENTS (Expressed in Sri Lankan Rupees)
FOR THE YEAR ENDED 31 MARCH 2020

34 Going Concern of Group and Company

The Group and Company have recorded losses from operation of Rs. 194,008,136 /- and Rs. 153,177,096 /- respectively for the year ended 31 March 2020 which significantly increased the accumulated losses of the Group from the prior year. This is primarily due to finance costs incurred by the Group arising from related party borrowings and company borrowings together with the impairment of assets. Further, the Group's and Company's current liabilities exceeded current assets by Rs. 585,085,835 /- and Rs.227,022,741 /- respectively;

Description	Profit / (Loss) for the Year		Accumulated Profit / (Losses)		Net Assets / (Net Liabilities)		Deficit in Net Current Assets	
	2020	2019	2020	2019	2020	2019	2020	2019
Company								
Anilana Hotels and Properties PLC	(282,550,576)	(300,406,857)	(3,365,976,391)	(3,083,650,274)	2,154,567,342	1,783,772,571	227,022,741	1,249,314,852
Subsidiaries								
South Asia Asset Management (Pvt) Ltd	(75,153)	(48,750)	(636,418)	(561,265)	661,293,722	661,368,875	636,398	561,245
Vakarei Hotel (Pvt) Ltd	136,466,714	(1,677,330)	131,659,394	(4,807,320)	504,219,094	367,752,380	6,412,406	6,247,620
Dambulla Hotel & Country Club (Pvt) Ltd	(1,364,621)	(1,517,712)	(49,624,431)	(48,259,810)	1,114,616,041	1,134,140,210	307,492,858	306,128,237
Eastern Development Enterprises (Pvt) Ltd	(42,265,141)	(140,117,827)	(860,731,954)	(818,671,781)	(2,578,963)	47,490,257	378,461,841	338,286,849
Anilana Resorts (Pvt) Ltd	(807,480)	(1,680,949)	(12,602,192)	(11,741,380)	(11,602,172)	(10,741,360)	88,773,694	88,036,817
Panichankerni Hotels Ltd	(623,786)	(439,098)	(2,198,289)	(1,574,503)	195,572,921	(1,574,493)	137,451,310.4	136,827,524
East Wind Resorts (Pvt) Ltd	(69,286)	(52,900)	65,552,139	(585,975)	159,952,139	93,814,025	655,261	585,975
Blue Lagoon Hotel Resorts (Pvt) Ltd	(220,485)	(195,750)	119,260,298	(1,557,917)	590,260,318	469,442,103	1,778,382	1,557,897
Group	26,794,654	(446,137,175)	(2,702,371,204)	(2,729,594,975)	3,838,554,327	2,988,875,305	585,085,835	1,564,001,294

Considering the aforementioned conditions, the Board of Directors has concluded that the Group requires a capital restructure and accordingly company has injected the additional equity capital during the year by way of issuing equity shares through private placement amounting to Rs. 366,091,660/- (year 2018/19 - Rs. 667,476,622/-) by way of Right issue in order to de-leverage the gearing position of the Group. Further, subsequent to the year end, the Company has raised capital by the way of right issue amounting to Rs. 183,04,5830/- The Directors are confident that the Group would return to profitability, and the net current liability position would improve as a result of the aforementioned capital restructure. Furthermore, the Group is supported with continuous financial assistance by the parent company, in the event the Group requires such assistance in the short term. Accordingly, the Directors are of the view that the Group is able to continue as a going concern and the Financial Statements of the Group and Company have been prepared on using the going concern basis of accounting.

FIVE YEAR FINANCIAL SUMMARY

Expressed in Sri Lankan Rupees

YEAR ENDED 31 MARCH 2020	2020	2019	2018	2017	2016
Operating Results					
Group Turnover	211,486,418	245,471,497	219,661,450	321,657,228	343,980,864
Profit before taxation	26,794,654	(446,137,173)	(598,025,491)	(257,552,460)	(243,112,328)
Taxation	-	-	-	(500,000)	(100,764)
Profit after taxation	26,794,654	(446,137,173)	(598,025,491)	(276,052,460)	(243,213,092)
Balance Sheet					
Share Capital	4,896,829,930	4,530,738,270	3,863,261,648	3,863,261,648	3,863,261,648
Capital Reserve	1,644,094,123	1,187,730,841	1,066,332,259	790,374,525	790,374,525
Share Application Pending Allotment	-	-	302,456,110	-	-
Revenue Reserves	(2,702,371,204)	(2,729,597,975)	(2,283,138,909)	(1,684,380,938)	(1,409,729,858)
Share Holders' Fund	3,838,552,849	2,988,874,136	2,948,911,108	2,969,255,235	3,243,906,315
Non-Current Assets	5,974,259,446	5,179,381,575	5,172,466,252	5,053,034,612	5,212,722,218
Current Assets	60,765,086	115,688,922	91,001,514	201,193,493	184,760,265
Current Liabilities (Net of borrowing)	636,272,746	602,281,000	473,985,993	502,636,799	464,166,317
Borrowings	1,560,198,937	1,699,076,675	1,837,377,082	1,780,329,018	1,685,991,559
Minority Interest	(1,478)	(1,169)	(1,203)	(548)	(592)
Net Assets	3,838,554,327	2,988,875,305	2,948,912,312	2,969,254,687	3,243,905,723
Key Indicators					
Earnings/(loss) per Share	0.03	(0.54)	(1.21)	(0.56)	(0.49)
Market price as at 31st March	0.80	0.80	1.20	1.30	2.90
Highest Market Price	1.30	1.50	1.90	3.70	6.30
Lowest Market Price	0.70	0.70	0.90	1.10	2.60
Gearing Ratio	39%	57%	62.86	63%	56%

20 MAJOUR SHAREHOLDERS OF THE COMPANY

	NAME	2020		2019		AS AT 31/03/2020		AS AT 31/03/2019	
		NO. OF SHARES	NO. OF SHARES	NO. OF SHARES	NO. OF SHARES	(%)	(%)	NO. OF SHARES	(%)
1	SOMAP International Pte Ltd					838,466,952	70.471	655,448,437	65.105
2	SSBT-GMO EMERGING MARKETS FUND					103,983,101	8.7396	103,983,101	10.329
3	MR. A C SENEVIRATNE	5,370,166	5,370,166	5,370,166	5,370,166	41,452,023	3.484	41,452,023	4.117
	PEOPLE'S LEASING & FINANCE PLC/MR. A C SENEVIRATNE	36,081,857	36,081,857	36,081,857	36,081,857				
4	MRS. M C AMERASINGHE					20,000,001	1.681	20,000,001	1.987
5	ASIA FORT ASSET MANAGEMENT (PVT) LTD					17,971,085	1.510	17,971,085	1.785
6	NATION LANKA FINANCE PLC					13,907,348	1.169	13,907,348	1.381
7	MR. O E H KALVO					9,857,109	0.828	9,857,109	0.979
8	SEYLAN BANK PLC/JANASHAKTHI PLC					9,278,007	0.780	9,278,007	0.922
9	NATION LANKA CAPITAL LTD/JEROME RADLEY JUDE EPHRAU					8,369,784	0.703	8,369,784	0.831
10	PAN ASIA BANKING CORPORATION PLC./MR.MOHOTTALAGE NIHAL RANASINGHE					8,300,295	0.698	7,973,193	0.792
11	MR. M K DE LIVERA & MR. M D DE LIVERA					8,096,317	0.680	8,000,100	0.795
12	SANDWAVE LIMITED					7,894,196	0.663	7,894,196	0.784
13	JANASHAKTHI PLC ACCOUNT NO.1					6,000,000	0.504	6,000,000	0.596
14	MR. M A SALGADO					4,500,000	0.378	-	-
15	SSBT-MDPII EMERGING MARKETS EQUITY POOL					4,200,000	0.353	4,200,000	0.417
16	CEYQUARTZ MBI (PVT) LTD					3,333,400	0.280	3,333,400	0.331
17	MR. M T RAJABKHAN					3,221,500	0.271	2,521,500	0.250
18	MRS. S M SENEVIRATNE					2,900,000	0.244	2,900,000	0.288
19	NATION LANKA CAPITAL LTD/DEE SANDA HOLDINGS (PVT) LTD					2,557,278	0.216	2,521,500	0.250
20	MR A M WILLIAM					2,561,667	0.215	2,561,667	0.254
	OTHERS					1,116,868,063	93.870	935,083,431	92.880
	TOTAL					72,929,836	6.130	71,668,638	7.119
						1,189,797,899	100.00	1,006,752,069	100.00

DISTRIBUTION OF SHAREHOLDINGS AS AT 31ST MARCH 2020

From	To	No. of Holders	No. of Shares	%
1	-	736	229,543	0.02
1,001	-	471	2,279,132	0.19
10,001	-	334	13,004,769	1.09
100,001	-	132	35,257,469	2.97
Over 1,000,000		35	1,139,026,986	95.73
		1,708	1,189,797,899	100.00

ANALYSIS OF SHAREHOLDERS AS AT 31ST MARCH 2020

Category	No. of Shareholders	No. of Shares	%
Local Individuals	1,616	103,978,456	8.74
Local Institutions	77	118,832,238	9.99
Foreign Individuals	10	10,362,180	0.87
Foreign Institutions	5	956,625,025	80.40
Total	1,708	1,189,797,899	100.00

DIRECTORS' HOLDING IN SHARES AS AT 31ST MARCH 2020

	No. of Shares	%
Mr. P L Amerasinghe	966,667	0.081
Mr. A C Seneviratne	41,452,023	3.184

* No other Directors had shares either at the beginning or end of the year ended 31st March 2020

MARKET PRICE PER SHARE

	31.03.2020	31.03.2019
Highest during the period	Rs. 1.30 (04/12/2019)	Rs. 1.50 (07/01/2019)
Lowest during the period	Rs. 0.70 (29/03/2019)	Rs. 0.70 (29/03/2019)
As at end of the period	Rs. 0.80	Rs. 0.80

PUBLIC HOLDING & FLOAT ADJUSTED MARKET CAPITALIZATION

The percentage of shares held by the public as at 31st March 2020 is 22.46% comprising of 1,697 Shareholders. The Float adjusted market capitalization as at 31st March 2020 – **Rs. 187,054,820.40**

The Float adjusted market capitalization of the Company falls under Option 2 of Rule 7.13.1 (b) of the Listing Rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under the said option.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of **Anilana Hotels and Properties PLC** will be held on Friday, 19th February, 2021 at the “Sri Lanka Foundation Institute, Independence Avenue, Colombo 7” at 10.30 am 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 2020 with the report of the Auditors thereon.
2. Directors
 - i. To re-elect Mr. Sonal Panday who retires by rotation at the Annual General Meeting in terms of Article 81 of the Company’s Articles of Association.
 - ii. To re-elect Mr. Arjun Dosaj who retires by rotation at the Annual General Meeting in terms of Article 81 of the Company’s Articles of Association.
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 ORDER OF THE BOARD
ANILANA HOTELS AND PROPERTIES PLC**

Sgd. Illegibly

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

Colombo
25th January 2021

FORM OF PROXY

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

- | | |
|--|---|
| <ul style="list-style-type: none"> • Mr. Dinesh Pandey (Chairman of the Company) • Mr. A C Seneviratne (Managing Director) • Mr Pramod Panday • Mr Sonal Panday • Mr.Arjun Dosaj • Mr.Rakesh Sharma • Mr.Anamika Sharma | of Singapore or failing him
of Colombo or failing him
of Singapore or failing him
of Singapore or failing him
of Singapore or failing him
of India or failing him
of India or failing him |
|--|---|

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 19th February, 2021 at “Sri Lanka Foundation Institute, Independence Avenue, Colombo 7” at 10.30 am 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 2020 with the report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. Directors		
i. To re-elect Mr. Sonal Panday who retires by rotation at the Annual General Meeting in terms of Article 81 of the Company’s Articles of Association.	<input type="checkbox"/>	<input type="checkbox"/>
ii. To re-elect Mr. Arjun Dosaj who retires by rotation at the Annual General Meeting in terms of Article 81 of the Company’s Articles of Association.	<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 of 2021
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 44, Premasiri Khemadasa Mawatha, 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

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

Dinesh Pandey (Chairman) | Asanga C. Seneviratne (Managing Director)
Pramod Pandey | Sonal Pandey | Arjun Dosaj | Rakesh Sharma | Anamika Sharma

SECRETARIES

Corporate Advisory Services (Pvt) Ltd
No.47, Alexandra Place, Colombo 07.
Tel: 94 11 2 695 782 | Fax: 94 11 2 695 410
Email: desaram@desaram.com

REGISTERED OFFICE

No. 44, Premasiri Khemadasa Mawatha, Colombo 07.
Tel: 94 11 2 030 900 | Fax: 94 11 2 673 355
Email: info@anilana.com | Web: www.anilana.com

HOTELS

Pasikuda | Nilaveli | Craig Bank Nuwara Eliya

BANKERS

Sampath Bank PLC | Nations Trust Bank
Hatton National Bank | People's Bank
Pan Asia Bank | NDB Bank

AUDITORS

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

ANILANA

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