

EUNOIA

A PURPOSE REDEFINED





[https://www.aitkenspencehotels.com/
about-us/investor-relations.html](https://www.aitkenspencehotels.com/about-us/investor-relations.html)

EUNOIA

A PURPOSE REDEFINED

Sri Lankans have always exemplified a spirit of generosity, benevolence, and togetherness, even amid trying times. At Aitken Spence Hotels, we are no different. Our passion and dedication towards delivering unmatched excellence has continued to manifest itself across every stakeholder group, driving positive transformation and demonstrating goodwill at every level.

Over the years, we have shaped and fashioned ourselves with a purposeful design - structured to persevere against all odds, even as we transform into a dynamic entity that demonstrates resilience, strength and beneficial outcomes across the board.

As we formulate our strategies and reinvent our offerings to face the future, we are revisiting the reason for our existence as an organisation, and discovering the true purpose of our design: to extend an exceptional service that is for the people, by the people.

We are discovering new ways to deliver value.
We are redefining our purpose.

Often used in the context of benevolence, 'eunoia' can be translated to mean a 'well mind', or 'beautiful thinking', and is used to describe the goodwill a speaker cultivates between themselves and their audience, while having their best interests at heart.

Aitken Spence® Hotels

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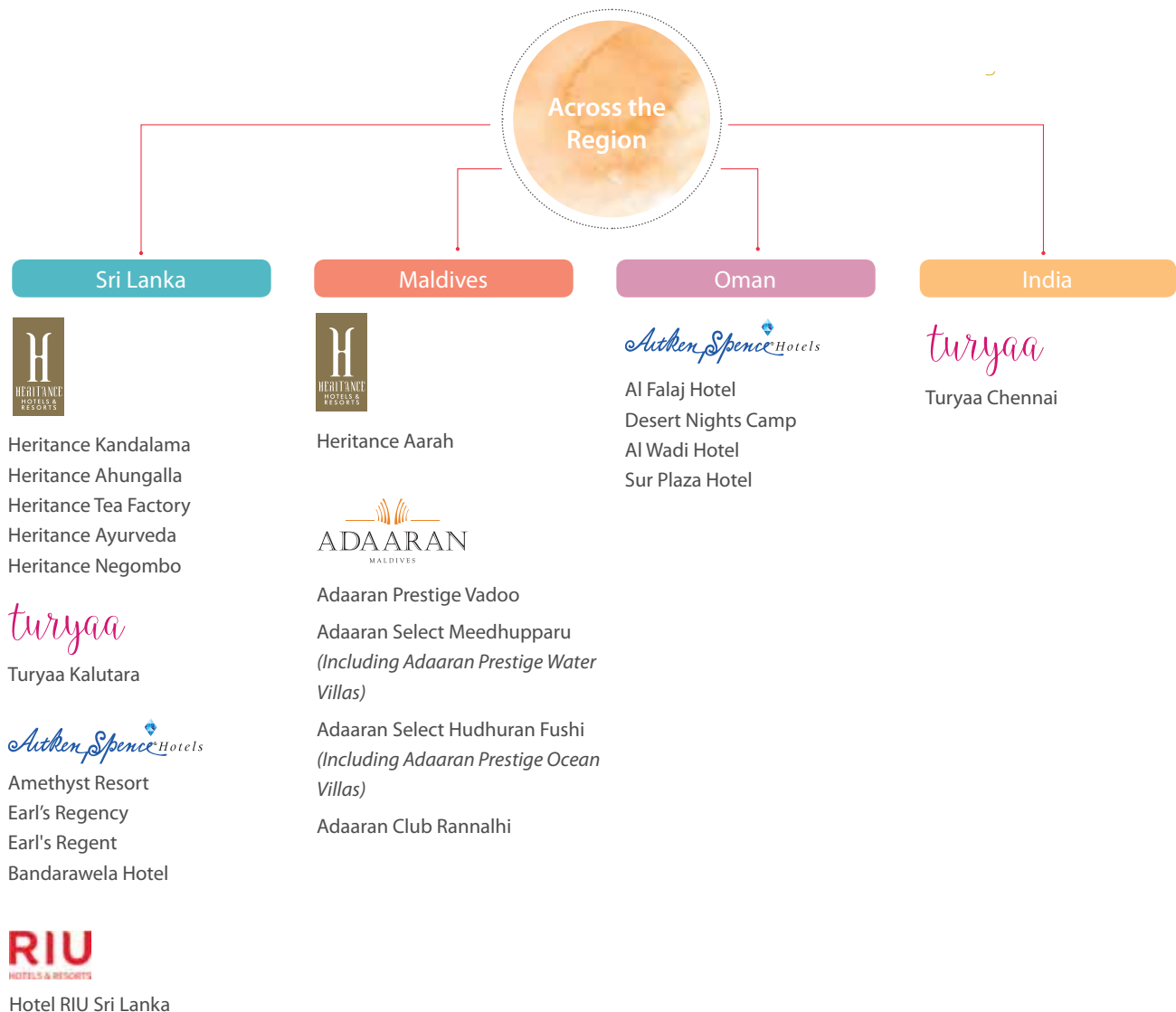
Vision



Values

To achieve excellence in all our activities, establish high growth businesses in Sri Lanka and across new frontiers, and become a globally competitive market leader in the region.

- Reliable
- Honest & Transparent
- Warm & Friendly
- Genuine
- Inspiring Confidence



ASPIRATIONS REDEFINED

Overview

Rediscovering a future of renewed possibilities

ABOUT THIS REPORT

102-46 102-50 102-51 102-52

We present the Group's 11th Integrated Annual Report, which aims to provide a comprehensive yet concise and balanced overview of the Group's value creation during the year - including the operating context, strategy, performance, governance, risk management and outlook. This Report represents the Group's primary publication to shareholders, but also includes information that is relevant to other internal and external stakeholders.

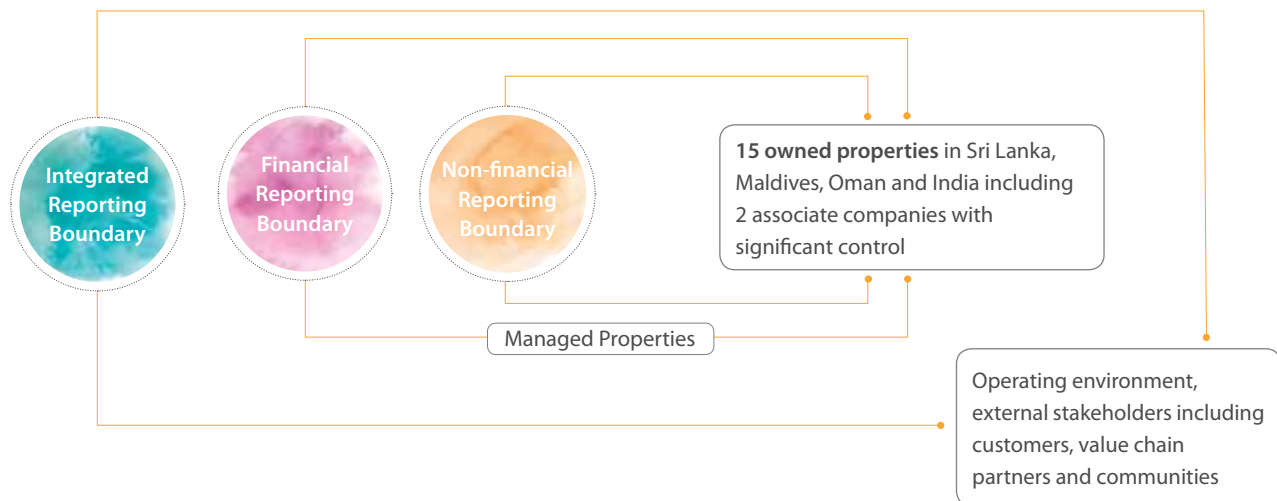
SCOPE AND BOUNDARY:

The Report covers the operations of Aitken Spence Hotel Holdings PLC ("Aitken Spence Hotels" or the "Company"), its subsidiaries and interests in equity accounted investees (collectively referred to as the "Group"), for the period from 1st April 2021 to 31st March 2022. The boundary of reporting is set out below, and clearly demonstrates how the



integrated reporting boundary extends beyond financial and non-financial reporting, to include dynamics in the external environment and along the Group's value chain.

We adopt an annual reporting cycle, and this Report builds on the Group's previous report for the financial year ending 31st March 2021.



<https://www.aitkenspencehotels.com/about-us/investor-relations.html>



Our Annual Report is also available online. Please visit our website at www.aitkenspencehotels.com to access the report

The financial statements and information presented in this Report represent consolidated information while the non-financial information is limited to the 15 properties owned by Aitken Spence Hotels in Sri Lanka, Maldives, India and Oman; it excludes the managed properties. There were no significant changes to the Group's size, structure, or supply chain during the year under review or any change in the reporting boundary compared to the previous year.

REPORTING PRINCIPLES AND ASSURANCE

Financial Reporting	Narrative Report and Integrated MDA	Sustainability Reporting	Corporate Governance
Sri Lanka Accounting Standards (SLFRS/LKAS) issued by CA Sri Lanka	Integrated Reporting <IR> Framework of the International Integrated Reporting Council (including revisions published in January 2021)	GRI Standards published by the Global Reporting Initiative – In accordance with the 'Core' criteria	Listing Rules of the Colombo Stock Exchange (CSE) and subsequent revisions to date
Companies Act No. 7 of 2007		ESG Reporting Guidelines issued by the CSE	Code of Best Practice on Corporate Governance issued by CA Sri Lanka (2017)
Listing Requirements of the Colombo Stock Exchange (CSE) and subsequent revisions to date		Sustainable Development Goals (SDG) of the United Nations	
		Gender Parity Reporting Framework of CA Sri Lanka	

Assurance

The Group's combined assurance model includes both internal and external assurance on the financial and non-financial reporting. Internal assurance on financial reporting includes consistent monitoring by the Audit Committee and Internal Audit Function, while dedicated Sustainability units at both Aitken Spence Hotels level and parent entity level (Aitken Spence PLC), ensure the accuracy of the non-financial information.

External assurance on the financial statements has been provided by Messrs. KPMG and is available on page 128 of this Report. The Group has not obtained external assurance on its sustainability reporting this year.

FEEDBACK

We are committed to consistently enhancing the quality and readability of our Report and welcome your comments and suggestions. We kindly invite you to direct your feedback through the investor feedback form on pages 269 to 270. Our contact details are,

Email: info@aitkenspence.lk

Group Business Development Unit - Aitken Spence PLC

NAVIGATION ICONS

The following navigation icons are used across the Report to draw attention to the resources and relationships we rely on in generating value. (an icon is also used to demonstrate the implications of the COVID-19 pandemic wherever relevant).



FINANCIAL CAPITAL



MANUFACTURED CAPITAL



HUMAN CAPITAL



INTELLECTUAL CAPITAL



NATURAL CAPITAL



SOCIAL AND
RELATIONSHIP CAPITAL

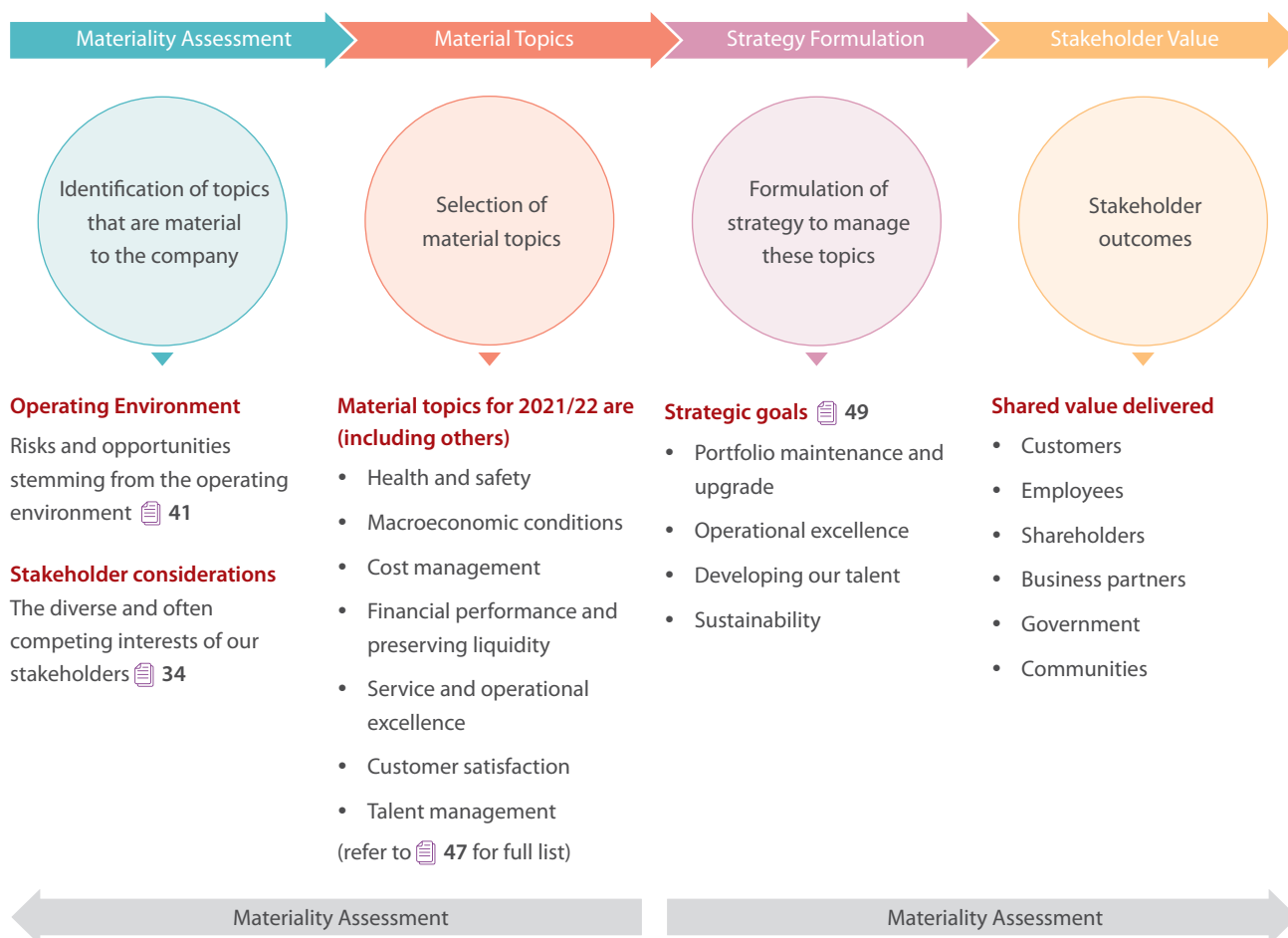


IMPLICATIONS OF
COVID-19

ABOUT THIS REPORT

APPROACH TO INTEGRATED REPORTING

The Group's integrated approach to corporate reporting reflects the unified thinking that has been embedded across the organisation in formulating strategies and engaging with stakeholders. This entails clearly identifying capital inputs, assessing resource allocations and trade-offs when implementing strategy, and driving stakeholder value creation.



ABOUT THE GROUP

102-2 102-4 102-6



Aitken Spence Hotels is Sri Lanka's largest hotel operator, offering an authentic Sri Lankan experience combined with world-class standards through a portfolio of 11 unique properties. The Group's competitive edge stems from its best-in-class service standards, distinctive properties - some of which are architectural masterpieces and excellence in cuisine. The Group also has a strong presence across Asia; it is one of the largest international resort chain in the Maldives, owning and operating 734 rooms across 5 properties, in addition to 4 properties in Oman and 1 in India. The Group's proposition is delivered through 3 distinctive brands which offer uniquely different customer experiences.

The Group is a subsidiary of Aitken Spence PLC - one of Sri Lanka's most respected and diversified conglomerates with widespread business interests in Maritime and Logistics, Strategic Investments and Services and Tourism. Aitken Spence Hotels is an industry pioneer in sustainability, and has embedded social and environmental consciousness across its operations in line with the Integrated Sustainability Framework of its parent entity.

OUR BRANDS



ADAARAN
MALDIVES

turyaa



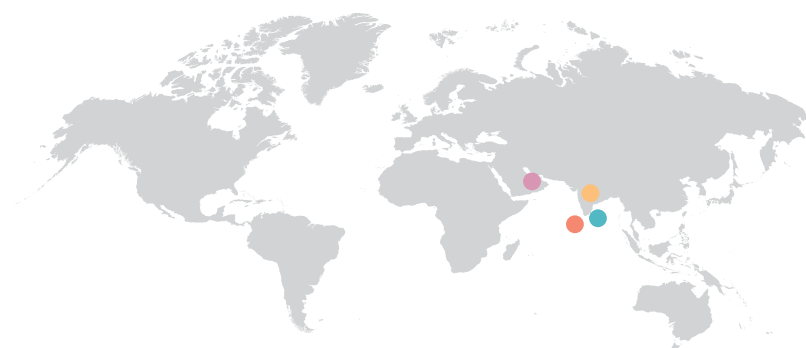
2,943
employees



2,826
rooms across 21 properties



3
unique brands



SRI LANKA

1,300 rooms in 8 properties
Owned

236 rooms in
3 properties
Managed

MALDIVES

734 rooms in 5 properties
Owned

OMAN

150 rooms in 1 property
Owned

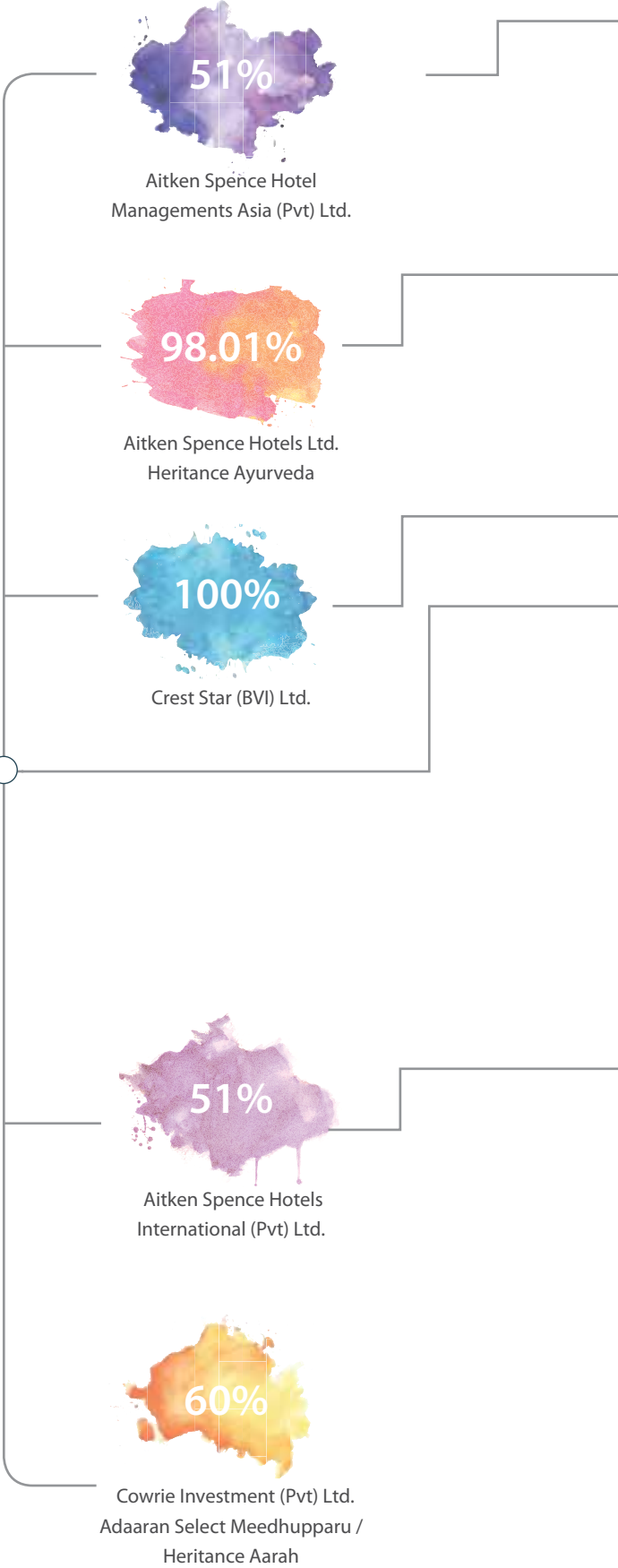
266 rooms in
3 properties
Managed

INDIA

140 rooms in 1 property
Owned

GROUP STRUCTURE

Aitken Spence
Hotel Holdings PLC



84.57%PR Holiday Homes
(Pvt) Ltd. (India)**100%**Perumbalam
Resorts (Pvt) Ltd.
(India)**27.89%**

Amethyst Leisure (Pvt) Ltd.

100%Paradise Resorts
Passikudah (Pvt) Ltd.
Amethyst Resort**100%**

Turyaa Resorts (Pvt) Ltd. - Turyaa Kalutara

100%

Turyaa (Pvt) Ltd. -Turyaa Kalutara

37.42%

Browns Beach Hotels PLC - Browns Beach Hotel

100%Negombo Beach
Resorts (Pvt) Ltd.
Heritage Negombo**16.60%**

Aitken Spence Hotel Managements South India (Pvt) Ltd. - Turyaa Chennai

94.44%

Hethersett Hotels Ltd. - Heritage Tea Factory

60%

Ahungalla Resorts Ltd. - Hotel RIU Sri Lanka

100%

Neptune Ayurvedic - Village (Pvt) Ltd.

100%

Nilaveli Holidays (Pvt) Ltd.

100%

Nilaveli Resorts (Pvt) Ltd.

100%

Galle Heritage (Pvt) Ltd.

49%

Aitken Spence Hotel Managements (Pvt) Ltd.

100%Aitken Spence
Resources (Pvt) Ltd.**100%**

Meeraladuwa (Pvt) Ltd.

0%

(One Share)

Aitken Spence Resorts (Middle East) LLC - Al Falaj Hotel

0%

(One Share)

Ace Resorts (Pvt) Ltd. - Raafushi Island

0%

(One Share)

ADS Resorts (Pvt) Ltd. - Adaaran Select Hudhuran Fushi

0%

(One Share)

Unique Resorts (Pvt) Ltd. - Adaaran Prestige Vadoo

100%

Heritage (Pvt) Ltd.

63%Kandalama Hotels (Pvt) Ltd.
Heritage Kandalama**95%**Jetan Travel Services Company (Pvt) Ltd.
Adaaran Club Rannalhi**100%**Ace Resorts (Pvt) Ltd.
Raafushi Island**100%**ADS Resorts (Pvt) Ltd.
Adaaran Select Hudhuran Fushi**100%**Unique Resorts (Pvt) Ltd.
Adaaran Prestige Vadoo**100%**Aitken Spence Hotel
Services (Pvt) Ltd. (India)**0%**

(One Share)

Aitken Spence Hotel
Managements South
India (Pvt) Ltd.
Turyaa Chennai**100%**Aitken Spence Global
Operations (Pvt) Ltd.**83.40%**Aitken Spence Hotel Managements
South India (Pvt) Ltd.
Turyaa Chennai**100%**Aitken Spence Resorts (Middle East) LLC
Al Falaj Hotel

MILESTONES

1973

Incorporates Aitken Spence Hotels Ltd.

1978

Incorporates Ahungalla Hotels Ltd., as a public quoted company.

1981

Commences commercial operations of Triton Hotel with 126 rooms.

1986

Triton Hotel is awarded 5-Star status.



1996

1994 >>

- The Company acquires approximately 97% of the share capital of Aitken Spence Hotels Ltd; thereby gaining a controlling interest in Neptune Hotel, Kandalama Hotel and Pearl Beach Hotel.
- Investment in Browns Beach Hotel and Hotel Hilltop.
- Kandalama Hotel commences operations.
- The Company acquires its first island in the Maldives, Bathala Island Resort, and thereby becomes the first Sri Lankan hospitality company to invest overseas.

1995 >>

- The Company acquires a majority holding in Hethersett Hotels Ltd., the owning company of The Tea Factory Hotel.

1996 >>

- 'The Tea Factory' in Nuwara Eliya commences operations.
- The Company acquired it's second Hotel Rannalhi Island Resort in the Maldives.

1997 >>

- The Company changes its name to Aitken Spence Hotel Holdings Ltd.

2000 >>

- The third hotel in the Maldives, the 215 room Meedhupparu Island Resort is launched in June 2000.



2005

2004 >>

- The Group became the managing agents of Earl's Regency in Kandy.

2005 >>

- 20 Luxury Water Villas are constructed and launched at Meedhupparu, Maldives.

2006 >>

- The Company's new 'Heritage' brand is launched.

2007 >>

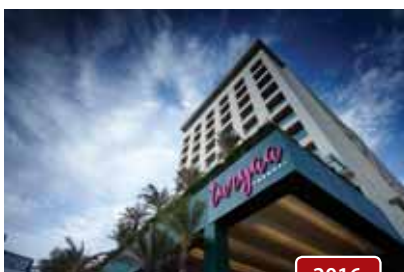
- The Company ventures into India and is successful in securing management contracts for four resorts.
- Completes renovations and unveils 'Heritage Ahungalla'.
- The Company acquires its fourth resort in Maldives, 'Adaaran Select Hudhuran Fushi'.

2008 >>

- The Company made further investments in the Maldives through the acquisition of Vadoo Island Resort.
- The Group divested its investment in Bathala Island Resort.
- The Company ventures into Oman by securing management contracts for four hotels.



2006



2016



2020

2009 >>

- Adaaran Prestige Vadoo, the latest addition to the Adaaran Resorts commences operations.
- Secured a management contract for a luxury desert camp in Oman.

2010 >>

- The Company acquires ownership of Golden Sun Resorts, Kalutara.

2011 >>

- Heritance Kandalama is rated as the 'Best 5-Star Resort' in the island for the third consecutive year, and is welcomed to the prestigious Hall of Fame, at the Presidential Awards for Travel and Tourism.

2012 >>

- Neptune undergoes a complete renovation and opens as a specialised ayurvedic resort – 'Heritance Ayurveda Maha Gedara'.
- The Company acquires total ownership of 'Hotel Hilltop', Kandy.

2013 >>

- Golden Sun Resorts Kalutara is refurbished and rebranded as 'The Sands by Aitken Spence Hotels'.

2014 >>

- Entered into a joint venture agreement with Spanish Company RIU to construct a 501 room, 5-star resort adjoining Heritance Ahungalla.

2015 >>

- Acquisition of a strategic stake in Amethyst Resort Passikudah.
- The Company made further investments in the Maldives through the acquisition of Aarah Island in Raa Atoll.
- The Group acquires a 143 roomed resort in Chennai, India.

2016 >>

- The Group acquires its sixth island in the Maldives, Raafushi in the Noonu Atoll.
- Launch of 'Turyaa Chennai', the first property in India under the Group's ownership.
- 'Turyaa Kalutara' commences operations with an increased inventory of 199 rooms.
- The Group acquires 'Al Falaj Hotel' in Oman, making it the Group's first acquisition in the sultanate.

2017 >>

- Aitken Spence Hotels unveils 'Heritance Negombo', located in close proximity to the City and the International Airport, making it a popular hotel for travellers keen to be near the City and explore its attractions.
- 'Hotel RIU' Sri Lanka commenced operations, under the Group's collaboration with RIU Hotels Spain.

2018 >>

- The Group divested its investment in Hotel Hilltop in September 2017.
- The Group became the managing agents of Earl's Regent in Kandy.

2019 >>

- The Group launched its first 'Heritance' property overseas, with the introduction of Heritance Aarah.

2020 >>

- Heritance Aarah, the newest jewel in the Group's portfolio, commences commercial operations.
- Heritance Kandalama is awarded as the Grand Winner of the night with a platinum award, at the first National Sustainable Tourism Certification Ceremony, in August 2020.

FINANCIAL HIGHLIGHTS

102-1

Performance for the Year ended 31st March		2022	2021	Change
Gross Revenue	Rs. '000	24,570,780	5,728,379	329%
Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA)	Rs. '000	7,713,631	(1,850,044)	517%
Group Profit / (Loss) Before Tax	Rs. '000	1,946,659	(7,606,620)	126%
Group Profit / (Loss) After Tax	Rs. '000	1,034,305	(7,253,215)	114%
Group Profit / (Loss) Attributable to Equity Holders of the Parent Company	Rs. '000	623,542	(4,669,045)	113%
Earnings Per Share (EPS)	Rs.	1.85	(13.93)	113%
Ordinary Dividend Final (Proposed)	Rs. '000	-	-	-
Dividend Per Share	Rs.	-	-	-
Depreciation, Amortisation & Impairment	Rs. '000	3,433,486	3,338,451	3%
Cost of Finance - on Financial Liabilities	Rs. '000	1,663,690	1,554,369	30%
- on Lease Liabilities	Rs. '000	615,143	619,602	5%
Interest Cover	Times	1.95	(2.32)	184%
Return on Equity	%	3.51	(25.89)	114%
Position as at the Year ended 31 March				
Total Assets	Rs. '000	101,639,730	74,168,237	37%
Long Term Interest Bearing Liabilities**	Rs. '000	52,244,329	38,303,710	36%
Total Equity**	Rs. '000	27,976,058	21,797,720	28%
Number of Shares in Issue	Number	336,290,010	336,290,010	0%
Net Assets Per Share	Rs.	58.60	46.96	25%
Gearing - Debt/(Debt+Equity)	%	65.13	63.73	1%
Debt/Total Assets	%	51.56	51.64	0%
Current Ratio*		0.79:1	0.53:1	49%
Quick Asset Ratio		0.63:1	0.38:1	66%
Market / Shareholder Information as at year ended 31 March				
Market Price Per Share (Closing Price)	Rs.	35.50	30.20	18%
Market Capitalisation	Rs. '000	11,938,295	10,155,958	18%
Price Earnings Ratio	Times	19.19	(2.17)	984%
Dividend Payout	%	-	-	-
Dividend Yield	%	-	-	-
Value Added for the year 31st March				
To Government	Rs. '000	2,734,795	(216,794)	1,361%
To Employees	Rs. '000	4,242,700	2,431,437	74%
To Providers of Capital	Rs. '000	2,689,596	(410,199)	756%
To Shareholders	Rs. '000	-	-	-
Retained for Reinvestment and Future Growth	Rs. '000	4,057,074	(1,330,594)	405%
Total Value Added	Rs. '000	13,724,165	473,850	2,796%

* Current Asset in Current Ratio include Assets Classified as held for sale

** Preference share value is excluded from Total Equity and included in Long Term Interest Bearing Liabilities. Comparative figures are restated to reflect this change

OPERATIONAL HIGHLIGHTS

102-7

		2021/22	2020/21	Change
 HUMAN CAPITAL	Total Employees	2,943	2,563	380
	Sri Lanka	1,496	1,265	231
	Maldives	1,239	1,094	145
	India	122	128	(6)
	Oman	86	76	10
	Value Added Per Employee (Rs. Mn)	1.44	0.95	0.49
	Training Hours	52,933	25,733	27,200
	Retention Rate (%)	68	53	15
 MANUFACTURED CAPITAL	Room Inventory (No)			
	Owned	2,324	2,343	(19)
	Managed	502	497	5
	Capital Expenditure (Rs. Mn)			
	Product Enhancement	76	44	32
	Operational Capex	686	734	(48)
 SOCIAL AND RELATIONSHIP CAPITAL	Business Partners (No)			
	Tour Operators	789	790	(1)
	Registered Travel Agents	1,687	1,628	59
	Registered Corporate Clients	970	1,205	(235)
	Country Representations	14	20	(6)
	No. of Suppliers	900	830	70
	Payment to Local Suppliers (Rs. Mn)	9,486	2,553	6,933
	Employees from Local Community (%)	32	43	(11)
 INTELLECTUAL CAPITAL	Guest Satisfaction Rate (%) (Owned properties)	90.03	91.14	(1)
	Certifications (No)	36	37	
	Average Length of Service of an Employee (Years)	6.65	6.24	0.41
	Awards Received (No)	67	49	18
 NATURAL CAPITAL	Carbon Footprint (tCO ₂ e) - Scope 1 & 2	32,905	20,073	12,832
	Emissions Per Guest Night (kgCO ₂ e)	47	123	(76)
	Energy consumption (GJ)	344,350	188,582	155,768
	Energy Consumption Per Guest Night (MJ)	488	1,153	(665)
	Water Consumption (m ³)	639,029	368,115	270,914
	Water consumption Per Guest Night (Litres)	905	2,251	(1,346)

OPERATIONAL HIGHLIGHTS



FINANCIAL CAPITAL

RS. 24.57 Bn

Revenue

RS. 1.95 Bn

PBT

RS. 101.64 Bn

Assets



MANUFACTURED CAPITAL

ROOM INVENTORY

2,324

Owned

502

Managed



HUMAN CAPITAL

EMPLOYEES

1,496

Sri Lanka

122

India

1,239

Maldives

86

Oman



SOCIAL AND RELATIONSHIP CAPITAL

789

Tour operators

1,687

Registered travel agents



INTELLECTUAL CAPITAL

36

Certifications

06 Years

Average length of service of
an employee



NATURAL CAPITAL

344,350 GJ

Energy consumption

639,029 m³

Water consumption

CHAIRMAN'S REVIEW

102-14



33%

Recovery in international tourist arrivals

Rs. 1.03 Bn

Post-tax profit

Dear Shareholder,

Recovery of the global tourism industry gathered momentum during the year with international tourist arrivals recovering up to 33% of pre-pandemic levels in 2019, by January 2022. The recovery in the US and Europe was well above the world average while Middle East was marginally above. Africa and Asia Pacific were below the world average and South Asia which is a sub region within Asia Pacific recorded 28% of the tourist arrivals in 2019. Airline seat capacity which is a vital link in the supply chain recovered at a slightly faster pace reaching 51% of pre-pandemic levels by January 2022.

RECOVERY IN SRI LANKA

Sri Lanka commenced recovery in January 2021 which saw an uptick in tourist arrivals. However, this faltered with the new waves of the pandemic. It recommenced in November 2021, making a rapid recovery by March 2022, recording 106,500 tourist arrivals in March.

Sri Lanka is now experiencing multiple crises as the country's foreign exchange reserves declined sharply leaving insufficient funds to procure fuel, food and medicines required for immediate

needs to avert a humanitarian crisis. March and April 2022 saw the Rupee lose 69% against the US dollar, policy interest rates increased by 700 bps, with inflation reaching 29.8%, social unrest and political instability.

This is a major setback for the tourism industry in the country as it was recovering from three consecutive years of business disruptions and border closures. Earnings from tourism were the third largest source of foreign exchange contributing approximately 14% of total foreign currency earnings during the period. If net earnings from exports are considered, tourism ranks ahead of even the apparel sector as net earnings from tourism in 2018 were US\$ 4,381 Mn. This compares favourably with the net earnings of US\$ 2,459 Mn recorded by the apparel sector in 2018 against gross earnings of US\$ 5,318 Mn. Tourism has been a vital source of foreign exchange for the country and urgent action is needed to restore this industry to its ranking at the top of the prestigious travel lists.

Restoring political stability and a very clear strategic road map for economic recovery is a must. Financial Discipline and sound and consistent fiscal management policy are pre requisites for the long term stability of the economy and its growth.

OVERSEAS SECTOR

The Maldives has had a remarkable recovery post-Covid from the get-go' as it was the first country to open. Oman and India have sustained the growth momentum gathered since November 2021 which is encouraging as we look forward to the global recovery of tourism. While recovery of tourism in both the Middle East and Asia Pacific as regions lag behind, the more rapid recovery in the Americas, Europe and even Africa, The Maldives opening its borders early has made excellent use of its head start.

The Maldives as a country has crafted a resurgence in tourism with ease of travel, ease of regulations, and the seclusion in private islands for guests, having had an early start after the pandemic. By March 2022, the Maldives recovered up to 78% of its pre-pandemic arrivals which is a success story in itself. Furthermore, the country has also been able to increase the average receipts from tourism to 10% above pre-pandemic levels which makes this a phenomenal success story. Aitken Spence Hotels as the fourth largest operator in the Maldives has been active in promoting the destination, leveraging its strong bonds with tour operators and online aggregators alike. Enhanced value propositions across our properties have also earned rave reviews, positioning this sector for growth.

The recovery in Oman has been encouraging since its opening its borders in November 2021. The Vision 2040 of Oman reflects the interest of the government in growing this sector and we are positive about our prospects in this country.

India is also picking up fast and we look to grow our business in this lucrative market as well.

SOURCE MARKETS

Source markets remain fluid as the recovery progresses but UK, India, Germany and Russia feature within the top 4 source markets for both Sri Lanka and the Maldives. Geopolitics will also play a critical role as the Russia-Ukraine war continues. We are also looking to develop emerging markets to identify opportunities for growth.

Diversification of source markets is vital to build resilience in tourist destinations, particularly in countries that have a high dependency on tourism such as Sri Lanka and the Maldives. Industry players and governments work together to develop

“I am pleased to report that Aitken Spence Hotel Holdings PLC (ASHH PLC) has recorded post-tax profits of Rs. 1.03 Bn for the financial year 2021/22 recovering from a post-tax loss of Rs. 7.25 Bn in the previous year.”

and implement strategies that not only drive growth but also strengthen the vulnerability of these countries.

I am pleased to report that Aitken Spence Hotel Holdings PLC (ASHH PLC) has recorded post-tax profits of Rs. 1.03 Bn for the financial year 2021/22 recovering from a post-tax loss of Rs. 7.25 Bn in the previous year. Increased tourist arrivals across all geographies supported a strong recovery in the fourth quarter as travel restrictions were relaxed in many countries by November 2021. This enabled the Group to wipe out the losses of the previous three quarters and record a healthy profit for the year. This reflects the extent of recovery achieved, despite business disruptions and uncertainty. As Sri Lanka's largest hotel operator, the past three years have been among the most difficult in the history of the Group. This recovery demonstrates the Group's resilience and ability to reinvent, transform and lead the way out of a crisis with new value propositions for its stakeholders.

SEIZING THE OPPORTUNITY

South Asia and the Middle East have fair weather year-round, enabling it to sustain the growth momentum witnessed in the past four months. ASHH PLC has made significant changes to its guest value proposition to align with the new trends in travel. These include flexible cancellation policies, attractive promotions and discounts for extended stays as well as catering to diverse, experiential and mature traveller profiles. Accordingly, we have enhanced the connectivity in our hotels and moved towards more experiential travel and customised preferences.

Unique value propositions have been compiled for wellness tourism, leveraging the diversity of our portfolio and expertise to provide an authentic and delightful experience to our guests.

We will continue to invest in technology to enhance the experience of tourists throughout the different phases of their vacation (pre, post and during) with socially distanced tourism. However, it is noted that the government also has a role to play in facilitating this by coordinating information on wildlife parks and cultural sites and events so that tourists can plan their journeys well in advance enhancing the experience before the stay. The government also needs to ensure that tourists are not inconvenienced by the lack of information during the stay. A comprehensive compilation can enhance the stay while also increasing the footfall in lesser-known parks.

ASHH PLC has leveraged its network to diversify source markets to build resilience into its operating model, using customised value to suit each proposition to market and enhance their experience. Accordingly, we expect the overseas sector of ASHH PLC to maintain its growth momentum, realizing the potential of our investments.

COMMITTED TO ESG (ENVIRONMENTAL, SOCIAL AND GOVERNANCE)

As an early champion of sustainability, our voluntary endorsement of the UN Global Compact marks 20 years in May 2022. Our teams actively engage to internalize its 'Ten Principles' within our operations to contribute positively towards the achievement of the

Sustainable Development Goals. The Group's commitment to ESG has matured over the years as affirmed by a plethora of certifications on multiple aspects across the Group. At its core are the Spensonian values and ethics which are articulated in the Employee Code of Conduct which also covers its stance on anti-bribery and corruption. These are further reinforced by the framework of policies on ESG and Information Technology matters creating a solid foundation for building the future of the Group.

LOOKING AHEAD

Positive signs of a waning pandemic and high rates of vaccination, have driven the recovery of the industry in the past 4 months. These positive travel sentiments are carried forward into the new financial year. The overseas sector is expected to continue its growth momentum although geopolitical developments is a potential risk, as Russia is a key source market. The change in traveller profiles need to be factored in as a trend going forward to increase the length of stay and boost the receipts from tourism. Sri Lanka needs to regain the growth momentum of the first quarter of 2022 as tourism can be a catalyst for its economic recovery with benefits quickly flowing to the communities.

The regulator must engage the private sector in the policy making process as they are a key stakeholder in the industry; which is predominantly private sector driven. Inclusion of industry association representatives to the regulatory Boards is vital in this process.

As more markets open up, retaining trained employees will become a challenge, particularly for Sri Lanka as it has been a popular recruiting ground for the hospitality sector. Retaining key talent, competitive salaries in line with hospitality

demands and economic conditions, and training and development is vital in maintaining high standards in hospitality that is synonymous with Aitken Spence Hotels.

Sustainable tourism must transform to regenerative tourism, taking sustainability a step further to engage tourists to actively revitalise and regenerate the destination. This will have a positive impact on local communities, economies, the destination and the natural beauty as well as biodiversity of the destinations. The industry must rise to the challenge before the impact of climate change become irreversible, making wastelands of once beautiful locations.

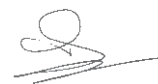
ASHH PLC will also look to spread its risks further by expanding into other regions, minimising the volatility that comes with concentration of the portfolio within a few countries.

APPRECIATIONS

The robust recovery of ASHH PLC is a testament to the agile and prudent strategic measures and harmonious commitment of all Spensonians. I express my heartfelt gratitude to all our employees who have made many sacrifices over the last two years whilst upholding the highest standards of hospitality and customer excellence. This resulted in our strong recovery with rave reviews from our guests. I commend and thank the wise counsel and direction of our Board of Directors, the Deputy Chairman and the Senior Management Team of ASHH PLC, Chairperson and Senior Management Team of Aitken Spence Hotel Managements (Pvt) Ltd, our managing agents for their strong leadership, untiring efforts and vigilance during an uncertain year and steering the Group to recovery. I thank our business partners who have promoted our properties and supported

our recovery in numerous ways. We are sincerely appreciative of the support and understanding provided by our Bankers who have shared our risks.

In closing, I thank our shareholders for the unwavering trust and commitment placed in us through the volatile years. I look forward to the continuous support of all stakeholders as we journey together to a stronger recovery in the year ahead. Borrowing from a poem by Douglas Malloch – "Good timber does not grow with ease; the stronger the wind, the stronger the trees".



Deshamanya D. H. S. Jayawardena
Chairman

31st May 2022

MANAGING DIRECTOR'S REVIEW



Rs.1.95 Bn

PBT for the 2021/22 financial year

Rs.2.64 Bn

PBT in fourth quarter

Dear Stakeholders,

I am pleased to report that Aitken Spence Hotel Holdings PLC (ASHH PLC) has delivered a profit of Rs.1.95 Bn for the financial year 2021/22, recovering from a loss before tax of Rs.7.6 Bn in the previous year. PBT recorded in the fourth quarter was Rs.2.64 Bn, with both Sri Lankan and Overseas sectors posting positive PBTs for the quarter, demonstrating the resilience of the industry and the ability of the sector to recover rapidly with the right conditions. This is a reflection of the portfolio alignment over time to move to a higher level of profitability, while also benefitting from the disciplined approach to cost management in the lean years.

The impact of three consecutive years of seismic shocks to the industry was indeed a heavy blow. The Easter Sunday terror attacks in April 2019 impacted Sri Lanka, while the onset of the COVID-19 pandemic affected the global tourism industry in 2020 and 2021 with unprecedented border closures. Now in the fourth consecutive year, Sri Lanka is facing economic and political instability, plunging the country into its darkest period post-independence. Sri Lanka needs to move beyond the current paralysis of finding solutions for

its urgent issues which, if not will only fester uncertainty and unrest as witnessed in incidents unfolding since April 2022. Recovery is however, possible. Every action must be aligned to restoring law and order, political and economic stability, and in creating a sense of civic duty by individuals, corporates, public sector officials and politicians alike.

A DIVERGENT RECOVERY

The global tourism industry commenced a slow but steady ascent to recovery with the growth of international tourist arrivals and international airline seat capacity. The Americas and Europe have recovered at a faster pace to almost 50% of pre-pandemic levels by January 2022 while Asia and the Pacific have lagged behind at a mere 7% recovery. While South Asia has performed better than the Asia Pacific region, recovering to 28% of pre-pandemic arrivals, it still falls behind the advanced economy weighted regions.

The Maldives was one of the first countries to open its borders due to its high dependence on tourism. It recorded notable success, albeit with intermittent closures due to the pandemic reaching 150,748 tourists in March 2022. Sri Lanka also recommenced tourism in January 2021 and persevered despite the setbacks experienced with new waves, gathering momentum from November 2021 to record 106,500 tourist arrivals in March 2022. Oman opened for tourism in November 2021 with an increasing number of global players entering the market, as the country seeks to diversify its revenue streams beyond oil through the development of tourism. India also made a steady recovery, particularly in domestic tourism. Encouragingly, at the close of March 2022, over 70% of countries had relaxed their stringent travel restrictions with positive travel sentiments. Moreover, international airlines had increased the number of flights, restoring the sector's supply chains.

FORGING NEW STRATEGIES

The divergent recovery from the pandemic necessitated the development of new source markets, as traditional markets for tourism were not seen as viable due to stringent travel restrictions. Strong relationships with tour operators and sister company, Aitken Spence Travels were key to accessing and developing new source markets with differentiated value propositions. Accordingly, Russia, India and Eastern Europe became key source markets for the Maldives and Sri Lanka.

Vaccinating our associates was a priority to minimise health and safety risks for both employees and guests. As such, in-house vaccination programmes were carried out to get our employees vaccinated. We also developed our very own 'Spence Safe' programme which exceeded the regulatory requirements across all our properties. Guests were educated on COVID-19 safety protocols in the hotels, which was key to managing risks.

Cost rationalisation was a priority and was a continuation from the previous year. Increased cost consciousness of all employees was a key factor in curtailing costs. Additionally, a mindset of 'doing more with less' ensured that the guest experiences were enhanced without a proportionate increase in costs.

SECTOR INSIGHTS

Sri Lankan Sector

International tourism which recommenced in January 2021, halted again in April 2021 with the third wave of the pandemic in Sri Lanka. Arrivals, which were a mere trickle gathered momentum from November 2021, continuously increased till March 2022, recording 44% of the tourist arrivals in March 2019. Earnings from tourism in the first quarter of 2022 amounted to US\$ 513 Mn which is equivalent to 37%

“While it is a cliché that employees are our greatest asset, as a Company operating in a peoples' business, we know this to be true. We remain invested in attracting, engaging, developing and retaining talent, supporting lifelong careers in the industry.”

of the earnings for the same period in 2019, reflecting the more gradual recovery of earnings compared to arrivals. While domestic tourism supported cashflow during this period, the discounted rates and reduced capacity on weekdays subdued the earning capacity from domestic tourism.

The growth momentum since November 2021 was fundamental to the performance of the Sri Lanka sector which recorded pre-tax earnings of Rs.175 Mn in the fourth quarter of 2021/22, reflecting the rapid recovery of the sector which was a primary source of foreign exchange. Accordingly, the sector was able to record a reduced loss of Rs.977 Mn compared to the Rs.2.3 Bn loss recorded in the previous year.

The country's economic conditions which led to an energy crisis with extensive power cuts in March 2022 resulted in cancellations, with tourist arrivals declining by 41% to 62,980 in April 2022. The ensuing political crisis saw travel advisories issued in key markets which resulted in further cancellations significantly impacting the first quarter of 2022/23. This led to a decline of foreign exchange, adversely affecting the industry's strength to rebuild yet again after resolving the prevailing crisis. As a key foreign exchange earner, the revival of this sector must be addressed urgently by the Government to restore a steady growth in inflows from tourism and to support livelihoods in this labour-intensive sector.

Overseas Sector

Maldives

The resurgence of tourism in the Maldives is a success story. Many resorts used the lockdowns to upgrade their inventory and enhance their value proposition. Reopening its borders in July 2020, the Maldives utilised its unique advantage of private island resorts to good effect to increase flexibility for tourists with high levels of safety protocols for resorts. Accordingly, resort operators were able to increase both occupancy and room rates despite the intermittent lockdowns experienced due to waves of the pandemic. Tourist arrivals reached 1.3 Mn in 2021 which is equivalent to 78% of the arrivals in 2019. This served as the reference point for a normal market in the Maldives. Notably, travel receipts for 2021 reached US\$ 3,473.1 Mn, an increase of 10% over 2019 which amounted to US\$ 3,157.1 Mn, reflecting the increased room rates and repositioning of the destination. Main source markets for the Maldives were Russia, Germany, UK, Italy and India. Aitken Spence is the fourth largest hotel operator in the Maldives, operating an inventory of 734 rooms across five properties, in five islands.

Oman

Oman opened for tourism only in November 2021. Although things have picked up, traction remains low. The increase in oil prices is favourable as it will support growth of the tourism sector. We

MANAGING DIRECTOR'S REVIEW

are poised to benefit from same given our location in the city. The country's Vision 2040 statement is positive for the growth of the sector which is targeted to grow from US\$ 3 Bn in 2019 to US\$ 22.5 Bn by 2040, accounting for approximately 5-10% of the country's GDP. One of the safest places to visit in the world with a rich heritage of culture and diversity in climate and landscapes makes this a viable proposition. We are well positioned to grow with our early mover advantage. The main source markets for Oman were Europe and Asia.

India

Tourism generated US\$ 194 Bn which is 6.8% of India's GDP in 2019. The sector is predicted to grow at an annual rate of 6.9% to US\$ 460 Bn by 2028. Its domestic tourism industry is also a fast growing segment. Our operations comprise a city hotel in Chennai which has a mix of both international and domestic tourists, making it a fertile ground for understanding this vibrant and complex market.

Overseas Sector Performance

Performance of the overseas sector made a turnaround from a loss of Rs. 5.1 Bn in 2020/21 to a record pre-tax earnings of Rs. 2.3 Bn in 2021/22, with all hotels in the sector recording an uptick in occupancy rates. All ten properties in the sector were operational for the entirety of the fourth quarter for the first time after the pandemic. Heritance Aarah in the Maldives recorded its first full year of operations, making its mark with five-star reviews and earning TripAdvisor's Travellers' Choice, 'Best of the Best' in 2021 and 2022. Accordingly, the sector recorded pre-tax earnings of Rs. 2.06 Bn in the fourth quarter which accounted for 89% of the total for the year, reflecting the rapid recovery of this sector.

COMMITTED TO EXCELLING

While it is a cliché that employees are our greatest asset, as a Company operating in a peoples' business, we know this to be true. We remain invested in attracting, engaging, developing and retaining talent, supporting lifelong careers in the industry. During the past two years, the health and safety of our associates and ensuring job security were our main priorities. We made it through the uncertainty of the past two years, gaining strength as a team as we strategised to steer the Group to profitability. Employee salaries, which were reluctantly scaled down to extend the cash runways during the pandemic, were restored by the close of the year as we turned the corner as a Group. We continued our training and development activities during the year to facilitate outstanding guest experiences, which is only possible with a happy and committed team.

OUTLOOK

Global tourism is regaining strength with positive travel sentiments translating into increasing occupancy. Removal of travel restrictions in traditional source markets signalling the waning of the pandemic in the recent months, is also expected to give further impetus to the industry in the year ahead. The gradual increase in airline seating capacity in 2022 will also support growth. However, recovery of Asia Pacific and African regions fall behind the US and EU by a significant margin, reflecting the divergent recovery. The Russia-Ukraine war is also forecast have a significant impact on tourism as both countries were key source markets in recent years for both Sri Lanka and the Maldives.

The new era of tourism is distinctive as guests are more conscious about sustainability and value for money. Inclusive packages are gaining popularity with budget-conscious tourists at varying price points. Active holidays for families and private holidays for couples are both growing alongside adventure tourism. Unique selling propositions will influence travel decisions with many guests willing to commence their experience and engagement prior to stepping on a plane aided by virtual platforms. Additionally, the offering may need to be customised for different source markets, particularly in the non-traditional segment.

ASHH PLC is well positioned to seize the opportunities of a market that is regaining its former buoyancy. A portfolio of distinctive hotels which pay homage to their unique locations provides a strong competitive edge as an early mover in the markets in which we operate. Long standing relationships with tour operators and aggregators, combined with innovative marketing is pursued to support the Group's growth in the year ahead. The geographical diversity of the Group is a critical factor as it is able to cushion localised adversities in specific markets with strong performance in other location.

Sri Lanka's political and economic instability is a critical concern for the performance of this sector which has seen a sharp decline in tourist arrivals in April and May 2022. A speedy resolution will support a strong recovery of the island nation which was at the top of many recommended travel guides prior to the pandemic.

ACKNOWLEDGEMENTS

The strong recovery of the Group was a combination of foresight, dynamic strategy and willing hands and minds. I take this opportunity to thank the Chairman, Deshamanya D. H. S. Jayawardena, for his astute leadership, policy direction and strategic guidance which proved invaluable in reaching our goals. I commend the untiring efforts of the entire team at ASHH PLC and the Management of Aitken Spence Hotel Managements (Pvt) Ltd. who manage all the Group Holdings, for steering the team to a strong finish. Our business partners have worked with us in many ways to enrich our offering and we thank them for the insights provided. I thank our investors for their unstinted support and invite them to share our journey to a new era of growth.



Dr. M. P. Dissanayake
Managing Director

31st May 2022

BOARD OF DIRECTORS



DESHAMANYA D. H. S. JAYAWARDENA
Chairman



DR. M. P. DISSANAYAKE
Managing Director



MS. D. S. T. JAYAWARDENA
Executive Director



MR. C. M. S. JAYAWICKRAMA
Executive Director



MR. J. M. S. BRITO
Non-Executive Director



MR. G. P. J. GOONEWARDENE
Independent Non-Executive Director



MR. R. N. ASIRWATHAM
Independent Non-Executive Director



MR. N. J. DE SILVA DEVA ADITYA
Non-Executive Director



MR. C. H. GOMEZ
Independent Non-Executive Director

DESHAMANYA D. H. S. JAYAWARDENA

Chairman



Appointed on 2nd May 2003

 Deshamanya D. H. S. Jayawardena was appointed to the Board of Aitken Spence Hotel Holdings PLC on 2nd May 2003 and has been the Chairman of the Company since.

He was appointed to the Board of Aitken Spence PLC as of 01st April 2000 and has been the Chairman of the Company since 25th April 2003.

As visionary entrepreneur, he leads many enterprises in diverse fields successfully. He is the Founder Director and current Chairman/Managing Director of the Stassen Group of Companies; and is the Chairman of Lanka Milk Foods (CWE) PLC, Browns Beach Hotels PLC, Balangoda Plantations PLC, Madulsima Plantations PLC, Melstacorp PLC, Ambewela Livestock Company Ltd, Lanka Bell Ltd, and Distilleries Company of Sri Lanka PLC. He is also a Director of several other listed and privately held companies in Sri Lanka.

Mr. Jayawardena has led large public sector institutions such as Ceylon Petroleum Corporation and Sri Lankan Airlines (two stints) in the capacity of Chairman formerly; and is a former Director of Hatton National Bank PLC, the largest listed bank in Sri Lanka.

His passion for serving the nation has led to his appointment as Honorary Consul for Denmark. His service rendered him a knighthood, bestowed by Her Majesty the Queen of Denmark with the prestigious 'Knight Cross of Dannebrog' on 9th February 2010.

In 2005 Mr. Jayawardena was awarded the esteemed title of 'Deshamanya' by the Government of Sri Lanka in recognition of his meritorious services to the motherland.

DR. M. P. DISSANAYAKE

Managing Director



Appointed in March 2019

 Dr. Parakrama Dissanayake is the Managing Director of Aitken Spence Hotel Holdings PLC, with effect from 15th March 2019. He is also the Deputy Chairman and Managing Director of Aitken Spence PLC.

Prior to this appointment he was Secretary to the Cabinet Ministry of Ports, Shipping and Southern Development.

He was appointed as the first non-British International President of the Institute of Chartered Shipbrokers UK, founded in 1911 and Royal Charter conferred in 1920.

Dr. Dissanayake has also held positions in the past that include, Chairman - Sri Lanka Ports Authority (two stints), Chairman - Chartered Institute of Logistics and Transport (Sri Lanka), Board Director Urban Development Authority and Board Director of Ceylon Shipping Corporation.

During the period June 2004 to May 2017, he served as a Director of Aitken Spence PLC and the Chairman & CEO of its Maritime and Freight Logistics sectors.

Dr. Dissanayake is an Alumni of the University of Sri Jayewardenepura, NORAD, JICA, Business Alumni of the University of Oxford (UK) and a Fellow of Harvard Business School (EEP).

He is also Chairman of Elpitiya Plantations PLC, Co-Chairman / Professor CINEC Campus, Hon. Consul of Fiji Islands and serves as a Professor in Maritime Studies (visiting) at Shanghai Maritime University, Dalian Maritime University.

MS. D. S. T. JAYAWARDENA

Executive Director



Appointed in July 2014

 Ms. Stasshani Jayawardena marks several milestones for Aitken Spence PLC, as the youngest Board Member, and the first female member on the Board of Aitken Spence PLC. Ms. Jayawardena heads the Tourism sector of Aitken Spence PLC inclusive of hotels, destination management and overseas travel.

With a career spanning over 10 years at Aitken Spence, she wields a fresh perspective in management and leads strategic business units across the Group.

She leads several key strategic teams as the Chairperson of Aitken Spence Hotel Managements (Pvt) Ltd., and Splendor Media Ltd., as a member on the Board of Directors of Aitken Spence PLC, Aitken Spence Hotel Holdings PLC, Stassen Group, Lanka Milk Foods (CWE) PLC, Aitken Spence Aviation (Pvt) Ltd. She was appointed to the Board of Directors of Western Power Company (Pvt) Ltd., in 2020.

A graduate of St. James' & Lucie Clayton College and Keele University in the United Kingdom, Ms. Jayawardena made waves from a young age. Ms. Jayawardena was the youngest intern to work under US Senator Hillary Rodham Clinton and the Former US President Bill Clinton in 2003; and was appointed as the Sri Lankan Ambassador for EY NextGen Club from 2017 to 2019.

Ms. Stasshani Jayawardena was appointed to the Executive Board of The Hotel Association of Sri Lanka (THASL) and represents THASL at the Ceylon Chamber of Commerce Committee since 2019. She is an Executive Committee Member at the International Chamber of

BOARD OF DIRECTORS

Commerce in Sri Lanka since 2020 and a Steering Committee Member of the Ceylon Chamber of Commerce Tourism. She was appointed as Chairperson of the Employers' Federation of Ceylon (EFC) Hotels and Tourism Employers Group for the financial year 2020/21. Ms. Jayawardena is also a member of the PWC NextGen Advisory Board.

Ms. Jayawardena represents the Company as the Ambassador from Aitken Spence PLC at the Target Gender Equality initiative of the UN Global Compact since 2020. She is also a member of the Austrian Business Circle in Sri Lanka.

In recognition of her work and commitment to inspire, she was recognised at Top 50 Professional & Career Women Awards in Sri Lanka with a Gold award in the Hotel & Hospitality Sector in 2017, and in 2020 by Sri Lankan business magazine, Echelon, listing her among the most innovative and influential young leaders who have succeeded in business and shaping the future of Sri Lanka.

At present she leads a team of international professionals in strengthening the service foundations and formulating the strategic road map for the Tourism sector of the Group. Her passion remains in designing the next generation of business with the core values of integrity, sustainability, empowerment, and equal opportunities with the use of data driven technology.

MR. C. M. S. JAYAWICKRAMA

Executive Director

 Appointed in April 2005

 Mr. Susith Jayawickrama has had a career spanning over three decades with Aitken Spence and is the Joint Managing Director of Aitken Spence Hotel Managements (Private) Limited, which manages all hotels of the Group.

Mr. Jayawickrama serves on the Aitken Spence Group Management Council and on the Boards of most hotel companies in the Group including that of Aitken Spence Hotel Holdings PLC. He is a Fellow Member of the Chartered Institute of Management Accountants UK; he has more than three decades of experience in senior management positions in the Group's hotel sector and the tourism industry in Sri Lanka and Overseas.

Mr. Jayawickrama is a past Vice President of the Tourist Hotels Association of Sri Lanka (THASL).

MR. J. M. S. BRITO

Non-Executive Director

 Appointed in July 2001

 Mr. Rajan Brito joined the Board of Aitken Spence PLC in April 2000, with a multidisciplinary academic background and a wealth of experience from a career spanning over 40 years that includes experience working with several international organisations. He was then appointed as the Managing Director of Aitken Spence PLC in December 2001 and Deputy Chairman in April 2003 which position he held until his retirement on 15th March 2019. After retirement, Mr. Brito continues to be a Non-Executive Director of Aitken Spence Hotel Holdings PLC.

Mr. Brito is an acclaimed senior professional in both the private and the public sector industries in Sri Lanka. He is a former Chairman of DFCC Bank, Employers' Federation of Ceylon, Sri Lankan Airlines, and has also served on the Board of Sri Lanka Insurance Corporation. He holds an LLB degree from University of London, MBA degree from London City Business School and is a Fellow of the Institute of Chartered Accountants of both Sri Lanka and England and Wales.

MR. G. P. J. GOONEWARDENE

Independent Non-Executive Director

 Appointed in March 2018

 Mr. Gemunu Goonewardene is an Independent Non-Executive Director of the Board of Aitken Spence Hotel Holding PLC. He is also the Chairman of the Tourist Hotels Classification Committee, having sat on the committee since 1998, and was a key member of the team which drafted the new Tourist Hotel Classification Criteria/ Guideline Standards for hotels in Sri Lanka. He now serves as the Chairman of Win-Stone Group.

Formerly during his career with Aitken Spence he was Vice President responsible for Resource Planning & Development, Food & Beverage Services and Facilities, as well as a Director of Aitken Spence Resources (Pvt) Ltd, responsible for overseas recruitment. He has been an integral part and a key member of the Aitken Spence Group contributing significantly in Sri Lanka and the Maldives to its iconic properties from their inception, forward planning, and operation to continued development.

Mr. Goonewardene is a Graduate of the Ceylon Hotel School, and a Post Graduate of the Culinary Institute of America. He is a Fellow of the Ceylon Hotel School Graduates Association (CHSGA) and the Joint-Convener of the International Tourism Volunteers Association (ITVA). With extensive exposure, having worked in USA, Europe and Australia and counting more than 45 years of valuable experience, Mr. Goonewardene has been an exemplary leader and mentor at Aitken Spence and to the industry as a whole.

The mastermind behind 'Heritage Cuisine' where local ingredients and traditional techniques fuse together with international gastronomical influences,

Mr. Goonewardene continues to pursue his passionate interest in propagating the hitherto unknown values of Sri Lanka's indigenous foods that have evolved over the past 2,500 years and have conceptualised Ceylon Food Trails, which is his newest culinary travel venture.

MR. R. N. ASIRWATHAM

Independent Non-Executive Director

 Appointed in September 2009

 Mr. Asirwatham was appointed to the Board of Aitken Spence PLC., in September 2009. At present, he is the Chairman of the Audit Committee, Related Party Transactions Review Committee, a member of the Remuneration Committee and the Nomination Committee.

He was the Senior Partner and Country Head of KPMG from 2001 to 2008. Further, he was the Chairman of the Steering Committee for Sustainable Tourism Project funded by the World Bank for the Ministry of Tourism and was also a member of the Presidential Commission on Taxation, appointed by His Excellency the President of Sri Lanka. He is a member of the Board of trustees of the S. W. R. D. Bandaranaike National Memorial Foundation, Lakshman Kadirgamar Institute of Strategic Studies, Board of Post Graduate Institute of Medicine and Council of the University of Wayamba.

Mr. Asirwatham is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and the Chairman of the Audit Committee. He also serves on the Boards of Dilmah Tea Services PLC., Royal Ceramics PLC., Mercantile Merchant Bank Browns Beach Hotels PLC., and several other companies.

MR. N. J. DE SILVA DEVA ADITYA

Non-Executive Director

 Appointed in July 2010

 Mr. N. J. de Silva Deva Aditya (Nirj Deva) DL FRSA, former MP and MEP joined the Board of Directors in 2006/07. He was the first post-war Asian born Conservative Member of the British House of Commons and served in Government as the Parliamentary Private Secretary to the Scottish Office, after which he was elected as the first Asian born British Member of the European Parliament representing over 8 Mn. British people in Berkshire, Hampshire, Buckinghamshire, Oxfordshire, Surrey, Sussex and Kent for 20 years.

He was the Vice President of the International Development Committee for 15 years, overseeing the Euro 25 Bn European Budget. He was the Chairman of the EU Korean Peninsula Delegation working towards a lasting peace with North Korea; Chairman of the EU China, EU Bangladesh, EU Indonesia, EU Myanmar and EU India Friendship Groups in the EU Parliament, and was nominated by his political group ECR to be the president of the European Parliament, and was the Chairman of the EU Delegation to the UN General Assembly.

For his Tsunami Relief work, he was made a Chevalier of the Catholic Church and Vishwa Keerthi Sri Lanka Abhimani by the Buddhist Clergy of Sri Lanka. He is the Publisher of the www.commonwealthunion.com global media platform, the first Commonwealth wide news and TV media reaching out to 2.4 Bn people and seen regularly by 12 Mn.

MR. C. H. GOMEZ

Independent Non-Executive Director

 Appointed in July 2010

 Mr. Charles Gomez is a former Banker with over 40 years' experience in the finance industry. He has worked for major financial institutions including Barclays Bank PLC., Lloyds TSB Bank PLC., and SG Hambros. He brings to the Company, a wealth of experience in international financial markets, financial services regulations, compliance and controls. It was through his intervention that major investors were brought into Aitken Spence PLC., and to other business sectors in Sri Lanka. Mr. Gomez is a Director as well as a part owner of regulated financial services companies based in Gibraltar. He also serves on the Boards of foreign companies which have investments worldwide.

Mr. Gomez was appointed to the Board of Aitken Spence PLC., in 2002 and to the Board of Aitken Spence Hotel Holdings PLC., in 2010. His role in the companies is that of an Independent Non-Executive Director. He also serves in the Audit Committee, Related Party Transactions Review Committee and the Remuneration Committee.

CORPORATE MANAGEMENT TEAM



MS. D. S. T. JAYAWARDENA

Chairperson



MR. C. M. S. JAYAWICKRAMA

Jt. Managing Director



MR. J. C. WEERAKONE

*Vice President / Chief Operating Officer
Aitken Spence Hotels Sri Lanka Sector*



MR. S. N. DE SILVA

*Vice President / Chief Executive Officer
Aitken Spence Hotels Oman Sector*



MR. M. D. B. J. GUNATILAKE

*Vice President / Chief Operating Officer
Aitken Spence Hotels Maldives Sector*



MR. D. J. DE CRUZ

Vice President - Sales and Marketing



MS. L. A. RAYMOND

*Vice President -
PR, Branding, Revenue and Distribution*



MS. D. R. ALEXANDER

Asst. Vice President - Supply Chain



MR. D. KUMARASINGHE

Asst. Vice President - Food & Beverage

MS. D. S. T. JAYAWARDENA

(Profile on page 25)

MR. C. M. S. JAYAWICKRAMA

(Profile on page 26)

MR. J. C. WEERAKONE

 Mr. Jeevaka Weerakone is the Chief Operating Officer / Vice President for Aitken Spence Hotels in Sri Lanka.

Counting over 30 years of expertise in the hospitality industry in Sri Lanka and overseas, he has extensive knowledge about the industry, hotel operations & management and human resources. Prior to taking over his current role, he held the positions of Director Operations for Aitken Spence Hotels - Sri Lanka sector, Vice President - Operations for the Sri Lankan Hotels - Northern Sector, Assistant Vice President - Human Resources, Learning and Development for the entire hotel sector, Executive General Manager for Heritance Kandalama and General Manager for Earl's Regency.

He holds an MBA and is a Graduate of the Sri Lanka Institute of Tourism & Hotel Management (SLITHM); and a Fellow of the Ceylon Hotel School Graduates Association (FCHSGA). He is also a qualified consultant for ISO 9000 quality system.

Mr. Weerakone is a Managing Committee Member of the Tourist Hotels Association of Sri Lanka (THASL), has served as an Executive Committee Member of the Regional Economic Development Agency (REDA) under the central provincial council and was a Committee Member of the CHSGA in 2010.

MR. S. N. DE SILVA

 Mr. Srinith De Silva is the Chief Executive Officer / Vice President of Aitken Spence Hotels' Oman Sector. He is a Graduate of the Victoria University, Melbourne, and counts many years of experience in international hotel chains, such as Raffles Singapore, Sheraton and Stamford Hotels and Resorts. He has over 26 years of experience in the hospitality industry in senior managerial positions handling operations and marketing in Singapore, Saudi Arabia, Australia, India and Sri Lanka.

MR. M. D. B. J. GUNATILAKE

 Mr. Badhiya Gunatilake is the Chief Operating Officer of the Adaaran Resorts and Heritance Aarah, the Maldives Sector of Aitken Spence Hotels. He is also the Vice President and serves as a Director of Unique Resorts Private Ltd. He is a Graduate of the Ceylon Hotel School and a professional hotelier counting over two decades of experience in the hospitality industry, including senior managerial positions, handling hotel operations in Sri Lanka, Oman and the Maldives.

MR. D. J. DE CRUSZ

 Mr. Darell De Cruz has had a career spanning over three decades with Aitken Spence, joining Aitken Spence Travels initially in 1989, thereafter transferred to set up Ace Travels & Conventions in 1993. He continued his career at ASTL till 2018 and re-joined the company in 2019 as the Vice President - Sales & Marketing for Aitken Spence Hotel Managements. With over 33 years of experience in the tourism sector, he possesses a wide knowledge of the travel and hotel industry. Mr. De Cruz holds an MBA from the Open University of Sri Lanka, MA in International Relations from the University of Colombo, Sri Lanka and a Bachelor's Degree in Management from the Open University of Sri Lanka.

MS. L. A. RAYMOND

 Ms. Lakmini Raymond is the Vice President – PR, Branding, Revenue and Distribution for Aitken Spence Hotels across all destinations. With expertise in hospitality spanning over 30 years, she has worked at globally renowned hospitality groups such as Hilton Hotels and Resorts, Marriott International and Starwood Hotels and Resorts, as well as Sri Lankan industry leaders prior to joining the Aitken Spence Hotels. A charismatic leader who thrives in a result-driven environment, she brings in extensive knowledge on the industry, with special focus on sales and marketing, business development, revenue management and brand management spheres. Ms. Raymond has represented Sri Lanka in global forums such as AMCHAM and been part of varied trade delegations including that of Board of Investment of Sri Lanka (BOI) for India and Japan. She holds membership in key industry forums such as The Hotel Association of Sri Lanka and Colombo City Hotels Association.

MS. D. R. ALEXANDER

 Ms. Dinali Alexander is the Head of Supply Chain for operations in Sri Lanka, Maldives, India and Oman, corporate merchandising and exports operations. Ms. Alexander counts over 15 years of management experience covering procurement, administration, human resources and sustainability, across multiple industries.

CORPORATE MANAGEMENT TEAM

MR. D. KUMARASINGHE

 Mr. Dimuthu Kumarasinghe has been with the Company for over 20 years and is the Assistant Vice President for Food & Beverage of Aitken Spence Hotels in Sri Lanka, India, Maldives and Oman. He is a world record holder at the Culinary World Olympic Championship in 2004 and Culinary World Cup in 2006. He secured 29 Gold, 5 Silver and 12 Bronze medals for Sri Lanka through International Culinary Competitions. Mr. Kumarasinghe holds the title of President Chef's Guild of Sri Lanka since 2012 to 2020, and has lead more than 77 participants to secure 68 Gold medals along with many Silver and Bronze medals at Culinary Olympic and World Cup. Mr. Kumarasinghe is a jury member for the World Culinary Competitions and a recipient of the Presidential Award in 2007, 2017 and 2018 for outstanding culinary contribution. He holds honorary distinctions including, Honorary Life Member and Head Coach of the Golden Horseshoe Culinary Team Canada, Vatel Club Luxembourg, South Indian Culinary Association, Saudi Arabian Chef Association, Turkey Chef Association, Emirates Culinary Guild and Ukraine Culinary Union.

PARTNERSHIPS REDEFINED



Management Discussion and Analysis

Reinforcing partnerships that stand the test of time

VALUE CREATION MODEL

CAPITAL INPUTS



FINANCIAL CAPITAL

- Shareholders' funds: Rs. 28 Bn
 - Borrowings: Rs. 49 Bn
- (Refer 58)



MANUFACTURED CAPITAL

- Property, plant and equipment: Rs. 67 Bn
 - 2,826 rooms across 21 properties
- (Refer 62)



HUMAN CAPITAL

- Skills, attitudes and work ethic of 2,943 employees in 4 countries
- (Refer 71)



SOCIAL AND RELATIONSHIP CAPITAL

- Guests from over 7 markets across the world
 - 1,687 travel agents
 - 789 tour operators
 - 900 suppliers
 - Community relationships
- (Refer 81)



INTELLECTUAL CAPITAL

- Organisational tacit knowledge and industry capabilities
 - Our brands
 - Processes and systems
- (Refer 78)



NATURAL CAPITAL

- 344,350 GJ energy consumption
 - 639,029 m³ water consumption
 - Ecological system
- (Refer 87)

VALUE TRANSFORMATION

VISION

Activities



HOTEL OPERATIONS

Front Office
Housekeeping
Food and Beverage



HOTEL SUPPORT SERVICES

Maintenance
Finance
Administration and HR



OTHER GROUP SUPPORT SERVICES

Reservations
Sales and Marketing
Central Purchasing and Merchandising
Engineering and Projects
Corporate Finance



UNDERPINNED BY

Corporate Governance and Risk Management Practices

OPERATING LANDSCAPE TRENDS

Confidence in travel

Customer focus on health and safety

OUTPUTS/IMPACTS

OUTCOMES LINKED TO STAKEHOLDER VALUE

Revenue generated

Rs. 24 Bn

Guest nights

311,818Average guest satisfaction score
(owned)**90.03%**

Employee benefits

Rs. 4.2 Bn

Investment in training

Rs. 5.5 Mn

Training hours

52,933

Payments to suppliers

Rs. 11.9 Bn

Community investment

Rs. 28.3 Mn

Beneficiaries

644Investment in environmental
initiatives**Rs. 4.9 Mn****Impacts**

Solid waste generated

1,427 Tons

Effluents generated

497,012 m³

Carbon footprint

32,905 tCO₂e**Shareholders**

Sustainable growth in shareholder returns

- Return on equity: 3.51%
- Net profit: 1.03 Bn
- Earnings per share : 1.85

(Refer  132)**Customers**Enhanced safety of offering
unique guest experiences(Refer  84)**Employees**Safe, conducive and enabling working
environment with opportunities for skills
and career development(Refer  76)**Government**Contributing to the Governments' tax
revenue and supporting the creation of an
enabling industry environment**Business Partners**Sustainable business growth through
rewarding, mutually-beneficial relationships(Refer  85)**Communities**Driving meaningful change and socio-
economic empowerment(Refer  81)Adverse environmental impacts of our
operations(Refer  87)**VALUE CREATION AT AITKEN
SPENCE HOTEL HOLDINGS PLC**

The Group relies on several vital inputs to generate revenue. These include its physical infrastructure, comprising its collection of distinctive properties, relationships with channel partners who provide access to customers, financial resources, intellectual capital which represent the Group's processes, operating standards and organisational tacit knowledge as well as natural resources such as energy and water as well as biodiversity and natural habitats which enhance the attractiveness of its locations.

Value is generated by transforming these capital inputs through a holistic strategy focusing on the pillars of portfolio expansion and upgrade, operational excellence, talent development and sustainability. Revenue generation is driven by hotel operations, which in turn is assisted by a range of support services. Delivery of the strategy is underpinned by strong corporate governance and risk management practices, coupled with a commitment towards positively impacting the communities and environments in which we operate.

The capital inputs are nurtured and eroded through the value transformation process, which in turn creates positive and negative outputs and outcomes. Our value creation model demonstrates how these long term outcomes are linked to stakeholder value creation, including shareholders, customers, employees, business partners, the government, and the communities in which we operate.

Technological disruption

Experiential travel

Sustainable travel

STAKEHOLDER ENGAGEMENT

102-10 102-40 102-42 102-43 102-44

As operating conditions become increasingly complex, dynamics organisations are required to enhance engagement with stakeholders to clearly identify and respond to their needs. The Group therefore sought to strengthen collaboration with stakeholders, maintaining continuous and open engagement through multiple platforms. In selecting and prioritising stakeholders, we engaged with parties who potentially have the most significant impact on our value creation process and those who are affected most by our activities.

 CUSTOMERS 311,818 Guest nights 07 Markets Importance High influence / High interest Topics and concerns in 2021/22 • Health and safety protocols in place • Implications of fuel and electricity shortage on the travel experience • Service delivery • Employee awareness on health and safety • Value for money • Environmental and social sustainability How we engage • Through channel partners (Ongoing) • Feedback forms (Upon departure) • Satisfaction surveys (Periodic) • Through front line staff (Ongoing) • Website and social media (Ongoing) Response During the year, we focused on ensuring safety of our customers while providing assurance on continuing to offer a great experience despite prevalent challenges V Quality of relationship: Strong	 EMPLOYEES 2,943 Employees Importance High influence / High interest Topics and concerns in 2021/22 • Job security and remuneration to support increased cost of living • Health and safety protocols • Opportunities for skill development and career progression • Diversity and equal opportunity How we engage • Performance appraisal (Bi-annual and annual) • Multi-level meetings (Ongoing) • Trade unions (Ongoing) • Satisfaction surveys (Periodic) • Grievance mechanism (Ongoing) • Intranet and social media Response Ensured security of remuneration while continuing to provide opportunities for cross-border and cross-functional exposure V Quality of relationship: Strong	 BUSINESS PARTNERS AND SUPPLIERS 789 Tour operators 1,687 Travel agents 900 Suppliers Importance High influence / High interest Topics and concerns in 2021/22 • Continued business opportunities • Timely payments • Ease of transaction and professionalism • Fair pricing mechanisms • Ethical business conduct How we engage • Direct dialogue and site visits (Ongoing) • Contracts and agreements (Ongoing) • Supplier performance reviews (Periodic) • Seminars and workshops (Periodic) Response Focused on the development of local suppliers and leveraged synergies with channel partners V Quality of relationship: Good
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SHAREHOLDERS

74.49%

Aitken Spence PLC

18.04%

Institutional investors

7.47%

Retail shareholders

Importance

High influence / High interest

Topics and concerns in 2021/22

- Implications of the macroeconomic conditions on performance
- Continuity of operations
- Compliance
- Adequate risk return balance
- Corporate governance and risk management frameworks
- Ethical and business conduct
- Transparency and credibility of disclosures

How we engage

- Annual General Meeting and publication of Annual Report (Annually)
- Interim financial statements (Quarterly)
- Announcements to the Colombo Stock Exchange (Continuous basis)
- Corporate website (Continuous basis)
- Press releases (Quarterly)
- One-to-one engagement (Periodic)

Response

Maintain open and transparent communication with all shareholders



Quality of relationship:
Strong



GOVERNMENT

Inland revenue, local authorities,
Tourism Ministry

Importance

High influence / Medium interest

Topics and concerns in 2021/22

- Job creation and ensuring job security of employees
- Timely and full payment of taxes
- Compliance
- Environmental and social sustainability
- Implementation of safety procedures

How we engage

- Regulatory reporting (Ongoing)
- Participation in forums (Ongoing)
- Direct dialogue (Ongoing)

Response

Proactive engagement with government authorities in creating a conducive environment for post-pandemic tourism



Quality of relationship:
Good



COMMUNITIES

Communities adjacent to our properties

Importance

High influence / High interest

Topics and concerns in 2021/22

- Community employment generation
- Environmental sustainability and community development
- Community based empowerment

How we engage

- CSR programmes (Ongoing)
- Dialogue with community representatives (Ongoing)
- Seminars to share best practices (Periodic)

Response

Curtailed large-scale community programs due to the prevalent conditions although ad hoc initiatives were conducted at property level



Quality of relationship:
Strong

OPERATING ENVIRONMENT

GLOBAL TOURISM

Global tourism demonstrated signs of gradual recovery in 2021, following the worst year on record in 2020 which saw international arrivals declining by 73%. In 2021, arrivals recorded a growth of 4% supported by improved vaccination rates, release of pent-up demand and softer travel restrictions on the back of increased cross-border coordination. However, arrivals remain well below pre-pandemic levels, demonstrating the long road to recovery for the sector which was among the hardest affected by the pandemic.

GLOBAL TOURISM IN 2021/22



International tourist arrivals

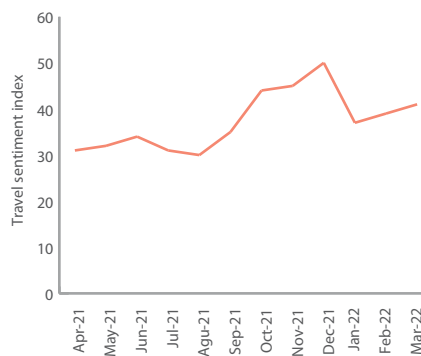


Source: UNWTO

Travel sentiments

Travel sentiments, as tracked by the Net Sentiment Score have also recording volatility from month-to-month, although generally demonstrating an improving trend.

Travel sentiments



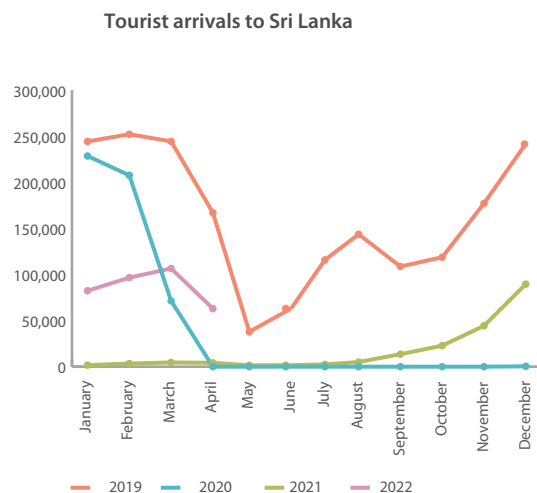
Source: UNWTO

OUTLOOK

The recovery of international tourism strengthened in 2022, with a near 130% YoY improvement in January 2022. It is noteworthy that all regions demonstrated strong rebound during the first quarter of 2022. The outlook, however, is tempered by the Russia - Ukrainian conflict and the sporadic emergence of COVID-19 waves which have led to the reintroduction of travel restrictions in certain regions.

SRI LANKA TOURISM SECTOR

Sri Lanka's tourism sector witnessed yet another year of extraordinary challenges which have persisted since the Easter Sunday attacks in April 2019. The outbreak of the COVID-19 pandemic in 2020 had severe repercussions on the Sector, which continued in 2021 following periodic surges in infections and the resultant impacts on travel sentiments. Accordingly in 2021, tourist arrivals to the country neared 195,000 compared to over 2 Mn tourists pre-COVID-19.



Source: Sri Lanka Tourism Development Authority

The industry witnessed strong rebound in early 2022, with total arrivals increasing to 285,334 until March 2022, despite the country's deepening economic crisis. Russia, India, United Kingdom, Germany and France were Sri Lanka's top five tourist generating markets from September 2021 to March 2022, with India maintaining its position as the largest single market. However, arrivals fell sharply month-on-month in April, reflecting escalating concerns on shortages of essential items and energy together with potential social unrest.

MALDIVES

As one of the first destinations to open its borders for international arrivals, the Maldives benefitted from the release in pent-up demand, experiencing strong growth amidst conducive policy developments. Accordingly, international arrivals to the Maldives increased by 138% in 2021 to 1.3 Mn, nearing the pre-pandemic of 1.6 Mn arrivals in 2019. Proactive efforts to entice arrivals including early re-opening with stringent hygiene protocols, an accelerated vaccination programs and targeted efforts to capture new source markets and customer segments paid rich dividends for the Maldives, making it one of the best performing tourist destinations in the market. As COVID-19 concerns gradually eased, the Maldives also introduced a 'No quarantine' policy, further enticing international arrivals. Accordingly, the Maldives is poised for rapid growth with a target of achieving 1.5 Mn tourist arrivals in 2022.

OPPORTUNITIES AND CHALLENGES

The Group's operating landscape is being shaped by shifting dynamics in the country's socio-economic and political environment, which will inevitably impact strategy and performance over the short, medium and long term.

Key trends that will drive the outlook for the industry including the following:

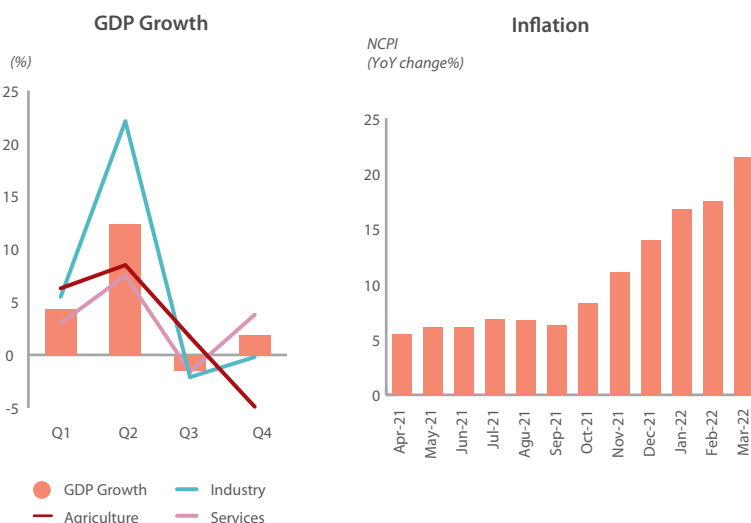


Impact on the Group

- Direct impact on tourist arrivals
- Interruptions to energy and fuel supply and the resultant operational challenges
- Sharp increase in the cost of imported items
- Supply chain disruptions
- Climate Change

MACROECONOMIC VULNERABILITIES

Sri Lanka's macroeconomic fundamentals weakened significantly during the year, with the country entering its worst economic crisis in decades. GDP grew by 3.7% in 2021, reflecting rebound in the first quarter of the year, while activity slowed towards the latter months. The sharp fall in tourism earnings and remittances, together with significant international debt payments exerted unprecedented pressure on the country's external position. Resultantly, foreign currency reserves depleted rapidly, leading to a shortage in energy, food and essential medicines. The Central Bank of Sri Lanka floated the Rupee in early March 2022, resulting in the Rupee falling sharply during the last weeks of the financial year, recording a 30% YoY depreciation by March 2022 before depreciating further in ensuing weeks. Inflation escalated, driven by the devaluation in currency and surge in global commodity prices, with the NCPI accelerating to 21.5% in March 2022 while food inflation increased to 29.5%.



CHANGES IN TRAVEL BEHAVIOUR



Domestic travel

Increased prevalence towards vacations closer to home



Health and safety

Hygiene, cleanliness, and safety measures will be a priority



Demographic changes

Younger travellers are expected to be more resilient, with older travellers demonstrating more caution



Getaway

Open air experiences and less crowded offerings such as road trips, nature, and rural tourism



Booking flexibility

Last minute booking and cancellation policies



Responsible and Sustainable

More importance on environmental and social consciousness and community impacts

SECTOR'S ROLE IN DRIVING SRI LANKA'S ECONOMIC RECOVERY

Tourism has traditionally been the country's third largest source of foreign currency earnings, contributing approximately 14% to forex earnings between 2014 and 2019. The Sector can play a vital role in addressing the present forex crisis in Sri Lanka, particularly given its ability to generate net foreign earnings as opposed to industries which rely on imported input material. The Sri Lanka Tourism Development Authority launched a Strategic Plan for the industry (2022-2025) with the aim of providing guidance to reach the industry's full potential. Key elements of the plan include,

Improving risk management capabilities



Encouraging diversity among tourists



Streamlining and optimising the informal sector



Exploring new drivers of tourism



Greater importance of preserving and protecting the natural environment



Greater use of technology

OPERATING ENVIRONMENT

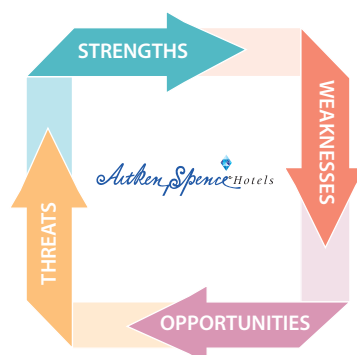
SWOT ANALYSIS



- Multi-destination portfolio
- Collection of unique properties providing authentic experiences
- Partnerships with the Group's tour operators
- Strong brand reputation
- Skilled and professional team
- Backing of strong parent entity
- Strong relationships with travel partners



- Emergence of new variants of the virus could delay confidence to travel
- Increased costs of complying with relevant safety protocols
- Expiration of debt moratoriums granted to the tourism sector
- Changing demographic profile of travellers
- Risks of climate change and natural disasters
- Increased cost of debt and devaluation of the Rupee



- Several properties require refurbishments
- Increased exposure to borrowings to fund expansions / renovations
- Employee turnover in entry category



- Opening of Sri Lankan borders for international arrivals among the first in South Asia
- Vaccine rollouts across key source markets
- Travellers' preference towards more established, reputed hotel chains
- Safe and secure certification obtained by all properties in Sri Lanka
- Sri Lanka's positioning as a safe destination
- Leverage on natural synergies with Aitken Spence Travels

IMPLICATIONS ON OUR STRATEGY

● Focus on operational efficiencies and cost rationalisation	● Emphasis on preserving liquidity
● Complete several renovation / refurbishment projects during the lockdown period	● Maintaining employee morale and investing in multi-skilling employees
● Leverage relationship with Aitken Spence Travels to penetrate new source markets	● Supporting communities around our properties impacted by the pandemic

● Portfolio expansion and upgrade

● Developing our talent pool

● Operational excellence

● Sustainability

MANAGING RISKS AND OPPORTUNITIES

102-11 102-15 102-30 102-31 205-1 205-2

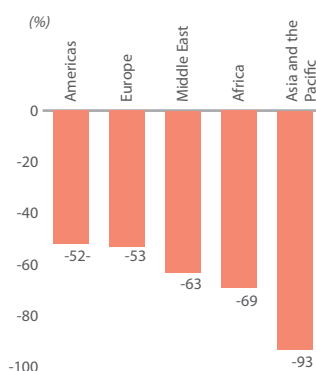
Recovery of the tourism industry gathered momentum in the financial year as countries eased travel restrictions put in place to contain the spread of the COVID-19 pandemic. Over 75% of countries have now opened their borders for vaccinated travellers. Airline seat capacity has also increased as a result of positive travel sentiments as many look forward to resuming both business and leisure travel. As the tourism industry and its supporting ecosystem were among the worst affected, the long duration of the pandemic tested the resilience of its players, with adverse impacts on its financial and human capital. While the industry received moratoria to assist liquidity during the past three years, a strong recovery is necessary to rebuild and recover from the losses of the past three years after 2018, as this was the last complete year without lockdowns and business disruptions.

However, the recovery has been divergent across regions and countries as seen from the charts below, with the pickup in advanced economies outpacing others. While the recovery in South Asia is only around 28% as per the UNWTO, Sri Lanka and the Maldives witnessed stronger recovery rates of 43% and 77% respectively, against March 2019 tourism arrivals which was the strongest month for both countries prior to the pandemic.

Despite the fragile and uncertain outlook, it is necessary to remember that tourism outpaced global growth in 2019 recording 3.8% growth globally as international tourists increased by 54 Mn to 1.5 Bn. The industry is a vital source of foreign exchange for Sri Lanka, Maldives, India and Oman. Government policy decisions favourable to the industry will augur well for the future of the Sector as well as for the economies of these countries. Oman in particular is positive to tourism in line with its vision to diversify the country's income.

Aitken Spence Hotels has been at the forefront of the revival of tourism in the country, seeking opportunities in both traditional and non-traditional markets through its travel partners to provide customised offers that appeal to the different markets. Our strengths as a subsidiary of the Aitken Spence PLC are a vital part of our competitive edge as we are able to leverage the considerable expertise of its destination management company and partnership with TUI, the largest tour operator in the world, to access source markets.

Tourism industry recovery as at January 2022, compared to 2019



Source: UNWTO

APPROACH TO RISK MANAGEMENT

ASHH PLC follows a structured approach towards risk management, to ensure that it identifies, measures and monitors risks across its portfolio of hotels and geographies. Based on the Three Lines of Defence model, the framework facilitates segregation of responsibilities, objective oversight by the Board, and high levels of risk awareness by business owners.

RISK GOVERNANCE



1st Line of Defence

BUSINESS MANAGEMENT UNITS

Heads of business units are responsible for identifying, measuring, monitoring, reporting, and managing risks relevant to their scope of businesses



2nd Line of Defence

GROUP STRATEGIC RISK UNIT

Implement the Group's Risk Management Framework and Policy, reviewing constructive challenge of business unit risks and report concerns independently to the Audit Committee



3rd Line of Defence

INTERNAL AUDIT

Provide an independent assessment of the adequacy and effectiveness of the overall risk management framework, reporting independently to the Audit Committee

MANAGING RISKS AND OPPORTUNITIES

The Board of Directors have set in place, a comprehensive framework and processes for managing risk in line with its role and responsibilities. The Audit Committee has an oversight responsibility for risk management, and report on the same to the Board. The Group Strategic Risk Unit reviews and collates the risks registered in consultation with management of the strategic business units. The Audit Committee receives assurance from Internal Audit on the effective operation of the Risk Management Framework and internal controls, covering all entities in an annual cycle. The latter conducts risk-based audits of processes and entities within the ASHH Group. Internal Audit reports directly to the Audit Committee to ensure independence.

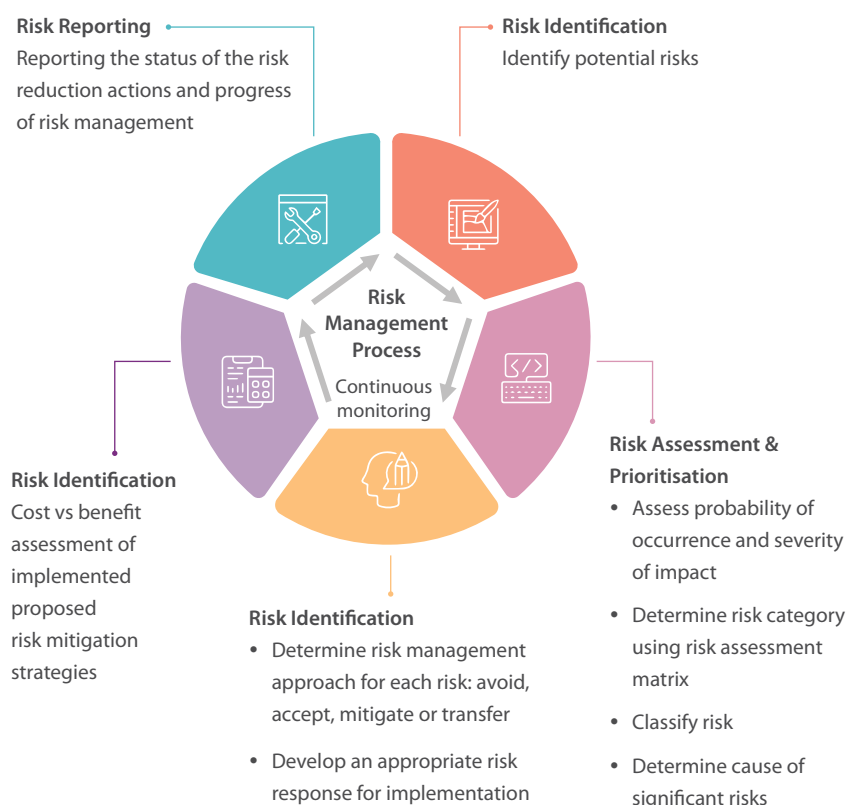
Corporate Management of ASHH regularly reviews risks as the uncertainty of the operating environment makes it a vital function for business continuity and delivery of strategic goals. The risk reviews are also a key input into the Group's strategic planning and budgeting process to ensure alignment with the forecast risk environment and effective management of resources.

Primary responsibility for identifying, measuring, managing and reporting of risks lies with the resident General Managers of each property who liaise with Corporate Management on a regular basis.



RISK MANAGEMENT PROCESS

Our risk management process is summarised below.



Risk & Risk Rating			Key Drivers	Mitigation Strategies	Further information
Safety of Travel					
Threats including pandemics and epidemics, political unrest, extreme weather events and terrorism deter travel to high-risk destinations during periods of elevated threat.			- Political unrest - Geopolitics - Terrorism - Pandemic	- Sri Lanka is affected by the current political unrest with travel advisories issued in key source markets. We maintain key contact with Tour Operators to keep them abreast of the country situation - Overseas markets are witnessing strong growth although the Russian - Ukrainian war is dampening demand in these key markets - Online information - Attractive offers and promotions to drive strong recovery in stable markets	Chairman's Message Managing Director's Message
Assessment					
Impact	Sri Lanka	High			
	Overseas	Medium			
Likelihood	Sri Lanka	High			
	Overseas	Medium			
Direction	Sri Lanka	↗			
	Overseas	➔			
Safety at our Hotels					
Safety of our guests and staff at our hotels is our #1 priority. As the pandemic concerns fade, this risk has decreased in overseas markets. The high level of political instability in Sri Lanka makes a concern for properties in Sri Lanka.			- Socio-economic stability - Geopolitics - Extreme weather events - Pandemics	- Securing the premises of our properties - Surveillance of local trends and keeping tour operators apprised of developments - Close rapport and integration with local communities	Social & Relationship Capital
Assessment					
Impact	Sri Lanka	Medium			
	Overseas	Low			
Likelihood	Sri Lanka	Medium			
	Overseas	Low			
Direction	Sri Lanka	↗			
	Overseas	➔			
Affordability & Connectivity					
Airline connectivity and affordability play a key role in choice of destination and recovery of the Tourism industry. Airline seat capacity has outpaced recovery although prices are significantly higher than pre-pandemic fares. The Maldives is repositioned at higher rates but continues to attract tourists.			- Economic recovery in source markets - Cost of airline travel - Cost of accommodation	- Economic recovery in advanced economies and pent-up demand is a key driver of growth - Airline seat capacity has maintained pace with recovery - Customised offers for different source markets and traveller profiles - Charter flights for large groups	Chairman's Message Managing Director's Message
Assessment					
Impact		Medium			
Likelihood		Medium			
Direction		➔			

MANAGING RISKS AND OPPORTUNITIES

Risk & Risk Rating		Key Drivers	Mitigation Strategies	Further information
Retaining Skilled Talent Pools				
Tourism sector talent pools enjoy significant global mobility supporting talent attraction to the industry. This necessitates significant investment in developing talent as the industry has a high degree of customer interaction, making skilled talent pools a key competitive advantage. ASHH Group is a recognised training ground for top talent which makes the Group vulnerable to this threat while providing a strong competitive edge, making this a double edged sword. Varying recovery rates across countries has increased the global mobility of skilled talent due to increased demand. Additionally, the devaluation of the Sri Lankan Rupee combined with the drop in international tourist arrivals has made this market more vulnerable to losing skilled talent for economic reasons.		• Remuneration structure and net take home pay • Occupancy rates • Tourism travel receipts / spend • Global demand for skilled talent pools • Strength of local currency	• Presence across four countries provide mobility within the Group, supporting talent attraction and retention • Continuous investment in training and developing talent • High levels of engagement across all properties	Human Capital
Assessment				
Impact	Sri Lanka	High		
	Overseas	Medium		
Likelihood	Sri Lanka	High		
	Overseas	Medium		
Direction	Sri Lanka	↗		
	Overseas	→		
Liquidity & Financial Stability				
Liquidity remains a key consideration as recovery remains in its early stages and needs to stabilise for the threat to abate. Liquidity across markets is a consideration as well. The unprecedented level of uncertainty in Sri Lanka will be a key concern until stability is restored in the market.		• Receipts from tourism • Level of fixed costs in operations • Amount of debt in balance sheets • Ending of loan moratoria in June 2022 in Sri Lanka • Increase in operational costs due to high inflation and increased fuel prices	• ASHH Group cash flows have strengthened considerably during Q4 of the financial year • Lean operating models as we recover from the pandemic • ASHH is able to access other sources of funds, if required, due to its track record with banks and as a part of Aitken Spence Group	Financial Capital
Assessment				
Impact		Medium		
Likelihood		Medium		
Direction		↗		

Risk & Risk Rating	Key Drivers	Mitigation Strategies	Further information																		
Intense Competition																					
Competition has intensified but ASHH has been able to lead due to strategic locations, superior service and excellent cuisine leading to rave reviews by guests	• Growth of room inventory • Entry of global players into markets • Price competition	• Continued interest from tour operators and online travel sites • Consistently favourable reviews of our properties by guests strengthening brand equity • Group linkages to the world's largest tour operator and Sri Lanka's leading destination management company	Operating Environment Social & Relationship Capital																		
<table><tr><th colspan="2">Assessment</th></tr><tr><td>Impact</td><td>Medium</td></tr><tr><td>Likelihood</td><td>Medium</td></tr><tr><td>Direction</td><td>➔</td></tr></table>				Assessment		Impact	Medium	Likelihood	Medium	Direction	➔										
Assessment																					
Impact	Medium																				
Likelihood	Medium																				
Direction	➔																				
Interest Rate Risk																					
Interest rates edged up in the latter half of the financial year across markets as Central Banks tightened their monetary policy. In Sri Lanka, the policy interest rates were increased by 700 bps on 8th April 2022 which will exert pressure on interest rate risk	• Borrowings of Rs. 49 Bn in LKR, USD and Euro exposes ASHH PLC to movements of related interest rates • CBSL has reduced interest rates to ease pressure on commercial activity	• The Group's treasury division continues to negotiate with banks and financial institutions to secure the best possible rates for the Group's borrowings and investments	Note 42.7 to the Financial Statements on page 229 Financial Review on page 60																		
<table><tr><th colspan="3">Assessment</th></tr><tr><td rowspan="2">Impact</td><td>Sri Lanka</td><td>High</td></tr><tr><td>Overseas</td><td>Medium</td></tr><tr><td rowspan="2">Likelihood</td><td>Sri Lanka</td><td>High</td></tr><tr><td>Overseas</td><td>Medium</td></tr><tr><td rowspan="2">Direction</td><td>Sri Lanka</td><td>↗</td></tr><tr><td>Overseas</td><td>➔</td></tr></table>				Assessment			Impact	Sri Lanka	High	Overseas	Medium	Likelihood	Sri Lanka	High	Overseas	Medium	Direction	Sri Lanka	↗	Overseas	➔
Assessment																					
Impact	Sri Lanka	High																			
	Overseas	Medium																			
Likelihood	Sri Lanka	High																			
	Overseas	Medium																			
Direction	Sri Lanka	↗																			
	Overseas	➔																			
Cyber Risk																					
All significant processes are supported by one or many internet-driven services.	• Potential loss of information assets of the Group • Impact on customer privacy in the event of a potential loss • Cyber risks have escalated during the pandemic	• Well-defined group-wide cyber security incident response process • Conducting cultural change management programmes to create staff awareness on the importance of maintaining information security and handling of sensitive information • Implementation of network protection technology to manage network perimeter defence, data loss, cyber-spoofing, distributed denial of service attack and mobile devices, and monitor suspicious cyber activities together with regular testing and verification of controls	Intellectual Capital																		

MANAGING RISKS AND OPPORTUNITIES

Risk & Risk Rating	Key Drivers	Mitigation Strategies	Further information
Duration of Pandemic			
The pandemic is forecasted to reach endemicity and is downgraded as a result. However, it has been maintained in the risk grid to ensure vigilance in this regard as markets open up this year.	Innovation of commercially viable vaccines and treatments for the COVID-19 virus and emerging strains	- Practise of strict health and safety measures by people - Checking vaccination status of guests	Operating Environment
Assessment			
Impact	High		
Likelihood	High		
Direction	→		

OPPORTUNITIES

The rapid recovery of tourism in the markets we operate in reflect the pent-up demand and the ability of the industry to recover quickly. We are capitalising on the opportunities available in the market to strengthen the recovery of the ASHH Group as given below.

Reimagine our offering

- We are creating innovative tourist experiences to strengthen the recovery of our properties, both on digital mediums as well as with the assistance of tour operators

A strong brand reinforced by positive reviews

- ASHH has a strong brand in the market and is renowned for its unique traditions in hospitality
- Rave reviews from guests to strengthen our positioning in key markets

Develop new markets

- There are opportunities to develop new markets as well as increase market share in existing markets. We are pursuing these by customising offerings that appeal to diverse markets

Sustainability & Responsible Tourism

- ASHH has a strong sustainable tourism value proposition for guests with unique locations and sustainable practices which will appeal to the growing numbers of environment conscious guests
- Embedding sustainability into our processes and organisation culture provides opportunities to drive cost efficiencies across our businesses enhancing productivity and returns

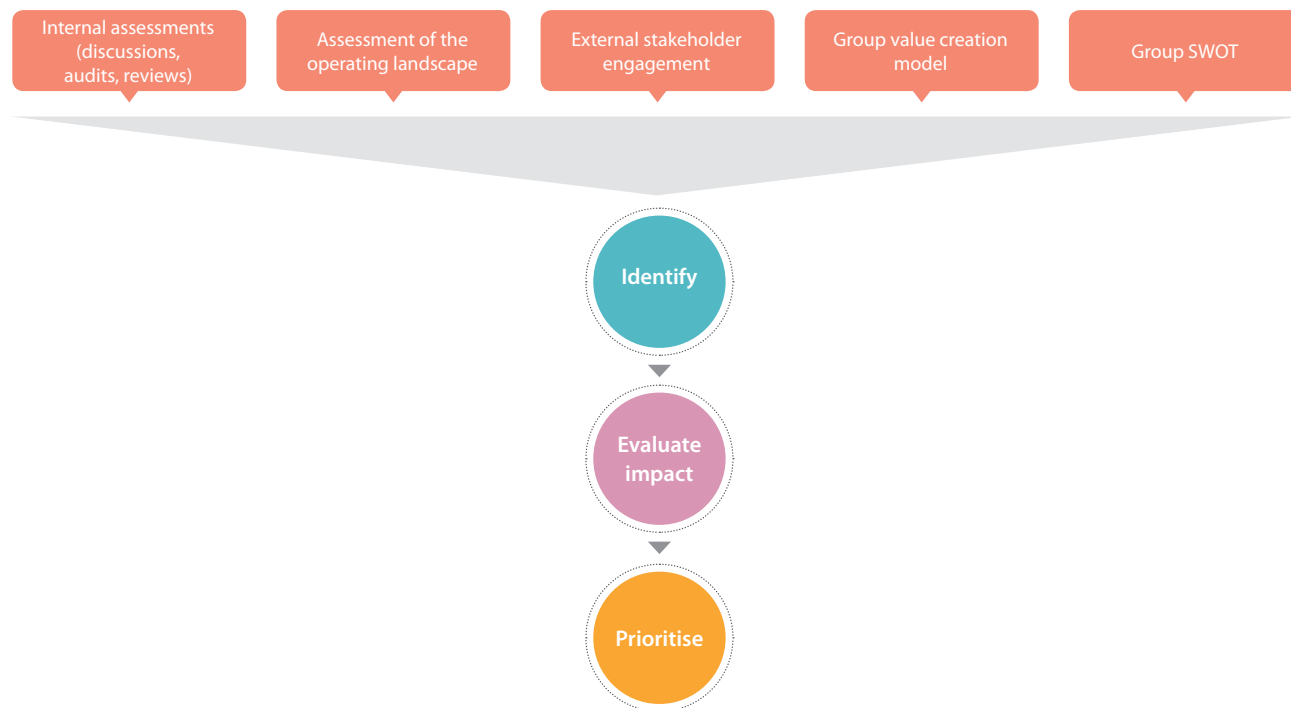
Group synergies and linkages

- As part of the Aitken Spence Group, ASHH has strong links with the world's largest tour operator and Sri Lanka's leading destination management company, positioning the Group as a front runner in the recovery of the sector

MATERIAL TOPICS

102-48 102-49 103-1 103-2 103-3

The Group's material topics form the anchor of this Integrated Annual Report. It demonstrates the issues that are most important to its stakeholders and have the potential to affect value creation over the short, medium, and long term. In line with dramatic shifts in the Group's operating environment, the materiality landscape recorded significant changes as demonstrated below. The process adopted in determining material topics is presented below:



The material issues shown below are listed in order of priority demonstrating relevance to our strategic objectives, the Sustainable Development Goals and corresponding GRI topics. (Please refer to GRI Index on pages 258 to 262 for detailed information on the material topics as required by GRI). There are no material restatements of information disclosed in the previous Annual Report and no changes in the reporting boundary.

Key changes in material topics 2021/22

- **New material topics**
 1. Macroeconomic conditions
 2. Managing costs
- **Increase in materiality**
 1. Health and safety
 2. Financial performance and preserving liquidity



	Material Topic	Strategic Priority	SDG	Relevant GRI Standard
(1)	Health and safety ↑ Increase in priority	●		GRI 416: Customer health and safety
(2)	Macroeconomic conditions (New material topic)			
(3)	Cost management (New material topic)			
(4)	Financial performance and preserving liquidity	●		GRI 201: Economic performance
(5)	Service and operational excellence	●		
(6)	Customer satisfaction	● ●		
(7)	Talent management	●	  	GRI 401: Employment GRI 402: Labour management relations GRI 404: Training and education GRI 405: Diversity and equal opportunity
(8)	Property portfolio	●		
(9)	Brand and reputation	● ●		
(10)	Product responsibility and responsible business	●		GRI 418: Customer privacy GRI 417: Marketing and labelling
(11)	Carbon footprint (energy, emissions)	●	 	GRI 302: Energy GRI 305: Emissions
(12)	Water and biodiversity	●	 	GRI 303: Water and effluents GRI 304: Biodiversity
(13)	Effluents and waste	●		GRI 306: Waste
(14)	Raw material consumption	●		
(15)	Procurement practices	●		GRI 204: Procurement practices
(16)	Local communities	●		GRI 203: Indirect economic impacts GRI 413: Local communities
(17)	Good governance			GRI 205: Anti-corruption GRI 406: Non-discrimination GRI 307: Environmental compliance GRI 408: Child labour GRI 409: Forced labour GRI 419: Socio-economic compliance

- Portfolio expansion and upgrade
- Operational excellence
- Developing our talent
- Sustainability

STRATEGY AND RESOURCE ALLOCATION

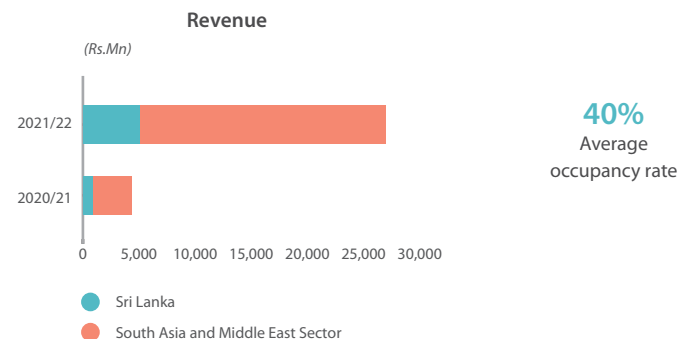
Strategic agility has remained of vital importance in recent years, given the persistently challenging operating conditions that prevailed. During the year, we revisited and refined our strategic priorities, focusing on leveraging our physical infrastructure and capabilities to remain resilient amidst unprecedented challenges. Accordingly, we shifted focus from expanding our portfolio to optimising revenue; while other strategic objectives remain largely unchanged and are in line with the Group's long term aspirations. The progress we made is discussed throughout the report, with a high-level overview provided in subsequent pages. Relevance to our business clusters and capitals are shown through navigation icons in the respective sections of the report.

- **Revenue Optimisation**
Leverage physical infrastructure and unique competencies to increase revenue generation
- **Operational Excellence**
Ensure short, medium and long term stability and growth through a responsive approach to business which can navigate market uncertainties
- **Developing our Talent Pool**
Develop a vibrant team who demonstrate resilience, passion and commitment in extraordinary circumstances
- **Sustainability**
Minimise negative impacts on the environment and achieve sustainable growth for our internal and external stakeholders



STRATEGY AND RESOURCE ALLOCATION

REVENUE OPTIMISATION

Highlights of 2021/22		Resource allocation
- Partnered with Kings Hospital Colombo to convert Turyaa Kalutara and Heritance Ahungalla to Interim Care Centres, thereby optimising underutilised assets for revenue generation - Maintained flexibility in cancellation policies - Enhanced the corporate website and introduced dynamic pricing to the Maldivian region which supported increased competitiveness - Offered targeted promotions through leveraging data insights obtained from the Guest Management System - Launch of Maldivian Village concept at Heritance Aarah offering guests an authentic Maldivian experience on local culture, heritage and sustainability		 Rs. 95 Mn Investment in digital marketing Rs. 11 Mn Investments in converting properties to Interim Care Centres
Measuring Progress  Revenue (Rs.Mn) 2021/22 2020/21 0 5,000 10,000 15,000 20,000 25,000 30,000 ● Sri Lanka ● South Asia and Middle East Sector 40% Average occupancy rate		Capital trade-offs Conversion to an Interim Care Centre could impact the Hotel's reputation and image over the short term, but aid in supporting cash flow generation
Way forward		
Short term	Medium-to-long term	
- Proactive measures to ensure that our guests are not affected by the shortage in energy and essential items - Curtail non-essential expenditure including property refurbishments and upgrades - Ongoing focus on managing costs of operations	Pursue growth in non-traditional market such as Eastern Europe	

OPERATIONAL EXCELLENCE

Highlights of 2021/22		Resource allocation
- Explored alternative ingredients and refined customer value propositions in effectively responding to import restrictions and disruptions to both local and global supply chains - Maintained all properties in line with the COVID-19 regulations set out by the health authorities - Relentless focus on cost management and efficiency improvements - Facilitated work-from-home arrangements to ensure employee safety and optimise resources		 Rs. 9.5 Bn Payments to local suppliers
Measuring Progress		 Rs. 4.2 Mn Investment in health and safety protocols
17% Operating profit margin (2020/21: -91%) 90.03% Customer satisfaction rate		 3,446 Channel partners
		Capital trade-offs
		Investments in ensuring health and safety have adversely impacted financial capital, but is expected to drive increased traffic to our resorts and strengthen revenue generation over the medium to long term
Way forward		
Short term	Medium-to-long term	
- Maintain focus on ensuring the safety of all employees and guests - Strengthen engagement with partners and provide assurance on our ability to fulfill customer requirements	- Branding investments for Adaaran - Refurbishments in Heritance Ahungalla and Heritance Kandalama	

STRATEGY AND RESOURCE ALLOCATION

DEVELOPING OUR TALENT POOL

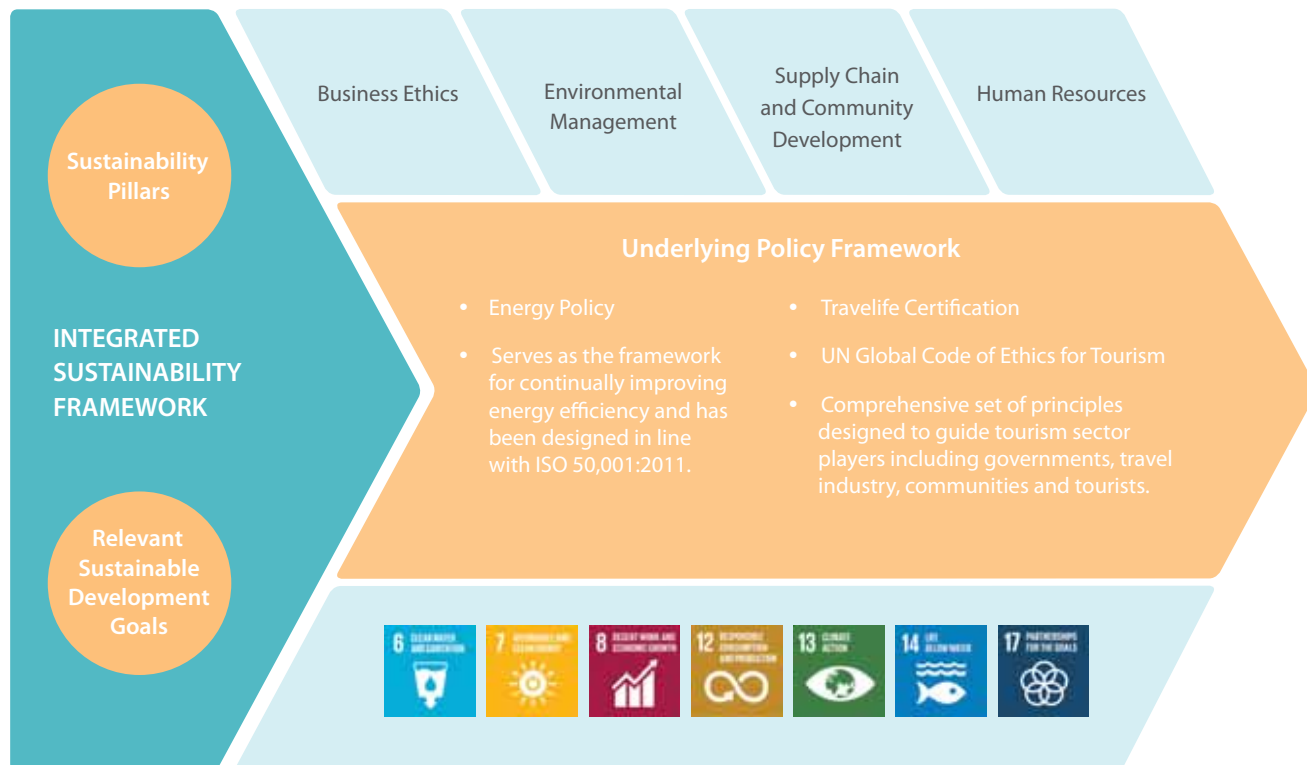
Highlights of 2021/22			Resource allocation
- Redeployment of employees across the Group, thereby optimising human capital and providing opportunities for cross exposure - Employee engagement shifted to virtual platforms - Emphasis on both financial and non-financial well-being of employees - Increase work productivity through agile working models - Ongoing focus on talent development			 Rs. 5.5 Mn Investment in training
2.67 Average training hours / employee Rs. 1.44 Mn Benefits per employee (+52%) 68% Retention rate			 Rs. 4.2 Bn Total payments to employees
			Capital trade-offs
			- Retention of all employees have adversely affected our financial performance, but will strengthen human capital over the long term, given increased loyalty and satisfaction of employees - Ongoing investments in skill development will enhance both our intellectual capital and social and relationship capital over the long term
Way forward			
Short term		Medium-to-long term	
- Restructuring of compensation and benefits to reflect recent escalation in inflation - Maintain focus on employee safety and well-being		- Launch of competency framework to manage operational talent - Elevating the employer brand	

SUSTAINABILITY

Highlights of 2021/22		Resource allocation
- Structured engagement with internal stakeholders to identify possible improvements and obtain feedback on the Group's sustainability agenda - Formulated a Disaster Recovery Plan to safeguard key assets and employees - Introduced glass water bottles in local resorts - Optimising space utilisation in common areas such as restaurants to preserve energy - Property level CSR activities - Development of local suppliers across a range of new products - Established a garbage management system which converts wet garbage to fertiliser in the Maldivian resorts - Donation of 12,000 surgical masks to COVID-19 National Disaster Management Authority of the Maldives - All single-use plastic is collected and handed over to the Maldives Ocean Plastic Alliance, a locally-registered non-government initiative dedicated to the responsible disposal of ocean plastics in the Maldives		 Rs. 28 Mn Investment in community engagement Rs. 4.9 Mn Investment in environmental initiatives
Measuring Progress 60% Decline in water consumption per guest night 58% Decline in energy consumption per guest night 62% Reduction in carbon footprint per guest night		Capital trade-offs The reduced footfall across our resorts have led to a rejuvenation of natural capital around our properties, particularly in areas of rich bio-diversity such as Heritance Kandalama and the coral reefs in the Maldivian Island
Way forward		
Short term	Medium-to-long term	
- Acceleration of plans to eliminate single-use plastics across our portfolio through discontinuing plastic straws, sachets and PET bottles among others - Expansion of sustainable sourcing avenues with emphasis on local supply chains	- Continue certification programmes across properties and functions - Recommencement of environmental initiatives that were halted in 2020/21 due to prevalent conditions	

SUSTAINABILITY AT AITKEN SPENCE HOTELS

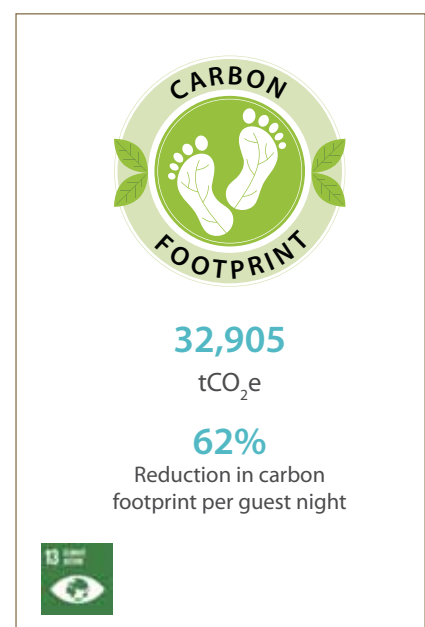
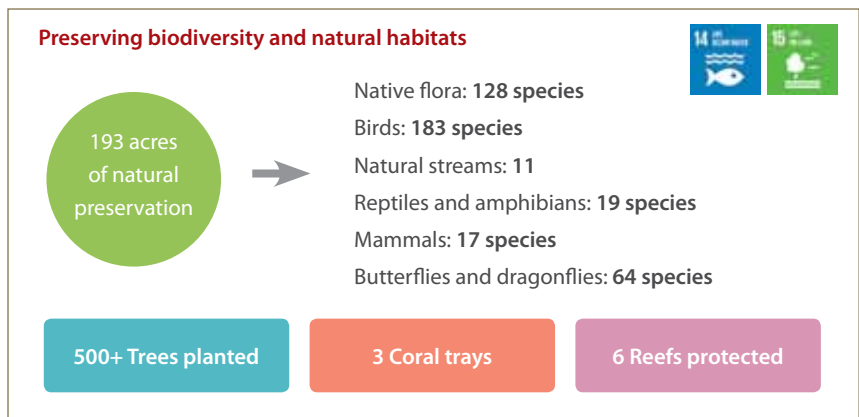
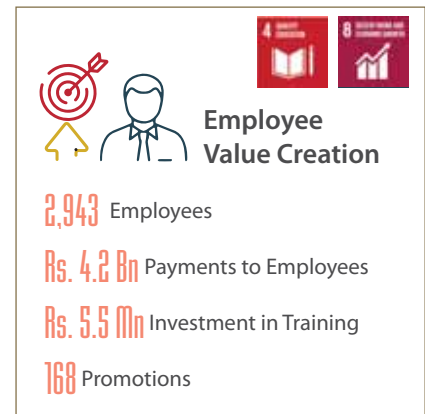
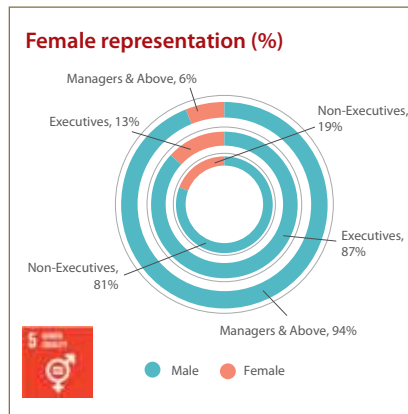
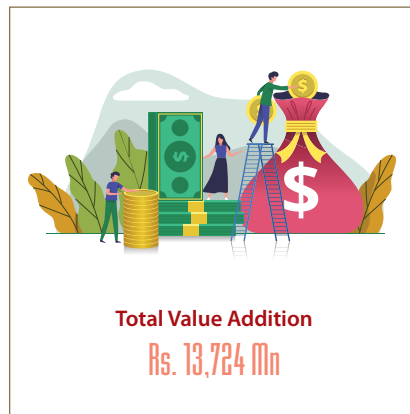
The Group has long since embraced the principles of sustainability, embedding social and environmental consciousness into its corporate strategy, operations and processes. We are acutely aware of the significant role the tourism industry can play in addressing critical issues facing the world today. The Group's approach to sustainability is aligned to the Integrated Sustainability Framework of the parent entity and comprises the following key pillars. Please refer to the full Policy at www.aitkenspencehotels.com/wp-content/uploads/2017/04/ASH-Integrated-Sustainability-Policy.pdf



Please refer to the full Integrated Sustainability Policy by scanning the QR Code

SUSTAINABLE TOURISM DASHBOARD

305-5 419-1



PERFORMANCE ANALYSIS

OPERATIONAL REVIEWS

Sri Lankan Cluster

Competitive strengths	
Collection of 11 distinct properties	Reputation and brand value
Extensive relationships across value chain	Authentic experiences
Operating Environment	Risks and Opportunities
- Pandemic-led periodic lockdowns - Recovery in the latter part of the year, supported by an influx of arrivals from Russia, India and traditional markets - Adverse implications of deepening macroeconomic crisis and political unrest by April 2022	- Shortage of essential items such as imported food, medicines and fuel - Political unrest and adverse travel advisories by source markets - Relatively successful vaccination drive
Strategy and Performance	
- The cluster recorded gradual recovery in comparison to the previous year, supported by the easing of restrictions. This drove domestic travel and recovery of international arrivals towards the latter part of the year. Resultantly, Revenue increased by fourfold while losses reduced by 41% during the year under review. - The Sector demonstrated considerable agility and resilience, partnering with Kings Hospital Colombo to convert two properties to Intermediate Care Centres during the year. - During the second half of the year, Sri Lanka saw an influx of international arrivals. The Group swiftly capitalised on this by securing charters from Russia, Uzbekistan and Kazakhstan. - Ongoing efforts were placed on rationalising costs and optimising resources through employee redeployment, multi-skilling and efficiency improvements.	 Loss after tax of Rs. 1.52 Bn  Renovation / refurbishment  Rs. 718 Mn Payments to employees  27 certifications  22% average occupancy levels  30% increase in carbon footprint
Sri Lankan Cluster - Performance	
(Rs.Mn)  Legend: Revenue (Orange Bar), Pre-tax profit/loss (Blue Line)	
Outlook	
The current economic crisis coupled with shortage of essential items and political instability have hampered the short term outlook for the Sri Lankan cluster. The medium-to-long term outlook, however, remains more positive as we anticipate a gradual turnaround in the macroeconomy given appropriate policy response and international support. Our properties are aptly positioned to capitalise on the first signs of recovery, underpinned by our strong brand name, agile operating models and extensive relationships with distribution partners.	

OPERATIONAL REVIEWS

South Asian and Middle Eastern Cluster

Competitive strengths															
Among the largest international operators in Maldives	Reputation and brand value	Strong relationships with channel partners	Specialised experience												
Operating Environment		Risks and Opportunities													
- Maldives recorded a strong recovery during the year, reflecting pent-up demand, and conducive policy developments - Strong growth was recorded from source markets such as India, Germany, UK, Russia and the CIS region - Oman briefly benefitted from quarantine bookings during the first quarter of the year, and showed gradual recovery following the re-opening of borders in September 2021 - Surge in infections in India resulted in the closure of borders for the most part of 2021, until its subsequent opening in November		- Strong growth potential in the Maldives, as well as gradual recovery in India and Oman - Pent-up demand expected to boost demand for hospitality in the medium-to-long term - Improvement in travel confidence													
Strategy and Performance															
- The Group's Maldivian resorts posted strong recovery, capitalising on the influx of arrivals to the country, to record an average occupancy rate of around 69%. Cluster revenue increased over fourfold in comparison to the previous year, while profit for the year amounted to Rs.2.55 Bn compared to losses of Rs.4.68 Bn the previous year. - The Sector engaged in critical refurbishments of Adaaran Prestige Vadhoo, Adaaran Club Rannalhi and Adaaran Select Hudhuran Fushi. - Heritage Aarah, the Group's newest property in the Maldives delivered a year of strong growth receiving rave reviews, numerous international awards, and is positioned to emerge as a key earnings generator. - Oman leveraged on its excellence in cuisine and catered for international cricket teams at the T20 World Cup and the legends cricket event held in Oman. - Despite a slow start, India achieved 82% occupancy by March 2022 as business activity increased, primarily from business travellers. - Market conditions in India and Oman remain subdued. We have focused on optimising resources and realigning overhead structures to trim losses and preserve liquidity.		South Asian and Middle East Cluster Performance (Rs.Mn) <table><thead><tr><th>Year</th><th>Revenue</th><th>Pre-tax profit/loss</th></tr></thead><tbody><tr><td>2020</td><td>15,000</td><td>-1,000</td></tr><tr><td>2021</td><td>5,000</td><td>-4,000</td></tr><tr><td>2022</td><td>22,000</td><td>2,000</td></tr></tbody></table> ● Revenue — Pre-tax profit/loss Profit after tax of Rs. 2.55 Bn Renovation / refurbishment of 03 properties Rs. 1.52 Bn Payments to employees 09 certifications 62% average occupancy levels 74% increase in carbon footprint		Year	Revenue	Pre-tax profit/loss	2020	15,000	-1,000	2021	5,000	-4,000	2022	22,000	2,000
Year	Revenue	Pre-tax profit/loss													
2020	15,000	-1,000													
2021	5,000	-4,000													
2022	22,000	2,000													
Outlook															
The Maldives will continue to drive the Group's overall profitability in the short-to-medium term and is positioned for further growth given the continued increase in arrivals to the country. India also showed strong signs of recovery, driven by business travel in the latter part of the year and is expected to drive continued growth in the coming months.															

PERFORMANCE AND CAPITAL MANAGEMENT



FINANCIAL CAPITAL

“The Group’s ability to create value to its financial capital is largely dependent on its financial performance, which improved compared to the previous year, supported by a strong rebound in the Maldives sector, while the Sri Lankan sector also posted modest recovery.”

SHAREHOLDERS’ FUNDS



Rs. 28.14 Bn

TOTAL BORROWINGS



Rs. 49.19 Bn

CASH AND CASH EQUIVALENTS

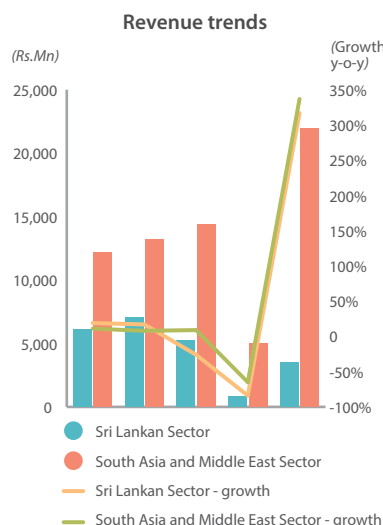


Rs. 4.03 Bn

FINANCIAL PERFORMANCE

Revenue

Consolidated Revenue increased by over fourfold, albeit a low base from last year, to reach Rs. 24.57 Bn during the year. Growth was underpinned by strong rebound in the Maldives, which saw Revenue in the South Asia and Middle East cluster increasing by 337%, with occupancy levels averaging 62%. Despite considerable volatility stemming from pandemic-led disruptions and macro economic stress, Sri Lankan resorts delivered revenue growth of 317%. The Sector recorded an average occupancy rate of 22%, supported by an increase in domestic travel and recovery of international arrivals during the last quarter of the financial year. However, the ongoing adverse macro economic situation and resultant social unrest have prompted industry-wide cancellations from April 2022. Activity is expected to be subdued in the short term.



COST MANAGEMENT

Overhead expenses increased by 86%, reflecting escalation in operational activity in comparison to the previous year, which saw extended lockdowns for several months of the year as well as rising inflationary pressures in Sri Lanka. Staff costs increased by 74% as the Group continued to pay full remuneration to all employees and also offered market adjustments in view of the economic stress that prevailed. Other direct operating expenses which are linked to activity

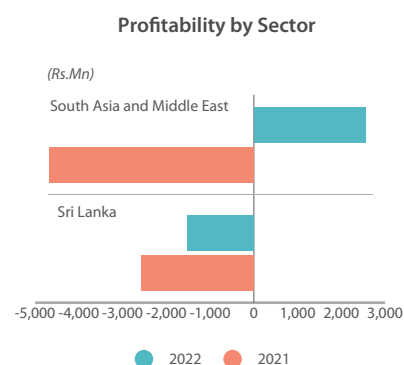
levels increased over fourfold in line with revenue expansion while other indirect operating expenses grew by 77% during the year. The Group has continued to place relentless focus on rationalising costs and optimising resources, through redeployment of employees, exploring alternative suppliers and adapting offerings. Meanwhile, the Group’s other income amounted to Rs.203 Mn due to exchange gains.

The Group posted a turnaround at operating level, generating a profit of Rs.4.28 Bn compared to a loss of Rs.5.19 Bn the previous year. Profits were generated solely by the South Asian and Middle Eastern Sector, which recorded a strong turnaround to generate an operating profit of Rs.4.80 Bn, compared to a loss of Rs.3.40 Bn the previous year. The premium proposition offered by the Sector allows it to contribute significantly to Group earnings during conducive years. The Sri Lankan Sector remained in the red, although losses reduced by 71% compared to the previous year.

FINANCE EXPENSES

The Group's net finance expenses increased by 3% to Rs.2.11 Bn during the year, reflecting an increase in borrowings to fund working capital investments, bridge liquidity shortfalls and fund capital expenditure. Total debt increased by 39% to Rs.49.19 Bn during the year, as the Group increased exposure to long term borrowings, given the rising interest rate environment experienced towards the latter part of the year. The Group has also availed itself of the debt moratoriums granted to COVID-19 impacted businesses including hospitality operators, and these moratoriums are expected to end in June 2022. Finance income for the year amounted to Rs. 172 Mn consisting mainly of returns made on financial investments.

PROFITABILITY



The Group reaped the benefits of its diverse earnings profile, with the strong performance of the Maldivian resorts offsetting losses in the Sri Lankan sector. Accordingly, the Group generated a pre-tax profit of Rs.1.95 Bn compared to losses of Rs.7.61 Bn the previous year. The South

Asian and Middle Eastern Sector generated a pre-tax profit of Rs.3.09 Bn while the Sri Lankan Sector reduced losses to Rs.1.15 Bn. Losses arising from associates, which is classified as an equity accounted investee amounted to Rs. 226.48 Mn, reducing 40% in comparison to the previous year.

Summary of Key Income Statement Items

Rs. Mn	F/Y 2021/22	F/Y 2020/21	% Change	Explanatory Notes
Revenue	24,571	5,728	329%	The strong rebound in the Maldives sector is the main contributor to the fourfold revenue growth in the Group. Sri Lankan resorts recorded a 317% YoY revenue increase, supported by an increase in domestic travel and recovery of international arrivals during the last quarter of the year
Other Operating Income	203	(46)	542%	Reflects exchange gains due to depreciation of the Sri Lankan Rupee against major currencies
Staff Costs	(4,243)	(2,431)	74%	The Group continued to pay full remuneration to all employees and also offering market adjustments in view of the economic stress that prevailed
Depreciation & Amortisation	(3,433)	(3,338)	3%	
Other Operating expenses - Direct	(6,168)	(1,513)	308%	Due to increase in volume
Other Operating expenses - Indirect	(6,105)	(3,452)	77%	Due to increase in volume
Finance Income	172	135	27%	Due to increase in cash inflows
Finance Expense	(2,279)	(2,174)	5%	Reflects increase in borrowings to fund working capital investments, bridge liquidity shortfalls and fund capital expenditure

PERFORMANCE AND CAPITAL MANAGEMENT

FINANCIAL CAPITAL

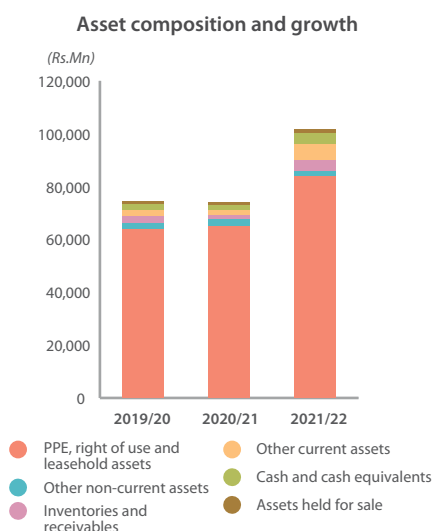
Summary of Key Income Statement Items

Rs. Mn	F/Y 2021/22	F/Y 2020/21	% Change	Explanatory Notes
Share of Profit/(Loss) of equity accounted investees net of tax	(226)	(379)	-40%	Losses arising from associate companies
Taxation	(912)	353	-358%	Mainly due to positive returns generated in the Maldives sector

FINANCIAL POSITION AND STABILITY

Balance Sheet Strength

Total assets increased by 37% to Rs. 101.64 Bn by end-March 2022, driven by an increase in PPE and higher investments in working capital due to numerous supply chain disruptions that prevailed during the year. PPE increased by 28% to Rs.67.36 Bn, in view of several property refurbishments and upgrades in the Maldives resorts. Investments in working capital more than doubled to Rs.3.93 Bn as the Group increased inventory levels given interruptions to procurement. As such current assets accounted for an increased 14% of total assets, compared to 8% the previous year.



Capital and liabilities

Shareholders' funds increased by 28% to Rs.28.14 Bn supported by increased profit generation during the year. Consequently equity funded 28% of the Group's total assets. Total liabilities increased by 41% during the year, mainly due to higher exposure to borrowings. With 39% increase in borrowings during the year, the Group's gearing ratio (debt / debt + equity) increased to 64% from 62% the previous year. Despite persistently challenging conditions, the Group was able to fulfil all its financial obligations as and when they fell due.

Summary of Key Balance Sheet Items

Rs. Mn	31st March 2022	31st March 2021	% Change	Explanatory Notes
Property, plant and equipment & leasehold property & prepaid operating leases	83,743	64,731	29%	Due to movement in exchange rates impacting foreign currency denominated assets and refurbishments
Other non-current assets	2,214	2,703	-18%	
Inventory	1,627	817	99%	In line with volume increases
Cash and cash equivalents & other financial assets	8,462	2,820	200%	Due to rise in bank deposits as a result of increased volume
Other current assets including trade and other receivables	5,593	3,097	81%	In line with the volume increases
Total Assets	101,640	74,168	37%	
Shareholders' equity	19,871	15,956	25%	Due to increased profit and other operating income generated during the year
Non-controlling interests	8,270	6,006	38%	Due to increased profit and other operating income generated during the year

Summary of Key Balance Sheet Items				
Rs. Mn	31st March 2022	31st March 2021	% Change	Explanatory Notes
Long term debt	43,952	30,716	43%	Due to movement in exchange rates impacting foreign currency denominated borrowings
Short term debt	5,235	4,733	11%	Due to movement in exchange rates impacting foreign currency denominated borrowings
Other non current liabilities	15,113	11,259	34%	Due to movement in exchange rates impacting foreign currency denominated lease liabilities
Other current liabilities (Including trade & other payables)	9,198	5,498	67%	Inline with the volume increases
Total Equity and Liabilities	101,640	74,168	37%	

CASHFLOW

The Group's cash flow generation strengthened during the year, reflecting increased operational activity in both sectors. Net cash inflow from operating activities increased to Rs.6.79 Bn from an outflow of Rs.807.34 Mn the previous year. Meanwhile net cash outflow from investing activities amounted to Rs.3.74 Bn reflecting capital expenditure as well as investments in term deposits. The Group's net cash outflow from financing activities amounted to Rs. 2.52 Bn mainly due to repayment of interest-bearing liabilities. Overall, the Group's cash and cash equivalents recorded a net increase of Rs. 541 Mn.

Economic Value Added (EVA)					
	2021/22 Rs. '000	2020/21 Rs. '000	2019/20 Rs. '000	2018/19 Rs. '000	2017/18 Rs. '000
Net Profit Attributable to Shareholders	1,034,305	(7,253,215)	(895,724)	1,197,164	1,583,394
Add:					
Depreciation and Amortisation	3,433,486	3,338,451	2,846,879	1,873,724	1,815,254
Non Cash and Non operational adjustments	79,730	625,038	448,912	256,804	(63,083)
Total Interest on debt	2,278,833	2,173,971	1,861,353	934,502	949,117
Adjusted Profit After Tax	6,826,354	(1,115,755)	4,261,420	4,262,194	4,284,682
Total Investment Capital					
Total Equity	28,141,058	21,962,720	29,150,430	30,595,435	27,894,002
Add:					
Total Long Term Debt to banks	38,596,278	28,147,885	24,890,820	23,405,292	18,154,051
Total Short Term Debt to banks	10,591,516	7,300,993	5,250,363	4,184,006	6,142,605
Lease Liability	14,689,882	11,033,234	9,133,386	-	-
Cumulative Depreciation	29,439,940	20,117,354	16,918,951	14,147,105	11,465,586
Adjusted Investment Capital	121,458,674	88,562,186	85,343,950	72,331,838	63,656,244
Economic Value Added					
Weighted Average Cost of Capital	6.3%	5.2%	6.6%	5.9%	6.7%
Cost of Average Investment	7,700,513	4,621,421	5,640,720	4,260,511	4,282,516
Economic Value Added	(874,159)	(5,737,176)	(1,379,300)	1,682	2,166



MANUFACTURED CAPITAL

“As a hotel operator, the Group’s Manufactured Capital plays a central role in delivering our customer experience and is a vital factor in ensuring satisfaction. The Group’s portfolio of iconic properties is a key pillar of its customer value proposition and competitive edge.”

ROOM INVENTORY



Sri Lanka: 1,536
South Asia & Middle East: 1,290

PROPERTY, PLANT, AND EQUIPMENT



Rs. 67 Bn
(66% of the Balance Sheet)

DIGITAL INFRASTRUCTURE



Rs. 290 Mn

Highlights in 2021/22

Renovation in the Maldives



- Rs. 29.20 Mn investment in refurbishing three properties in the Maldives

Leveraging digital capabilities



- Enhance website and leverage data insights from Guest Management System (GMS) to drive targeted marketing and dynamic pricing in the Maldives

Contribution to Value Creation

21%

Increase in bookings through website

90.03%

Customer satisfaction score on facilities



Rs. 762 Mn

Capital investment in 2021/22

Rs. 950 Mn

Revaluation surplus on freehold land

OUR PROPERTIES

Each of our properties have a distinct character and is renowned for their unique attributes, which has supported our differentiation and competitive edge.



Heritance Kandalama

Envisioned and created by famed architect Deshamanya Geoffrey Bawa, the 152-room hotel in Dambulla is a unique celebration of its locality, location, and the natural grounds on which it stands. Stretching 1 km of forest-clad cliff face, the hotel has become part of the wild, with nature taking over the building and covering it with hanging vines and native flora. Championing eco design in hospitality, the one-of-a-kind resort is Asia's first Green Globe 21-certified hotel, and the first in the world to be awarded the prestigious LEED Green Building certification. Whilst preserving the natural habitat was key, the resort is designed to offer picturesque views of the lake, the rolling hills beyond and peek at world famous sites such as Sigiriya from wherever you stand at the resort.



Heritance Ahungalla

Featuring the world's first infinity pool, the 152-room hotel embraces southern charm, inviting relaxation and calm. Designed by legendary architect Deshamanya Geoffrey Bawa, the underlying theme of peace and serenity is created right from the start as one is greeted with the four blues – the azure pond, the calming pool the rippling ocean and the cobalt skies. The first five-star beach resort in the country, the property is an ode to simplicity and embraces the spirit of Heritance – celebrating vibrant locality. Featuring art and crafts by some of Sri Lanka's well-known artists such as Laki Senanyake, Ena De Silva on its walls and ceilings; it is today a playground for local artisans to promote their crafts thereby creating awareness on our inherent Sri Lankan artistry.

PERFORMANCE AND CAPITAL MANAGEMENT

MANUFACTURED CAPITAL



Heritance Ayurveda

Aitken Spence Hotels' first property reopened in 2011 as Heritance Ayurveda, presenting a unique, authentic ayurveda wellness experience. The resort's novel delivery of a professional ayurvedic experience without the compromise of comfort has enabled it to carve its niche in the minds of wellness enthusiasts globally. Presenting a system of bespoke treatment and comprehensive healthcare, the resort celebrates Sri Lankan ayurveda practices by retaining ayurveda doctors and caregivers as part of its cadre, whilst promoting local ingredients and food preparation techniques for long term wellness. The 64-room hotel in Beruwala is yet another Geoffrey Bawa design in the Spence portfolio – creating the perfect balance between building and nature, the indoors and the outdoors; an aspect vital for balance of body, mind and soul.



Heritance Tea Factory

The historical Hethersett Estate is home to a 51-room resort converted from a 19th century tea factory representing local warmth and up-country charm.

Set in rolling green hills high above sea level in Kandapola, this is the first tea factory to have been converted into a hotel in Sri Lanka, earning a UNESCO Merit Award for its restoration. Many of the building's original features have remained, with no alterations made to its exterior. Inside, it almost feels like a museum, with features such as brass-capped wooden fans in the bedrooms, scales once used to weigh tea and the original engine room, which is still turned on each day for guests to admire. Creating a 'tea destination' the resort features tea plucking at its working estate, mini tea factory tour, professional tea tasting experience and a tea menu consisting high tea, tea-based cuisine, and beverages.



Heritance Negombo

A resort in the city, the 143-room property melds inventiveness and grandeur with ease, making it the perfect holiday and banquet space celebrating the spirit of Sri Lanka. Sprawling across 6.5 acres of beachfront land, with the sea being its key feature view from every room, the hotel is an ode to what makes 'Negombo' special – It shows its inspiration from the violet sunsets in its primary colours, use of brassware in its design and celebrates famed Negombo artists in the names of its banquet spaces. Designed for convenience and comfort, the resort also features a unique outdoor dining space, in line with the popular street dining concept of the city. It is also said to be located on the one of the widest beachfront the island has to offer.



Turyaa Kalutara

Home to six acres of sandy beaches, dotted with striking green coconut palms, this is a 199-room resort designed to celebrate the vibrancy of life. Living up to its name, with 'Turyaa' inspired from 'melody' in Sri Lankan language, the resort is designed – through its services and offerings – to create a perfect synergy of pace, comfort, celebration, and delight. A seaside sanctuary where seamless leisure is a daily occurrence, the resort features an array of accommodation, along with dining spaces, entertainment areas, banquet, and conference facilities. Bright spaces to inspire joy is a given at this resort in close proximity to the commercial hub of the island.



Amethyst Passikudah

Stretching across ten acres of bay considered to be among one of the world's longest stretch of shallow coastal line, lies one of the most unassuming resorts in Sri Lanka. The 38-room hotel is designed to escape the mundane, with large open spaces placed within undisturbed tropical greenery allowing guests to feel calm and relaxed giving them an incomparable peace of mind. Popular for escapism, the resort is home to lake views as well as ocean views, with a water body cascading down the centre of its property to create the perfect atmosphere for relaxation. For the adventurous, seasonal water sports and excursions are made available.



Earl's Regency Hotel

At the heart of the cultural capital of Kandy lies a unique ensemble of royalty and innate hospitality. The 116-room hotel is the epitome of elegance and boosts your interest in unravelling Sri Lanka's hidden marvels whilst serenading guests with comfort and indulgence. The resort promises an experience surpassing expectation with professional service, award-winning cuisine, and an astounding range of accommodation options ideal for a perfect vacation. Among the most sought-after hotels in the city of Kandy, the property is home to exceptional venue spaces that has seen events of all nature and proportions.



Earl's Regent Hotel

The lush green of the ancient Kandyan kingdom surrounds this 87-room hotel suited for stays of all kinds – business, leisure, and families. With views of the rolling hills drawing up the perfect backdrop on one side, the hotel pays homage to the historical era of the past through its design and service element; the latter fit for a king. Its strategic location brings convenience to guests with key attractions in close proximity; whilst making it also a top contender for event spaces in Kandy given its dynamic spaces and unrivalled service.



Bandarawela Hotel

Formerly known as the Tea Planter's Club, Bandarawela Hotel's illustrious origins date back to the 18th century colonial area when the railway links were constructed, upon which the hotel served as a house for train travellers. The hotel was also a facility for recuperating British soldiers during World War II. Hidden amidst the misty mountains, its prime location overlooking the garden foliage makes it the ideal reclusive destination for all holiday seekers. The 33-room hotel combines the very best of hospitality looking into every aspect from food to service to and is a getaway like no other.

PERFORMANCE AND CAPITAL MANAGEMENT

MANUFACTURED CAPITAL



RIU

The 501-room hotel with its all inclusive offering and 24-hour facilities is part of the international RIU chain of hotels. Bringing in 'everything under one roof' concept that RIU is well known for, the

hotel offers an international hotel experience in the southern belt of the island. Featuring an array of accommodation options for couples, families and groups, the hotel also presents a mini club for kids, ample entertainment options for families and friends alike and cuisine inspired by its presence across continents.



Heritance Aarah

Woven into a tapestry the 150-all villa resort takes the 'Heritance' brand across its Sri Lankan borders. Presenting an immersive indulgent experience, the Premium All Inclusive resort elevates the orthodox all inclusive concept to new heights with its awe-inspiring offering featuring a culinary journey of epic proportions

along with complimentary over and under-water excursions and activities. The resort keeps to the Heritance promise of embracing locality and features a unique in-resort Maldivian Village promoting culture and illustrating the archipelago's journey. Heralding firsts to the Maldivian hospitality culture, the resort is the first LEED certified building in the Maldives given its sustainable ethos; and features the first and only medi spa.



Adaaran Prestige Vadoo

Introducing Maldives' first overwater bungalows, the 50-overwater villa resort is famed as a honeymooners' paradise given its secluded villa design, all inclusive offering catering to the

romantics and proximity to the main island. Strategically located at the gateway to the South Atolls, the resort possesses its own exotic reef teeming with vibrant aquatic flora and fauna. The list of indulgences that awaits guests here can only be matched by the captivating beauty of the surroundings, warmed by signature Adaaran hospitality.



Adaaran Select Meedhupparu

Located in Raa Atoll, the 215-villa resort sits atop a mature island presenting plenty of sun, sea, sand and palm trees. The vast

island is the perfect base to make vacation dreams come true – explore the Indian Ocean, partake in exhilarating fun activities, dine to hearts content and unwind to recuperate; given its Premium All Inclusive offering. The resort is also ideal for those with a penchant for exploration as the island is surrounded by a rich house reef with underwater caves in close proximity.



Adaaran Select Hudhuran Fushi

World renowned as the 'surf island' the 197-villa resort has a perfect left breaking down one side of the island and six other world class waves just a short boat ride away: making it the ideal surfing spot for beginners and pros alike. Located in a peaceful seclusion in the north Malé atoll, just a short seaplane ride away from the main city island, the resort presents a Premium All-inclusive offering aimed at families, friend groups and even the romantics with the soul of an adventurer.



Adaaran Club Rannalhi

The island of fun, the resort houses 122 rooms and overwater villas and is designed for those who crave a quick break from the bustle of everyday life. The island home is crafted to give its guests their own space for self-discovery, relaxation or even just to cosy up, at their own pace and time. Presenting the perfect no-frills 'island holiday', the resort offers access to pristine beaches, excellent scuba diving opportunities, a range of overwater activities and a relaxed environment with easy access to the capital city.



Turyaa Chennai

An oasis in the heart of the city, the five-star deluxe 140-room hotel is the epitome of business and leisure. With close proximity to Chennai's IT Corridor, the hotel offers design-led, stimulating and personalised products and services to create a trendy yet exclusive space for stays, high powered business meetings, intimate or gala weddings or family time. Catering to a cross section of clients, the urban hotel extends a warm invitation to those seeking a space of comfort and convenience.



Al Falaj Hotel Muscat

Conveniently located in the heart of the city with easy access to both the business district as well as numerous tourist attractions, the 150-room hotel is among the finest business hotels in Oman and presents a seamless mélange of business and leisure. With close proximity to Muscat International Airport, the hotel features newly refurbished rooms, spacious venues for meetings and conferences, a recreation centre open for guests and public, and biz-friendly facilities which are all harmoniously brought together by thoughtful service.

PERFORMANCE AND CAPITAL MANAGEMENT

MANUFACTURED CAPITAL



Desert Nights Camp

The only luxury desert camp in Oman, the 86 Bedouin-style tent and camp features the very best of glamping. Located in the silken Wahiba Sands, the resort rising as a surreal mirage in the desert combines the authenticity of desert camps with luxurious facilities and, endless picturesque dunes and crystalline wadis. The award-winning resort creates an atmosphere that slows time, lend itself to the mythical stories of the past, yet offering comfort under the blanket of the starry skies.



Sur Plaza Hotel **Sur Plaza Hotel Sur**

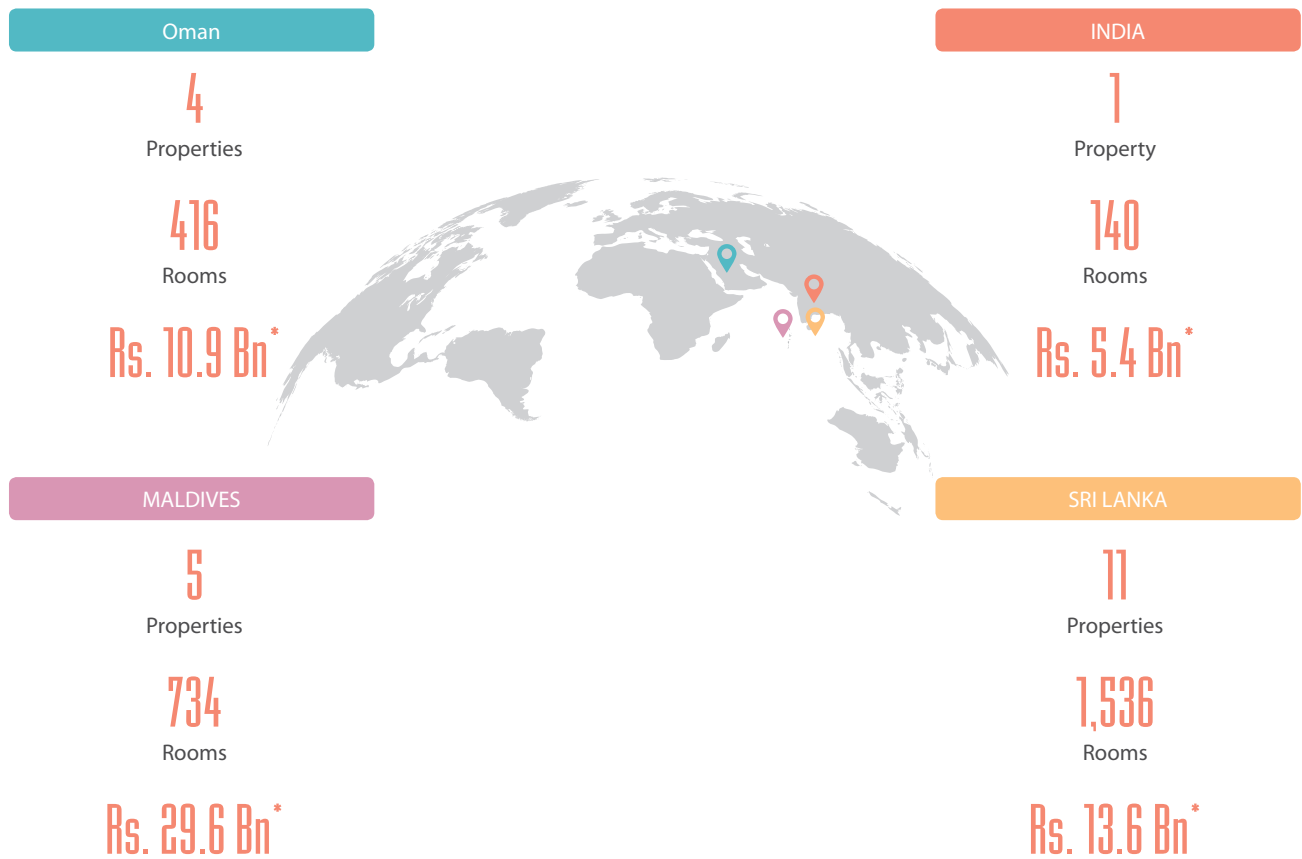
The 105-room hotel sits at the eastern city of the Arabian Peninsula and is among the first to witness sunrise in this part of the world. The hotel offers a comfortable stay and upscale customer service to discerning guests and travellers. Inspired by the traditional Omani hospitality, the well-thought-out hotel in the city evokes a relaxing and memorable stay. Offering a superlative service and warm friendly staff to take care of every need, the hotel is your perfect getaway space.



AL WADI HOTEL
SOHAR

Al Wadi Hotel Sohar

The 75-room hotel offers perfect respite in the legendary city of Sohar with its maritime roots. The hotel marries the old-world charm with the comforts and convenience of today's world, presenting guests with an inimitable experience in one of the most scenic towns in the Middle East. Embodying the quaintness of the town where the legendary Sinbad the sailor is said to have roamed and paying homage to Sohar's ancient maritime roots, the hotel is known as a transit hotel for guests travelling overland to Oman from Dubai.



* Net book value of land and building as at 31st March 2022

CAPITAL EXPENDITURE IN 2021/22

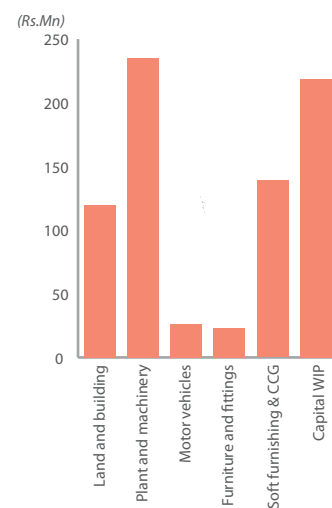
As the operating environment remained challenging, the Group sought to curtail major expansion plans in a bid to preserve liquidity levels. During the year, the Group did not engage in any refurbishments / upgrades in the Sri Lankan properties. Instead, the focus was on the Maldives portfolio due to its strong rebound of significant upside potential. Accordingly, the Group invested to Rs. 29.20 Mn in the following refurbishments;

- Cadjan replacement at Adaaran Prestige Vadoo
- Repair and renovation of reception area roof at Adaaran Club Rannalhi
- Roof renovation and roofing sheet replacement at Lohis Villa Rooms at Adaaran Select Hudhuran Fushi

LONG TERM ASSET MANAGEMENT STRATEGY

The Group's asset management strategy is centred on balancing short and long term interests, funding requirements and asset life cycles. As an owner and developer, we also monitor trends in the real estate market in order to capture opportunities in investment, divestment, refurbishment, or redesign of our hotel assets. Our long term asset development strategy also seeks to identify new and current destinations through joint ventures and opportunities in property management, which supports low intensity capital growth.

Capital expenditure by category



PERFORMANCE AND CAPITAL MANAGEMENT

MANUFACTURED CAPITAL

DIGITAL INFRASTRUCTURE

With dramatic shifts in the industry landscape over the last two years, the Group has focused on leveraging its digital infrastructure to interact with customers, employees, and business partners, while ensuring the continuity of business operations. Recent investments in strengthening digital capabilities served the Group well during the year, enabling it to drive targeted digital marketing, attract domestic traffic through the website and enhance resource optimisation.

Customer Acquisition & Engagement

- Online bookings through the Group's websites for Heritance, Adaaran and Aitken Spence Hotels as well as Al Falaj and Turvaa Chennai
- E-marketing tools such as Channel Manager, Review Management System and Price Parity Checker
- Customer Relationship Management System

Automation and Efficiency

- Property Management System ensuring Increased efficiency and accuracy of guest information
- Enterprise Planning System
- Revenue Management System

Safety of Guests

- Implement touchless practices such as online check-in and QR Code menu cards

Key focus areas with regards to digital infrastructure during the year included the following:

- Strengthening the website across all brands. Introducing dynamic pricing in the Maldives, which has enabled our properties to be more competitive on pricing and attract guests at the correct price point based on demand and supply dynamics. We intend to launch this feature to the Sri Lankan resorts over the short-to-medium term.
- Leveraged data insights from the Guest Management System to drive targeted marketing and promotions in the Maldives. This resulted in a significant improvement in conversion rates, while enabling us to gauge occupancies and performance in relation to competitors.

WAY FORWARD

Several of our properties are due for refurbishment and we intend to commence these upgrades as soon as the present macroeconomic stress eases as anticipated in the medium-term. Over the short term, the Group will continue to invest in only critical refurbishments, particularly given the surge in the cost of construction and the prevalent shortage in input materials.



“As a service sector operator, our team of 2,943 passionate and committed employees facilitate our customer experience while driving our strategic agenda. They are a vital part of our value creation process and our competitive edge in the industry.”

TOTAL EMPLOYEES



Sri Lanka: 1,496
South Asia & Middle East: 1,447

FEMALE REPRESENTATION RATE



Management Level: 13%
Overall: 6%

Highlights in 2021/22

Physical and mental well-being



- Stringent safety protocols to minimise the risk of cross infection
- Ongoing communication to maintain mental well-being

Redeployment



- Employees deployed across properties, geographies and Aitken Spence PLC's other sectors

Training and development



- Cross-exposure across functions and geographies
- Equipped employees with skills to thrive in new reality post-pandemic

Nurturing our Human Capital

Rs. 4.2 Bn

(+74%)

Employee Benefits

RS. 5.5 Mn

(+400%)

Training Investment

52,933

(+105%)

Training Hours



Ongoing employee engagement through digital platforms

Safe Workplace

24

Work Related Accidents

NIL

Serious Injuries

PERFORMANCE AND CAPITAL MANAGEMENT

HUMAN CAPITAL

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HR GOVERNANCE AND MANAGEMENT APPROACH

The Group's approach to managing its people is aligned to Aitken Spence PLC and is clearly articulated through a comprehensive HR policy framework. Given the diversity of businesses within the Holding Company, Sectors operate their own HR departments, which are supported by services from the Group's centralised HR function, ensuring adherence to Aitken Spence Group standards. Plans are in place to roll out a consistent policy framework across all Group entities during the next financial year.

Conduct and ethics: The Group Code of Ethics is applicable to all employees and clearly sets out our expectations on employee conduct and engagement with external and internal stakeholders. Key elements include principles of conduct, financial conflicts, business conduct, conflict of interest and confidentiality, among others.

PROFILE OF OUR TEAM

Given the conditions that have prevailed over the past three years, the Group curtailed new recruitments. On the other hand, turnover levels increased during the year, reflecting the labour migration to other industries and overseas opportunities. As a result, the Group's workforce has continued to decline since 2019/20, but saw a slight increase as the gaps were filled to a certain extent with total employees amounting to 2,943 by end-March 2022, compared to 2,563 the previous year.

Employees by Contract and Gender

	Males	Females	Total
Permanent	1,026	132	1,158
Contract	1,624	158	1,782
Casual	2	1	3
Total	2,652	291	2,943

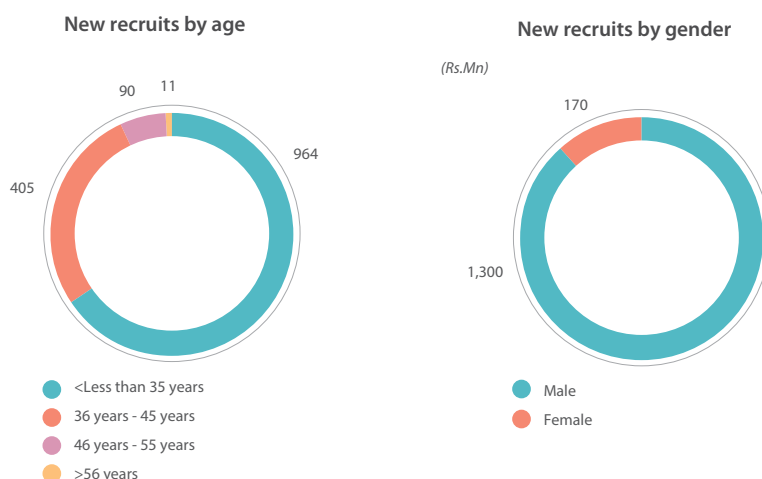
Employees by Category and Gender

	Males	Females	Total
Executives	320	86	406
Non-Executives	2,179	181	2,360
Managers & Above	153	24	177
Total	2,652	291	2,943

Employees by Nationality

	Males	Females	Total
Sri Lankan	1,821	213	2,034
Indian	217	22	239
Bangladeshi	98	-	98
Maldivian	460	15	475
Others	56	41	97
Total	2,652	291	2,943

PROFILE OF NEW RECRUITS



Out of the 1,470 recruitments during the year, 775 employees were recruited for Sri Lankan operations while 695 were recruited for the South Asian and Middle East region.

HR STRATEGY IN 2021/22



Redeployment of employees

Deployment of employees between properties and functions thereby providing optimised resources and cross-exposure



Employee welfare and well-being

Supported the well-being of employees through both financial and non-financial means. In addition to physical well-being the Group also focused on supporting the mental health of employees



Employee engagement

Strengthened engagement among both local and overseas staff through virtual platforms. Events held during the year included Women's Day Celebrations, Christmas and Knowledge Café programmes among others



Enhancing work productivity through remote working arrangements

Introduction of Semi Virtual Mobility (SVM) work arrangements, which received positive feedback from employees due to increased flexibility and better work-life balance

PERFORMANCE AND CAPITAL MANAGEMENT

HUMAN CAPITAL

RESPONSE TO COVID-19

Sri Lanka witnessed a surge in COVID-19 infections with the outbreak of the second and third waves of the pandemic during the financial year. As occupancy levels decreased, the Group was compelled to take proactive measures to safeguard the financial security of employees, whose remuneration was directly affected due to the sharp decline in the service charge. Support employees received included the following:

Implications	Response
 Ensuring safety and well-being	Stringent health and safety guidelines, ongoing awareness sessions and property-specific safety protocols
 Job security	All employees retained with zero layoffs / voluntary retirements, Employees who opted for no-pay were permitted to engage in other income sourcing activities
 Managing employee related costs	Only critical recruitments were done during the year while preference was given for internal candidates to reduce employee related costs
 Financial support	Special relief package for COVID-19 affected employees Risk allowance in several hotels Financial assistance for hospitalisation of COVID-19 employees Company staff transport facilities at selected hotels

EMPLOYEE ENGAGEMENT

Employee engagement was challenged by the prevalent conditions prompting the Group to adopt virtual platforms to maintain communication with employees during the year. With employee morale inevitably impacted by the uncertainties, focus was placed on maintaining employee spirit and camaraderie through numerous initiatives delivered through digital platforms. The Group's engagement mechanisms are discussed on page 73 of this Annual Report while the following initiatives were also conducted.

As a result of these initiatives, employees worked together with the Management to understand the organisation's pain points and support the Group's commercial sustainability through accepting redeployments and transfers.



Spirit of Christmas through Christmas Carols at our Hotels



Knowledge sharing through Knowledge Cafés



Bidding farewell to Spensonians

INDUSTRIAL RELATIONS

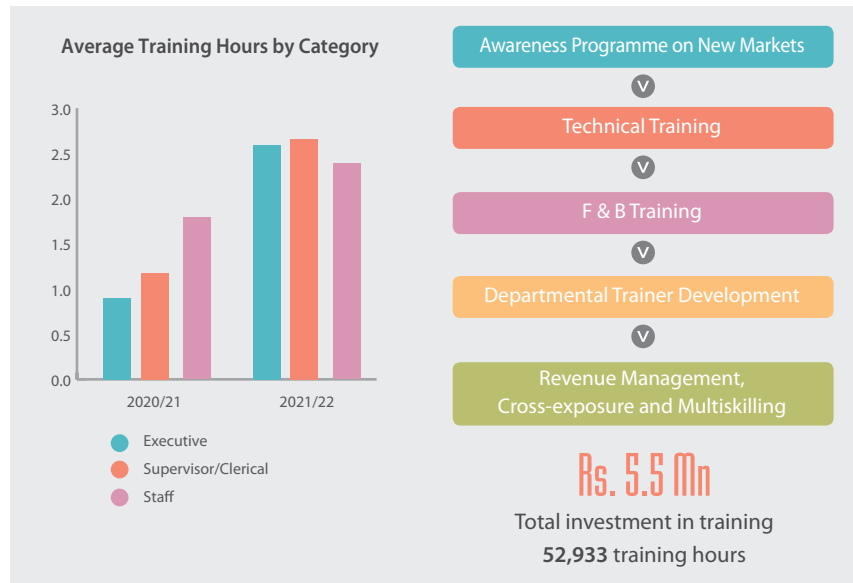
Around 8% of our employees are members of trade unions while more than 6% are collective agreements. Robust policies and procedures are in place to ensure harmonious and conducive work relationships between management and employees.

We continued to maintain proactive engagement with trade unions during the year, obtaining their cooperation in implementing new work practices and determining remuneration. A defined grievance mechanism is also in place to escalate issues to respective General Managers, Head of HR and subsequently to the Parent Union. Any significant changes in working conditions are implemented after a minimum of four weeks' notice period.

TRAINING & DEVELOPMENT

Despite the challenging conditions that prevailed, we continued to invest in upskilling our employees by shifting training to digital platforms. In recent years, we have placed emphasis on equipping employees with the skills required to thrive in the new post-pandemic work environment.

The Group's training record for the year is as follows:



TUI ACADEMY

The Group launched the TUI Academy in 2019 in partnership with the TUI Care Foundation and Youth Career Initiative - a dedicated development centre aimed at providing hospitality-related training to underprivileged youth. Students undergo two months of comprehensive training on all aspects related to hotel operations. Upon completion, they are assigned to the Group's hotels for practical training.

Given the conditions that prevailed during the year, the Academy's operations were temporarily halted for several months and resumed in November 2021. The challenges faced by the tourism industry over the last two years have led to an exodus of staff from the sector, and we are keen to attract and develop motivated young students who will contribute towards the long term growth of this industry.

During the year, the Academy conducted training sessions on culinary skills and English language.



Hotel School Graduates

PERFORMANCE AND CAPITAL MANAGEMENT

HUMAN CAPITAL

202-1 403-1 403-2 404-3 405-1 405-2 406-1

REWARDS AND RECOGNITION

Reduced occupancy levels directly impact the service charge component earned by employees. We are acutely aware of the adverse implication on employees' financial security. During the year, we supported employees by offering relief packages and financial assistance for those affected by COVID-19.

Performance management schemes are aligned to the Group's competency framework, thereby driving the creation of a performance driven culture. Rewards and Remuneration policies are in line with the parent entity and customised to reflect industry-specific elements. All executive staff are evaluated in a three-step process of goal planning, mid-year review and annual goal evaluation, facilitated by the online Human Resources Information System (HRIS).

HEALTH AND SAFETY

A strong Health and Safety (H&S) culture has been instilled across the Group through stringent policies, H&S steering committees, ongoing training, and internal audits, among others. Following the outbreak of the pandemic, the Group launched the Spence Safe safety protocol based on local and international health guidelines and best practices. The framework ensures guest and employee safety by providing a clear blueprint on precautionary measures to be adopted at all times.

Health and safety record in 2021/22

Workplace Related Accidents and Incidents	24
Number of Occupational Diseases	Nil
Number of Lost Working Days Due to Work Related Injuries	72
Number of Lost Days Due to Absenteeism	1,965

RS. 4.2 Bn

(+74%)

Employee Benefit Expense

RS. 1.44 Mn

(+52%)

Benefits to Employees

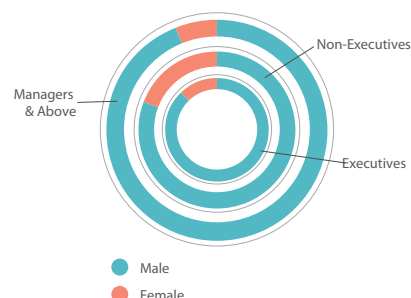
DIVERSITY AND INCLUSION

As an organisation, we recognise the business case for creating a diverse and inclusive culture in which all employees can thrive. This is supported through a policy framework which emphasises equal opportunity, as well as stringent mechanisms to address any issue of harassment and discrimination. We do not tolerate any form of discrimination. Basic salary paid to men and woman at entry level is at parity. During the year, there were also no issues of harassment or discrimination reported.

We have continued to engage with potential female employees and their families, in addressing common misperceptions that prevail regarding the safety of women in the hotel industry. This is conducted through ongoing awareness programmes for school leavers, and by providing opportunities for families to observe the working environments at our properties.

Department	Female %
Front Office	20
F&B	10
Kitchen	4
HR	16
Finance	8
Housekeeping & Other	16

Employees by category and gender



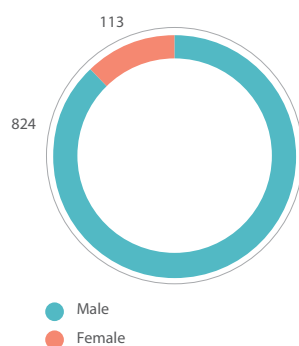
RETENTION

Retention remained a key challenge given increasing labour migration from the industry and from the country. The Group's average turnover rate for the year clocked in at 32%, with the highest turnover recorded in the below 35-years category.

Turnover by age

	2021/2022
35 years & below	46%
36 years - 45 years	18%
46 years - 55 years	14%
56 years & above	26%
Average Turnover Rate	32%

Turnover by gender



Break the Bias - Womens Day pledge at our Hotels

Female Employees



10%
of total promotions

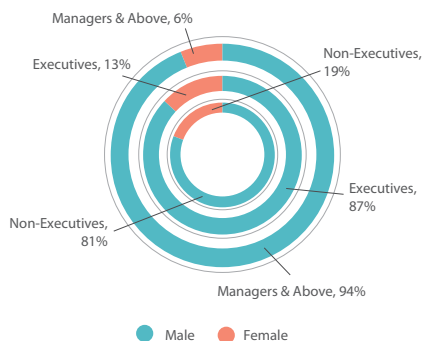


12%
of new recruits



12%
of resignations

Female representation (%)



WAY FORWARD

With the anticipated medium-to-long term recovery of the country's tourism sector, our HR priorities for the next financial year include.

- Launch of talent management initiatives including competency frameworks, holistic learning, and development initiatives and retention strategies
- Investments in refreshing employee engagement in the new normal
- Enhance compensation and benefit schemes to nurture a performance-focused culture
- Strengthen employer branding

PERFORMANCE AND CAPITAL MANAGEMENT



INTELLECTUAL CAPITAL

“The Group’s intellectual capital comprises the strength of its brands, robust systems and processes, and organisational knowledge which has come together to create a culture of learning and knowledge sharing.”

OUR BRANDS



Heritage Hotels & Resorts
Adaaran Resorts
Turyaa



Collective experience and
organisational knowledge
of our team



Robust framework of
internal standards and
external certifications

Highlights in 2021/22

Brand building



- Branding strategy focused on,
- Attracting domestic travellers and penetration of new markets
- Strengthening the brands’ online presence
- Demonstrate commitment to creating unique customer experiences
- Formulating brand unification activities

Industry engagement



- Active contribution to the industry dialogue in addressing prevalent challenges and creating a conducive environment for industry operators supporting the recovery of the tourism industry.

Contribution to Value Creation

36

Certifications complied
with during the year

6.65

Average length of service
of an employee (Years)



67

Awards received during the
year, including (but not
limited to),

TripAdvisor Traveler’s
Choice Awards,
Booking.com Traveler
Review Awards, Luxury
Lifestyle Award and Annual
Report Gold Award

OUR BRANDS

We benefit from the strength of our unique brands, which are a key element of our competitive edge given the role in attracting and retaining customers. The three brands – Heritance Hotels and Resorts, Adaaran Resorts and Turyaa – offer distinctly different experiences, with all operational aspects of the hotels designed to align with the attributes and personality of the brands.



Heritance Hotels and Resorts

Combining attributes of heritage and inheritance, the brand offers a unique proposition combining Sri Lankan authenticity, creativity, warmth and culture which come together to provide an immersive experience

The Group's brand strategy for the year centred on strengthening the online presence of all three brands while seeking to capitalise on the release of pent-up demand for tourism globally. We continued to also reinforce our commitment to safe and secure experiences. Brand building initiatives during the year included the following:

- Special campaign in promoting an exclusive, adults-only offering at Heritance Aarah
- Promotions for the Sri Lankan resorts targeting domestic tourists, 'Daydream no more'
- seasonal promotion 'Your Home for the Holidays' across destinations
- Promotion of wedding packages for the Adaaran and Heritance Hotels and Resorts brands
- Strengthened the website across all brands
- Application to specialised travel trade awards under specific brands



Adaaran Resorts

Derived from Dhivehi meaning 'obligations fulfilled in gold', the brand offers the quintessential Maldivian experience combined with abundant comforts and unparalleled hospitality. The brand offers differentiated experience across price points



Turyaa

Influenced by the Sinhala word for melody, the brand is targeted towards the modern traveller the go getters and trend setters offering affordable travel, great food and outstanding 'can-do-service'

SYSTEMS AND PROCESSES

Robust systems and processes articulated through Standard Operating Procedures (SOPs) in key functions, ensures consistency across the portfolio while sharpening the Group's intellectual capital. The Group also complies with a range of domestic and international accreditations, relating to different aspects of its operations. This includes food safety, sustainability and occupational health and safety, among others. Since the outbreak of COVID-19, the Group has focused on implementing stringent safety protocols to ensure the well-being of both guests and employees. This was actioned through a COVID-19 response plan, safety SOPs and the Spence Safe program which was rolled out in 2020/21. In addition, the Group also obtained the following safety certifications across its markets.

Property	COVID-19 safety measures certifications
All resorts in Sri Lanka	Safe and Secure Certification issued by the Sri Lanka Tourism Development Authority Spence Safe safety program
Maldives	Spence Safe safety program
Oman	Spence Safe safety program
Turyaa Chennai	Safety and hygiene certification awarded by the Bureau of Veritas India Post COVID-19 Preventive Measure Certification issued by PARIKSHAN Hygiene Rating Certification awarded by FSSAI Safety and Hygiene Certification awarded by Deloitte Spence Safe safety program

PERFORMANCE AND CAPITAL MANAGEMENT

INTELLECTUAL CAPITAL

102-13

INDUSTRY ENGAGEMENT

As a leader in the country's hospitality sector, the Group is an active contributor to the industry dialogue through its participation in various industry forums. During the year, we continued to seek proactive engagement with the relevant authorities, industry associations / bodies and counterparts in addressing challenges and creating a conducive operating environment. The Group holds membership in the following associations:

MEMBERSHIPS AND ASSOCIATIONS

- Sri Lanka Tourism Development Authority
- Maldives Association of Tourism Industry
- The Pacific Asia Travel Association
- The Ceylon Chamber of Commerce
- The Hoteliers' Association of Sri Lanka
- The Employers' Federation of Ceylon
- The Field Ornithological Group of Sri Lanka
- The Environmental Management System Users and Promoters Association
- Business and Biodiversity Platform - All Sri Lankan Hotels
- Sri Lanka Bureau of Foreign Employment
- Institute of Supply and Materials Management
- Exporters' Association of Sri Lanka
- Lanka Fruit & Vegetables Producers, Processors & Exporters Association
- Responsible Tourism Partnership
- Sri Lanka Bottled Water Association

AWARDS AND RECOGNITION



Overall

- Winner of Hospitality Sector and ranked among most awarded hotels in the LMD Most Awarded rankings 2021
- Among top 30 companies in the Transparency International- Sri Lanka assessment

Service Excellence

- Ranked No. 1 at the LMD's Customer Excellence Survey in Nationwide Hotels 2021
- 19 out of 22 properties received TripAdvisor Travelers' Choice Award, with 2 properties receiving Best of the Best status
- Heritance Kandalama - 25 most picture perfect hotels in the world
 - Heritance Aarah - TripAdvisor Best of the Best 2021 - Amongst the most exceptional properties around the world
 - Heritance Aarah - Best Luxury Resort in Asia at Luxury Lifestyle Awards
- Heritance Aarah - Among 23 best hotels in Maldives (Condé Nast Traveler ME)



Corporate Reporting

- Winner in Leisure & Connected categories at the ACCA Sustainability Reporting Awards 2021
- Gold Award in the Hotel Sector at the CA Sri Lanka Annual Report Awards

Culinary Expertise

- Al Falaj - Winner of best Japanese Restaurant in Oman at International Dining Awards 2022
- Al Falaj - Stassen Tea Lounge 'Best Luxury Tea Lounge' at the Resort and Retreat Awards 2021 hosted by LUXlife



SOCIAL AND RELATIONSHIP CAPITAL

“In these unprecedented and challenging times the Group’s long-standing relationships with its customers, channel partners, suppliers and communities have supported both its commercial and social sustainability, playing a vital role in preserving the Group’s competitive edge.”

CUSTOMER RELATIONSHIPS



311,818 Guest Nights

3,446 CHANNEL PARTNERS



Including tour operators, travel agents and corporate clients

900 SUPPLIERS



Local and International supply chain partners

Highlights in 2021/22

Customer Value



- Offer flexible booking policies visibility in pricing
- Focus on enhancing the customer experience

Leveraging our channel partnerships



- Leveraging relationships with channel partners to secure arrivals from Russia, Uzbekistan and CSI markets

Developing local supply chains



- Increase reliance on local suppliers and close collaboration to ensure required product quality and consistency

Customer Value

- ‘Spence Safe’ safety protocol
- Flexible booking and cancellation policies
- Value added services on length of stay and other
- Revamping product offerings online
- GMS targeted campaigns to build loyalty and present specialised offerings

Leveraging channel partnerships

- Leveraging relationship with key industry stakeholders to secure arrivals from key markets
- Leverage OTA partnerships

PERFORMANCE AND CAPITAL MANAGEMENT

SOCIAL AND RELATIONSHIP CAPITAL

102-12

Contribution to Value Creation

90.03%

Average customer satisfaction rate

40%

Average occupancy rate

13%

Procurement from local suppliers

0.4 Mn

Investment in CSR



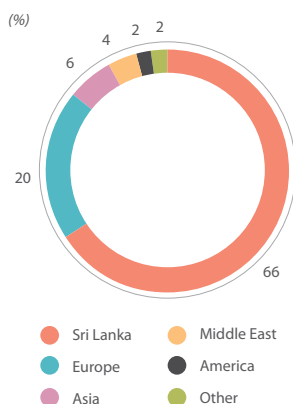
CUSTOMER RELATIONSHIPS

Our valuable customers are at the centre of our value creation and service offering. This mindset allows us to cater to their evolving requirements through customised solutions and services.

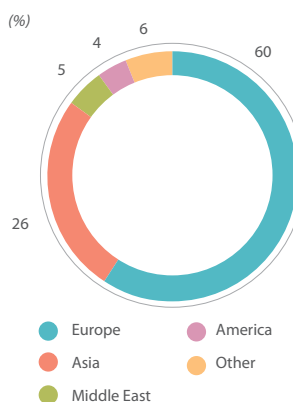
Customer profile in 2021/22

During the first half of the year, we relied primarily on the domestic market, offering attractive propositions through value addition and promotions. We leveraged our extensive database of customers to drive increased penetration in the corporate segment. With the gradual improvement in tourist arrivals to the country, the Group successfully attracted charter groups from source markets such as Russia, Uzbekistan and Kazakhstan. Maldives posted strong recovery during the year, witnessing an influx of arrivals from India, Russia and the Eastern European market.

Key source markets - Sri Lanka



Key source markets - Maldives



Marketing Strategy in 2021/22

The Group adopted an agile marketing strategy during the year, which was realigned to suit emerging developments, given persistent volatilities in the market. Key aspects of our strategy included the following;

Sri Lankan Sector

- Specialised campaigns for domestic market such as 'Daydream no more' with banking partnerships
- Combined destination campaigns such as for Your Home for the Holidays for Christmas, Eid and Black Friday
- Conversion of two resorts to Interim Care Centres in partnership with The Kings Hospital

Maldives Sector

- Targeted promotions for the Maldivian sector through leveraging data insights from the Guest Management System (GMS)
- Upgrade of high interactive web pages to improve the booking experience
- Quarantine business for selected markets

CUSTOMER VALUE PROPOSITION



Guest Experience

The Group sought to address the impacts of the import restrictions by offering authentic Sri Lankan experiences. Due consideration was also given to the increased price sensitivity of customers.

We also launched a few propositions in the Maldives which include the following:

- Launch of localised menus across properties for which ingredients could be sourced within 10km of each property
- Herb garden established at Adaaran Select Meedhupparu
- Launch of the Maldives Village within Heritance Aarah - promoting an authentic Maldivian experience showcasing local culture and customs

Promotion of the Ocean Suite and Residence at Heritance Aarah as an adult only space, offering exclusivity

Engagement

In addition to the traditional methods of customer engagement, we conducted a range of exciting activities and competitions through digital platforms, including photo competitions, Christmas activities and engagement of social media influencers. ReviewPro, Review Management Platform was used to analyse guest feedback and address key issues. This also enables the company to remain engaged and active with the travel community.

Through social media, engagement is measured with quarterly goals in an organic setting, against competitors.

Customer Safety

Safety continued to be a key priority during the year. The Group leveraged the learnings obtained during the first wave of the pandemic to implement stringent measures which was an enjoyable experience. All Sri Lankan resorts have obtained the COVID-19 Safe and Secure certification, while Spence Safe - the Group's holistic safety program has been rolled out across all

properties and destinations. The Spence Safe protocols are based on the highest standards of international and domestic safety guidelines and refined by our in-house experts. The guidelines were communicated in advance to all guests through the Group's website and at the point of reservation.



Arrivals and departures

- Temperature checks, disinfection of ground fleet and guest baggage



Check-in and Checkout

- Health declaration forms
- Discourage the use of cash and paper bills



Accommodation

- Daily temperature checks on guests and employees
- Stringent sanitisation of all facilities
- Contactless in-room dining
- Resting of accommodation units between stays
- International standards of care when cleaning towel and linen



Restaurants and dining

- To-go breakfast boxes for guests who prefer to dine in their rooms
- Rearrangement of seating areas to ensure distance
- Regulated number of guests for safe dining
- QR-code based menus / laminated menu cards
- Floor markings for restaurants offering buffets

PERFORMANCE AND CAPITAL MANAGEMENT

SOCIAL AND RELATIONSHIP CAPITAL

Customer Satisfaction

Guest satisfaction is monitored consistently through multiple tools including ReviewPro, in-house hotel surveys and business channels. ReviewPro is an online reputation scoring system that collects review data from online travel such as Booking.com, TripAdvisor, Google and Agoda. Our brand standards necessitate a ReviewPro score of at least 80% for every property during the year, all hotels in our portfolio to be maintained during the year.

Property	2021/22
Heritage Ahungalla	89.4%
Heritage Ayurveda Maha Gedara	94.5%
Heritage Kandalama	92.2%
Heritage Negombo	88.5%
Heritage Tea Factory	93.2%
Turyaa Kalutara	86.4%
Adaaran Club Rannalhi	91.8%
Adaaran Select Hudhuran Fushi	92.0%
Adaaran Select Meedhupparu	91.1%
Adaaran Prestige Vadoo	96.6%
Heritage Aarah	97.6%
Al Falaj Hotel	78.4%
Turyaa Chennai	88.9%

Booking.com

Traveller Review Award for

14 properties

tripadvisor

TripAdvisor Travelers' choice Awards

17 properties

CHANNEL PARTNERS

The Group's channel partners comprise tour operators, destination management companies (DMC) and online travel agents. With the gradual increase in tourist arrivals to the country, we leveraged relationships with DMCs to bring in tour groups from markets such as Russia and Uzbekistan. We also strengthened relationships with online travel agents, implementing targeted promotions and dynamic pricing to optimise demand supply dynamics. The Group's strong linkages in source markets such as Russia and the CIS region have enabled it to attract a significant portion of these arrivals into the country, although arrivals from Russia is expected to moderate in view of geopolitical tensions with Ukraine.

95 Tour operator contracts

89 Registered local travel agents

675 Registered corporate clients

Oman

150 Registered corporate clients

India

Sri Lanka

52 Tour operator contracts

1,411 Registered local travel agents

145 Registered corporate clients

3 country representations

Maldives

642 Tour operator contracts

110 Registered local travel agents

11 country representations

OUR ONLINE PRESENCE

Social media engagement

66%

Followers on social media

18+

Hotel and brand profiles on social media

+21%

Increase in traffic via our websites



+37%



+231%

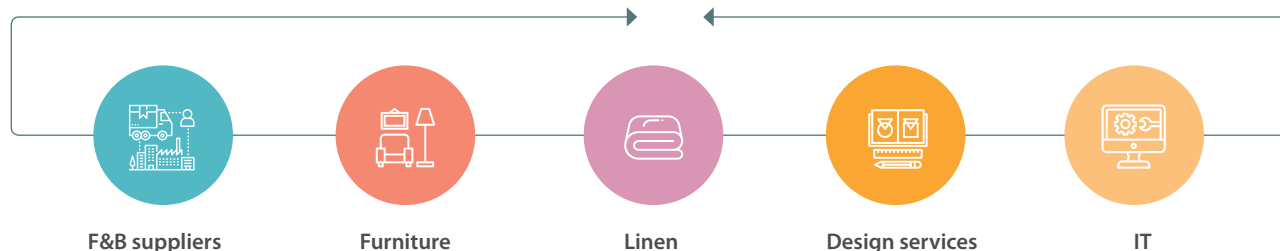


+170%

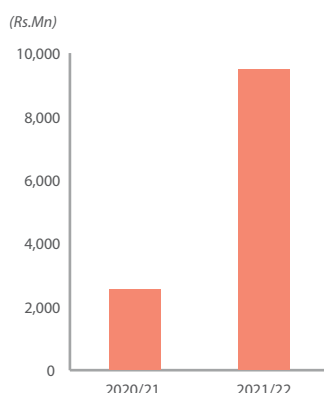


+150%

SUPPLIERS



Payments to Local Suppliers



Effectively managing the Group's supply chain emerged as a key challenge during the year, as import restrictions, shortages in foreign currency and sharp escalation in input costs led to significant disruptions along our supply chain. This resulted in considerable shortages of key items required at hotels including tiles, glassware, linen and F & B among others. Towards the latter part of the year, interruptions to the fuel supply also adversely affected our distribution partners. Against this backdrop, the Group sought to expand its local supplier base, giving priority to local partners over international suppliers.

Key developments during the year included,

- Strengthening suppliers in the vicinity of hotels and resorts in order to reduce transport cost
- Consolidation of shipments to minimise the overall cost
- Offered flexible delivery periods in view of prevalent transportation challenges
- Greening the supply chain by replacing single use plastic water bottles, with reusable glass water bottles and single-use plastic amenity bottles-tubes with reusable ceramic containers

Property	Property % of Procurement Expenditure to Local Suppliers
Heritage Kandalama	99%
Heritage Ahungalla	100%
Heritage Tea Factory	99%
Heritage Ayurveda	100%
Turyaa Kalutara	100%
Amethyst Resort	100%
Hotel RIU Sri Lanka	95%
Maldives	74%
Oman	98%
India	100%

PERFORMANCE AND CAPITAL MANAGEMENT

SOCIAL AND RELATIONSHIP CAPITAL

COMMUNITY

Economic impact

We contribute towards socio-economic empowerment in the communities we operate in through employment generation, sourcing and providing an opportunity for local artisans to display their skills at our hotels and resorts. When recruiting property level employees, all efforts are made to attract local talent. While recruitments were minimal during the year under review, as at end-March 2022, approximately 30% of hotel employees had been recruited within 30 km of the respective hotel.

Given supply chain disruptions during the year, we increased sourcing from surrounding communities by purchasing perishables such as fruits, vegetables, fish, meat and poultry, thereby injecting value across local value chains.

CSR activities

Given adverse industry conditions in recent years, the Group curtailed its community engagement initiatives. However, properties engaged in need-based community engagement programmes at ground level, with the aim of supporting the economic prosperity and well-being of employees. The CSR activities conducted during the year focused primarily on education, health and environment related initiatives, a summary of which is presented below:

Healthcare

- Cleaning and painting the Villimale' Hospital - Heritance Aarah
- Appreciation of the staff at the local hospital - Heritance Aarah
- Providing food items to Maduvvari Health Center - Heritance Aarah
- Blood donation camp - Turyaa Chennai

Education

- Hunavaru Rookies Programme - Apprentice Program, through which six students were trained at three of our Maldivian Resorts
- Distribution of DSI Vouchers to a community school - Heritance Ahungalla
- Distribution of school bags and sweaters for Herthersett Primary School - Heritance Tea Factory
- Stationery & Footwear items donation to Alakolawawa Primary School - Heritance Kandalama

Environment

- 'Trees for Tomorrow' which involved planting 50 guava trees in the local island nearby - Heritance Aarah
- Beach Cleaning programme - Turyaa Chennai and Heritance Ahungalla
- Cleaning shore area from the public entrance - Amethyst Resort
- Clean the main road access to hotel entrance - Amethyst Resort

Other donations

- In line with our seasonal campaign for Christmas and New Year 'Your Home for the Holidays', the hotels extended special discounts up to 58% to workers in the military and medical profession who dedicated their lives for the safety of the nation
- All hotels and resorts also donated one meal at Christmas or New Year to a hospital or military post in close proximity to the hotel in order to share the joy of the season
- Donation of garbage bins for public use - Amethyst Resort
- Numerous donations to deserving individuals in surrounding communities
- Almsgiving to local temple - Heritance Ahungalla

WAY FORWARD

The current economic crisis and political instability has resulted in an increase in cancellations. Despite these challenges we are confident in our ability to procure the essential items required to ensure a safe and enjoyable experience for our guests. Over the short term we will strive to attract guests through,

- Reaching out to our channel partners to inspire travel holidays with our hotels and resorts
- Pursue opportunities in India, the Middle East, Eastern Europe and new markets
- Domestic-centred collaborative marketing with key partners such as banks, corporates, etc
- Leverage partnerships across Group companies to procure the required fuel
- Increase local procurement



NATURAL CAPITAL

“With implications of climate change intensifying across the world, we are acutely aware of the adverse impact this could have on the attractiveness of our destinations. Therefore, as a responsible corporate citizen and with a view to business resilience, we are committed to preserving the natural environment around us and propagate sustainable practices.”

ENERGY CONSUMPTION



344,350 GJ

WATER CONSUMPTION



639,029 m³

RICH BIODIVERSITY SURROUNDING OUR PROPERTIES



1,500 documented species
Over 400 in Sri Lanka
Over 1,100 in Maldives

RENEWABLE ENERGY PRODUCED



4,797 GJ

Highlights in 2021/22

Preserving biodiversity



- Tree planting through the 'Trees for Life' Programme
- Beach cleaning programme
- Coral restoration programme in the Maldives

Reducing single use plastics in our operations



- Replaced single-use plastic bottles with reusable glass bottles
- Replaced single-use plastic accessories with reusable ceramic containers
- Reducing single-use plastic toiletries

Energy conservation



- Ongoing initiatives to increase energy efficiency of operations
- Planned closures for load shedding
- Use of technology and virtual meetings to reduce travel

Contribution to Value Creation

60%

Reduction in water intensity
year on year

42%

Increase in water recycled
year on year



58%

Reduction in energy intensity
year on year

62%

Reduction in carbon
footprint intensity
year on year

PERFORMANCE AND CAPITAL MANAGEMENT

NATURAL CAPITAL

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OUR APPROACH

The Group is a pioneer in sustainable tourism in Sri Lanka and has introduced many eco-friendly best practices to the Sector. Through a comprehensive Environmental Management System, the Group tracks, monitors, and optimises the use of natural resources on a holistic and consistent basis. We also comply with a range of internal and external certifications, providing assurance to stakeholders on the robustness of our systems and processes. During the year, the Group engaged in an introspection of its sustainability frameworks, obtaining feedback from internal stakeholders on the Group's environmental practices.

SCOPE OF SUSTAINABILITY

Management	Environment	Communities	Supply & Demand Chain
Business Policies & Strategies	Energy	Employee Welfare	Suppliers
Compliance & Standards	Water	Human Rights	Guests
Reporting	Waste	Local Communities	
	Harmful Substances		
	Biodiversity		

Identify most significant environmental impacts and agree on targets with action plans based on legal requirements, voluntary standards and our sustainability strategy



Appoint and provide training to environmental representatives. Document and implement programmes and establish controls



Monitor and measure performance, conduct audits and analyse performance against targets on a continuous basis

Conduct management reviews, discuss areas for improvement and take corrective action



Group Integrated Sustainability Policy

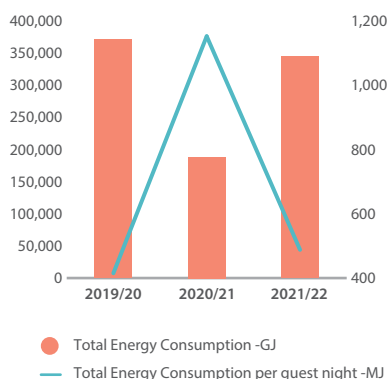
Energy Policy

ISO 14001:2015 - Environmental Management (4 properties)

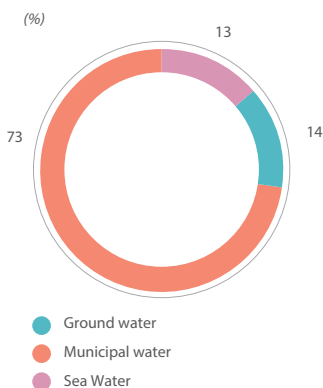
ISO 50001: 2011 - Energy Management (4 properties)

Travellife Gold Certification

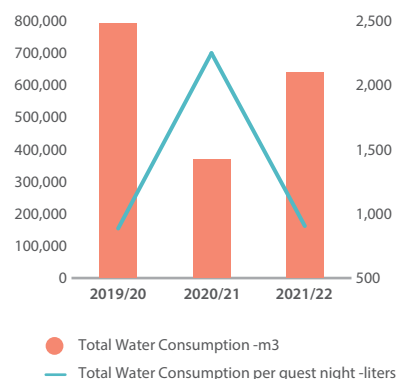
Energy Consumption



Total Water withdrawal by source



Water consumption



RESOURCE CONSUMPTION

The primary natural resources we consume are energy, water and raw materials. Concerted efforts are in place to drive increased efficiency of these resources as listed below.

Resource	Usage details	Initiatives in place and relevant SDG		
Energy	Energy is a key input in our operations, accounting for nearly 10% of total direct and indirect operating expenses. Key sources of energy are electricity, diesel, petrol LPG and bioenergy. Energy consumption increased by 83% during the year, stemming primarily from the Maldives which saw a surge in operational activity.	Interruptions to energy and fuel supply in Sri Lanka, compelled the Group to stock fuel inventory to ensure continued operations. Key energy initiatives during the year included, - Optimising the usage of restaurants, etc to rationalise energy consumption - Increased use of biomass gasifiers in Heritance Kandalama and Heritance Tea Factory - Demand planning through shifting washer loads, rationalisation and optimisation Ongoing initiatives include, - Use of energy efficient lighting solutions such as LED lighting - Installation of inverter type air-conditioners - Key card activation for electricity and air conditioning in rooms - Energy efficiency of products given due consideration during point of purchase		
		 		
	GJ	2021/22	2020/21	2019/20
	Sri Lanka	79,971	59,171	123,580
	Maldives	241,087	115,162	217,400
	Oman	13,734	7,492	17,656
	India	9,558	6,757	13,469
	Total	344,350	188,582	372,105
	Energy consumption per guest night (MJ)	487.82	1,153.06	415.35
Water	The Group's water requirements are fulfilled primarily through sea and ground water sources, although none of these bodies are significantly affected by our water withdrawal. The Group's water consumption increased by 74% during the year in view of increased operational activity in the Maldives.	Ongoing initiatives in place for optimising water consumption include: - Sub-metering to monitor water usage. Actual consumption of water is monitored against targets on an ongoing basis - Installation of low water consumption WC, washbin faucets and shower mixers - Providing a range of green options to customers including towel and linen changes - Maintaining water flow rates - Optimising garden irrigation times to ensure minimal consumption - Water flow rates maintained within the targeted range - Reuse of treated grey water for gardening		
	m ³	2021/22	2020/21	2019/20
	Sri Lanka	252,903	207,296	416,382
	Maldives	329,553	116,485	254,120
	Oman	29,903	24,523	48,920
	India	26,670	19,811	33,733
	Total	639,029	368,115	753,133
	Water consumption per guest night (litres)	905	2,251	841

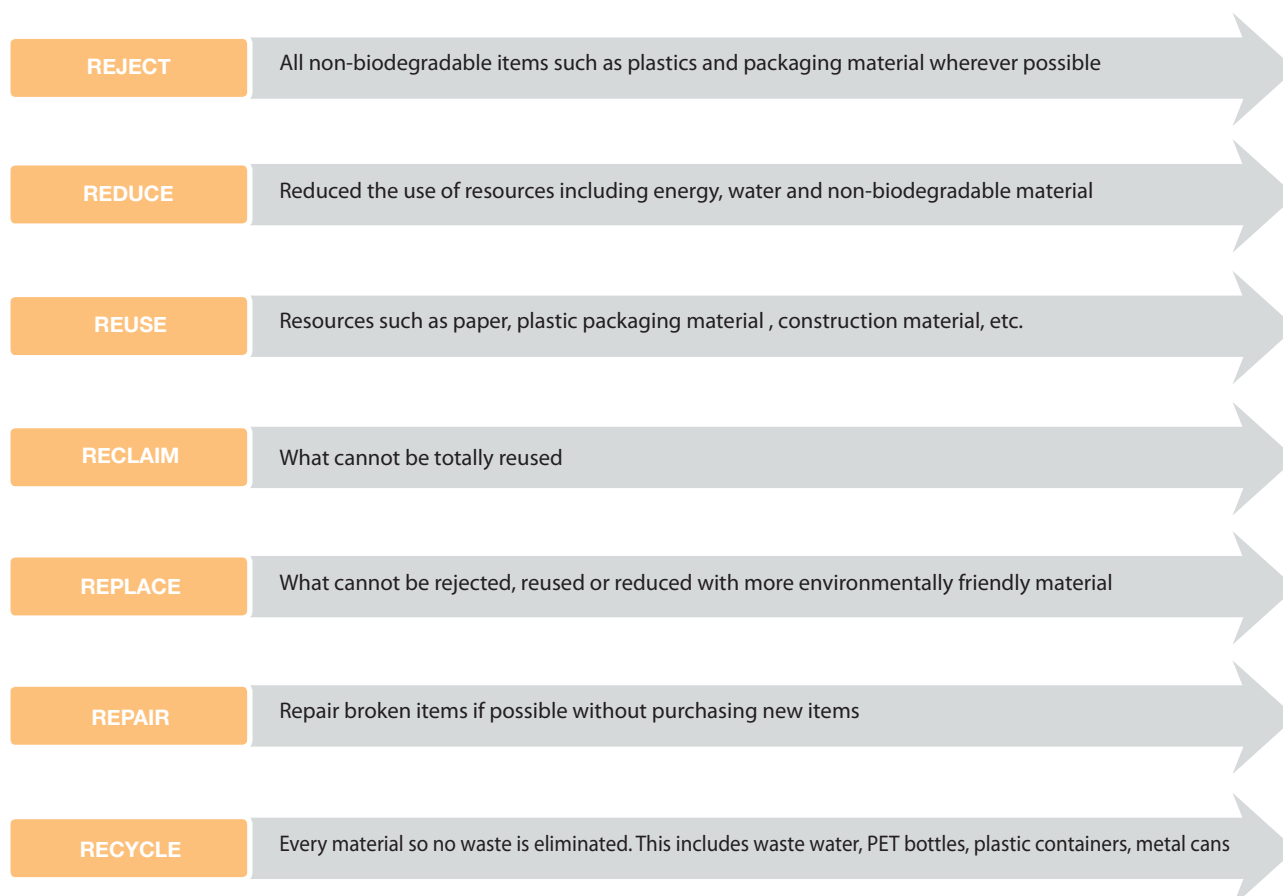
PERFORMANCE AND CAPITAL MANAGEMENT

NATURAL CAPITAL

Resource	Usage details	Initiatives in place and relevant SDG
Raw materials	Main raw materials include F&B inputs, food packing material, linen and consumable room amenities.	During the year, the Group commenced the replacement of single-use plastic water bottles with glass water bottles in the Sri Lankan properties. Meanwhile, following the success in the Maldives, the Group also replaced single-use plastic amenity bottles / tubes with re-useable ceramic containers Ongoing efforts are made to source and consume sustainable materials such as recyclable packing materials etc. 

WASTE AND EFFLUENTS

Solid waste generated from our operations include food waste, kitchen waste and human waste. The Group adopts the 7R approach, illustrated below to ensure the responsible disposal of all types of waste



Key developments and ongoing initiatives during the year under review include the following:



- Launch of a garbage management system in the Maldives to convert wet garbage to fertiliser
- Set up innovative waste-collection bins in each property, which are designed in a shape of an animal that is unique to each property
- Kitchen waste was treated to trap the oils and fats and used as fertiliser. We have installed advanced grease trap strainers and wet garbage composting machines to convert kitchen food waste to compost.

Waste management details during the year are given below;

Type of waste	Method of disposal	Quantity
Paper	Segregated and sold / sent for recycling	5,223 kg
Cardboard	Segregated and sold / sent for recycling	12,475 kg
Plastic	Segregated and sold / sent for recycling	6,947 kg
Polythene	Segregated and sold / sent for recycling	2,764 kg
Scrap metal	Segregated and sold	13,193 kg
Glass	Segregated and sold for recycling	7,578 kg
Soiled cotton	Stored for disposal	368 kg
Food waste	Composted, used in bio gas boilers	1,378,732 kg
Waste oil	Sold to soap manufacturer	3,285 litres

Preserving biodiversity

The rich biodiversity surrounding our resorts, both in Sri Lanka and the Maldives, is a unique differentiating factor and is an important determinant of our ability to attract and satisfy guests. We ensure that resort operations are in harmony with the natural ecosystem surrounding these properties, from resort design and architecture to operations and waste management.



During the financial year under review, no significant spills were reported which negatively impacted on the environment or health.



IUCN Red List species and national conservation list species with habitats in areas affected by operations

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Key initiatives include the following:

Eco Park at Heritance Kandalama

The Eco Park includes a wildlife rehabilitation centre for injured animals, a state-of-the-art wastewater recycling plant, compost fertiliser pits, wet and solid waste recycling centres, elephant dung paper making facility, herbal garden and an eco-library. Meanwhile, the natural habitats surrounding the hotel have been preserved reflecting the hotel's design sensitivity to the nature.



198 acres of conservation forest

11 protected origins of natural streams

128 species of native flora

183 species of birds

19 species of reptiles and amphibians

17 species of mammals

64 species of butterflies and dragonflies

Beach Cleaning Programmes



Programs conducted by Turyaa Chennai, Amethyst and Heritance Ahungalla



Trees for Tomorrow Programme

50 guava trees planted in a local island near by Heritance Aarah

PERFORMANCE AND CAPITAL MANAGEMENT

NATURAL CAPITAL

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CARBON FOOTPRINT

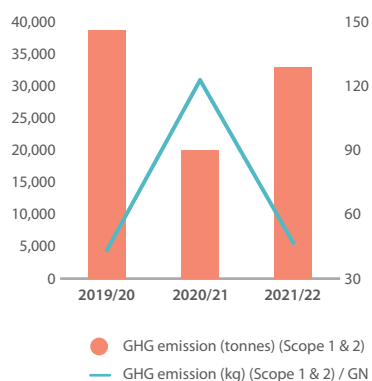
Implications of climate change is a key risk to the hospitality industry, given the impacts of natural disasters, erratic weather and environmental degradation on the attractiveness of locations. Key risks arising from climate change, which could impact the Group's operations are as follows:

Natural disasters and extreme weather	Impacts on biodiversity and ecosystems	Failure to adapt to climate change
Impact on infrastructure	Depletion of resources	Direct impact on operations and supply chains
Increased cost of operations	Rising sea levels	
Loss of lives	Affects attractiveness of destination	
Disruptions to supply chain		

Managing our carbon footprint: Our energy efficiency and optimisation drive directly contributes towards reducing our carbon footprint. We are currently exploring avenues to reduce our dependence on fossil fuels through increasing reliance on solar energy. The Group's carbon footprint for the year is given below; the Scope 1 (through sources that are owned /controlled by the organisation) and Scope 2 emissions (on purchased electricity) is based on The Greenhouse Gas Protocol of the World Resource Institute and the World Business Council for Sustainable Development. The Group's carbon footprint increased during the year, in view of higher operational activity and measures adopted to ensure continued supply, given shortages in fuel supply in Sri Lanka.

tCO ₂ e	2021/22	2020/21	2019/20
Scope 1 emissions	14,856	11,331	17,924
Scope 2 emissions	18,049	8,742	20,802
Total	32,905	20,073	38,726
Emissions per guest night (kgCO ₂ e)	46.61	122.73	43.23

Carbon footprint



ACCOUNTABILITY REDEFINED



Governance

Reinforcing partnerships that stand the test of time...

CHAIRMAN'S MESSAGE

Dear Shareholder,

It is my pleasure to introduce to our shareholders the Corporate Governance Report of Aitken Spence Hotel Holdings PLC for the Financial Year 2021/22. As a company representing a vibrant sector of Aitken Spence Group, which is one of the most respected corporate entities in the country, Aitken Spence Hotel Holdings PLC inherits a strong governance framework and culture of professionalism, business ethics and fair play. This has underpinned our growth in becoming the country's leading hotelier with an established regional footprint. The Board continues to nurture our legacy, a framework based on the principles of good governance that we practice as part of the Aitken Spence Group.

In a year of unparalleled challenges, the Board has provided leadership to recalibrate the strategic priorities of the Group in line with our long term vision and purpose. Vigilance and oversight by the Board increased significantly as the Board spent a considerable amount of time assessing the impact and risks to the Group, its stakeholders and proposed business plans under multiple scenarios, as presented by the Group Supervisory Board of the parent company. The Board remained vigilant about capital and liquidity management as well due to the uncertainty that prevailed, strengthening our resilience to potential shocks. What is important, however, is that when presented with these new risks, Aitken Spence Hotel Holdings PLC remains guided by our values and commitment to our purpose.

Integration of environmental, and social governance (ESG) priorities into our governance framework, business model, and operational processes has been key to how we do business. Centrally coordinated and under the vigilant supervision of an Executive Director of the parent company,

the Group Sustainability Division developed benchmarks for social and environment compliance across the Group. Inspired and influenced by the examples of the hotels segment that created a movement for socially and environmentally sustainable economic development, their work has been key to shaping sustainable mindsets across the Group which gave rise to numerous strategic and systemic initiatives to minimise our environmental footprint and support our stakeholders during challenging times.

Digitalisation has been a key area of focus for the Board to ensure that Aitken Spence Hotel Holdings PLC is future forward and transforms to compete effectively during the 5th industrial revolution. The Board has reviewed the adequacy of our digital governance policies and processes and strengthened the same. Safeguarding our information assets, systems and processes were necessary in view of escalating cyber threats and we enhanced the defenses accordingly. The Board pays its utmost attention to the developments in this area as we level up the digitalisation of the Group.

Integrity in financial reporting, internal control and compliance are at the core of governance and continues to receive significant attention of the Board and the Audit Committee thereby facilitating the effective discharge of the responsibilities of the Board in this regard.

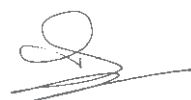
Ultimately, the effective functioning of all the governance mechanisms is dependent on the people and the organisation culture. The Board and the senior leadership of the Group are conscious about the need to set the tone at the top and ensure that our legacy of a value based culture is nurtured and passed on. The Group Code of Ethics and Professional Conduct plays a critical role in articulating the expectations of employees as well. It is my firm belief that

our culture is the most important factor in reinforcing and shaping the evolution of our governance processes as we progress into a new era which will undoubtedly add more dimensions to the subject of governance.

As one of the country's oldest and most respected corporate Groups Aitken Spence Hotel Holdings PLC inherits strong corporate governance framework which has been strengthened by successive Boards of Directors. Over the years, we have observed the devastating consequences of failures in governance in the private as well as public sectors, hence, collectively we are committed to upholding a sound corporate governance system to maintain an appropriate balance between stakeholder interests while driving sustainable growth for the Group, in the discharge of our fiduciary responsibilities.

COMPLIANCE STATEMENT

On behalf of the Board of Aitken Spence Hotel Holdings PLC, I declare that the principles of good corporate governance are applied consistently across the Group and that the Corporate Governance Report provides a fair account of Corporate Governance practices within the Group. I am also pleased to report that the Group complies with the relevant provisions of the Listing Rules of the Colombo Stock Exchange pertaining to Corporate Governance and the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka.

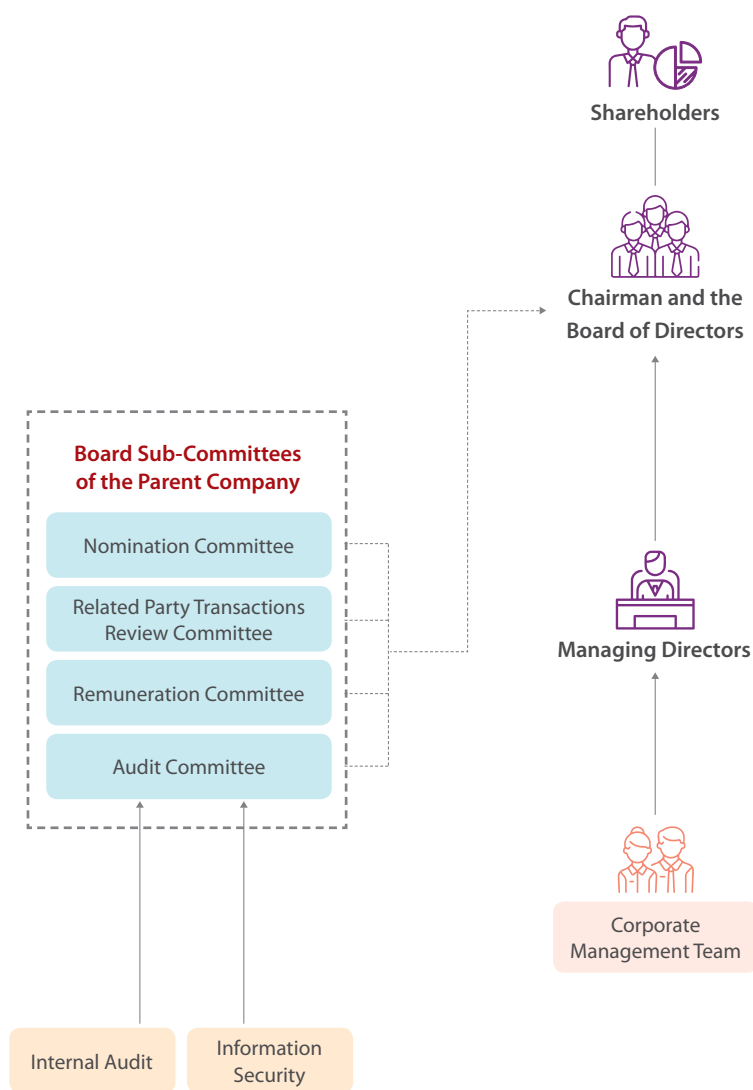


Deshamanya D.H.S. Jayawardena
Chairman

31st May 2022

LEADERSHIP

The Board of Directors is responsible for setting the tone at the top and establishing an appropriate governance structure, policy framework, risk management framework, codes of conduct and an effective system of internal controls. In order to fulfil its duties, the Board must collectively have the skills, capabilities, experience and attributes that support the business needs of the Company as they become the *de facto* guardians of the entity.



Administration of the Board

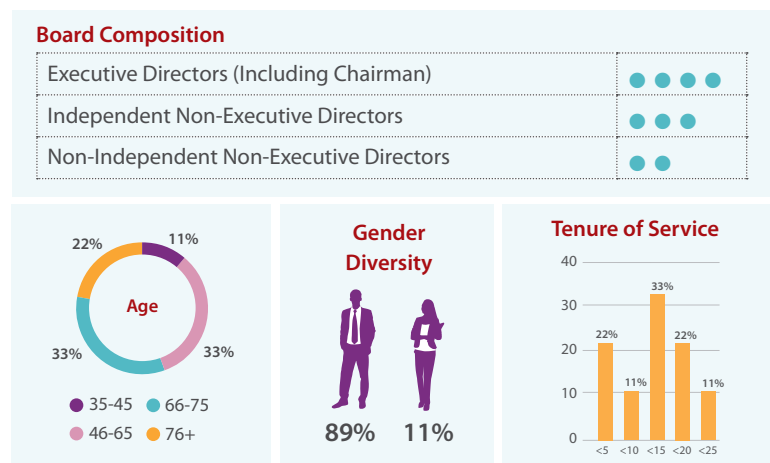
Company secretarial services are provided by Aitken Spence Corporate Finance (Private) Limited, a subsidiary of our parent company Aitken Spence PLC

COMPLIANCE FRAMEWORK

Mandatory	Voluntary
- Companies Act No. 7 of 2007 - Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 - Articles of Association - Listing Rules of the Colombo Stock Exchange (CSE) - Central Depository System Rules - Securities & Exchange Commission of Sri Lanka Act No. 19 of 2021 - Group Code of Ethics & Professional Conduct - Inland Revenue Act No. 24 of 2017 - Foreign Exchange Act No. 12 of 2017	- Code of Best Practice on Corporate Governance 2017, issued by the Institute of Chartered Accountants of Sri Lanka - Aitken Spence Integrated Sustainability Policy and its implementation framework - Codes of regulatory authorities, professional institutions and Trade Associations - United Nations Global Compact (UNGC) - UNWTO Global Code of Ethics for Tourism - GRI Standards - Integrated Reporting Framework - Women's Empowerment Principles - Social and Environmental Certification Requirements

COMPOSITION OF THE BOARD

A balanced and diversified Board



The composition of the Board is key as it determines the collective skills and attributes of the Board. The Board of Aitken Spence Hotel Holdings PLC consisted of 9 members throughout the financial year 2021/22. It comprises of eminent personalities renowned for their business acumen and highly reputed professionals in their respective fields who are able to set the tone at the top. Their profiles on pages 24 to 27 stand testimony to this. Five out of nine Directors are Non- Executive Directors, who are eminent professionals. All Directors must, by duty, act with independence of mind and in the best interests of the Company. This mandate is enhanced by the presence of five Non-Executive Directors, of whom three are Independent Directors. The Board of Aitken Spence Hotel Holdings PLC is represented by a young female Director thus resulting in a gender balance in the Board amounting to 11% female and 89% male.

HIGHLIGHTS 2021/22

- Increased interaction between Board members and Senior Management to facilitate communication, decision making and resource allocation
- Introduction of a structured revenue management system
- Digitisation and Digitalisation of the Group
- Increased emphasis on managing health and safety of guests and employees
- Increased emphasis on cashflow management, funding and liquidity
- Increased focus on risk management processes
- Review of remuneration and rewards to retain and attract people of skills, talent and ability
- Continued integration of ESG principles into business processes across the sector

ROLES AND RESPONSIBILITIES

Board	Chairman	Managing Director
- Ensuring formulation and implementation of a sound business strategy - Ensuring that the Managing Director and Management Team possess the relevant skills, experience, knowledge and capacity to implement the strategy - Approving Budgets and major capital expenditure - Establishing effective systems to secure the integrity of information, internal controls, business continuity and risk management - Ensuring the compliance of the Group's statutory and regulatory obligations and safeguarding the Group's reputation by promoting corporate values and an ethical culture - Considering and carefully balancing stakeholder interests in corporate decisions - Recognising sustainable business development in Corporate Strategy, decisions and activities - Set the Company values and standards with emphasis on adopting appropriate accounting policies and fostering compliance with financial regulations - Establish a process of monitoring and evaluating of progress on strategy implementations, budgets, plans and related risks	- Provide leadership to the Board - Facilitate effective discharge of its functions - Ensuring compliance with relevant legal and regulatory frameworks - Balancing of stakeholder interests and meeting obligations - Facilitating participation by both Executive and Non-Executive Directors - Ensuring that all Directors are adequately briefed on matters arising at Board Meetings - Ensuring that Directors contribute effectively leveraging the collective skills and experience of the Board - Ensuring that shareholders are given adequate opportunity to make observations, express their views and seek clarifications at meetings of shareholders	- Maintaining a close working relationship with the Chairman, and acting as a sounding board for the Chairman when required - Developing Group's business strategy for approval by the Board - Developing and recommending to the Board, budgets that support the Group's long term strategy - Support the Executive Directors and the Corporate Management Team on day –to-day management of the Group's business operations - Ensuring that the Group operations are within the approved risk appetite - Ensuring compliance with applicable rules and regulations and Corporate Governance principles - Ensuring proper succession planning of the Executive Management and assessing their performance - Creating an ethical environment and nurturing a culture based on the Group's values
Company Secretaries		
- Ensuring the conduct of Board and General Meetings in accordance with the Articles of Association and relevant legislation - Maintaining statutory registers and the minutes of Board Meetings, General Meetings and of the Sub-committee Meetings - Prompt communication to regulators and shareholders - Filing statutory returns and facilitating access to legal advice in consultation with the Board, where necessary		

BOARD SUB-COMMITTEES

The Board has delegated certain responsibilities requiring greater attention to four Board Sub-Committees with oversight responsibility for same. This enables the Board to allocate sufficient time to matters reserved for its decision making, particularly execution of strategy and forward-looking agenda items, while ensuring delegated matters receive in-depth focus. The Committees, with the exception of the Nominations Committee, comprise of only Non-Executive Directors. Committee Chairmen are accountable for the effective functioning of the Committees and report regularly to the Board on Committee activities.

Mandatory Committees

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

Voluntary Committees

- Nominations Committee

COMPLIANCE SUMMARY OF BORD COMMITTEES

Board Committee	Areas of Oversight	Composition	Committee Report
Audit Committee (The Audit Committee of our parent company serves as the Audit Committee of the Company as permitted by Section 7.10.6 of the Listing Rules of the Colombo Stock Exchange as both the parent company and the subsidiary company are listed companies)	- Financial Reporting - Internal Controls - Internal Audit - External Audit	- Mr. R.N. Asirwatham (Chairman) - Mr. J.M.S. Brito - Mr. G.C. Wickremasinghe - Mr. C.H. Gomez - Mr. N.J. de Silva Deva Aditya/Mr. A.L. Gooneratne (Alternate Director to Mr. N.J. de Silva Deva Aditya in the parent company's Directorate)	Pages 108 to 110
Related Party Transactions Review Committee (The Related Party Transactions Review Committee of our parent company functions as the Related Party Transactions Review Committee of the Company as permitted by Section 9.2.3 of the Listing Rules of the Colombo Stock Exchange)	Review of related party transactions for regulatory compliance	- Mr. R.N. Asirwatham (Chairman) - Mr. J.M.S. Brito - Mr. G.C. Wickremasinghe - Mr. C.H. Gomez - Mr. N.J. de Silva Deva Aditya/Mr. A.L. Gooneratne (Alternate Director to Mr. N.J. de Silva Deva Aditya in the parent Company's Directorate)	Pages 114 to 115
Remuneration Committee (The Remuneration Committee of our parent company acts as the Remuneration Committee of the Company as permitted by Section 7.10.5 (a) of the Listing Rules of the Colombo Stock Exchange)	- Remuneration policies and practices - Recommend Executive remuneration	- Mr. G.C. Wickremasinghe (Chairman) - Mr. R.N. Asirwatham - Mr. C.H. Gomez	Pages 111 to 112
Nomination Committee (The Nomination Committee of our parent company acts as the Nomination Committee of Aitken Spence Hotel Holdings PLC)	- Evaluating and recommending the appointment or re-appointment of Directors to the Board - Succession planning	- Mr. G.C. Wickremasinghe (Chairman) - Deshamanya D.H.S. Jayawardena - Mr. R.N. Asirwatham	Page 113

INDEPENDENCE OF NON-EXECUTIVE DIRECTORS

Directors exercise their independent judgement, promoting constructive deliberations and objective evaluation of matters set before them. Independence of Directors is determined by the Board, based on annual declarations submitted by the Non-Executive Directors, in compliance with the Listing Rules of the CSE and also in line with schedule K of the Code of Best Practice on Corporate Governance. Annually, the Board discusses the possibility of any impairment of Directors' independence due to extended Board tenures, and collectively evaluates the re-election of such Board members.

Further, two Directors of the Company, Deshamanya D.H.S. Jayawardena and Ms. D.S.T. Jayawardena are related to each other. However, they act in the best interests of the Group using their independent judgement on matters referred to the Board.

Disclosures made by Directors from time to time, regarding their interest in transactions including the related party transactions are formally noted and duly entered into the interest register. Note 45 on page 231 of the Financial Statements of this Annual Report provides a list of companies in which the Directors had transactions with during the year under review.



Mr. R.N. Asirwatham

The period of service of Mr. R.N. Asirwatham as a Board Member exceeds nine years. Additionally, Mr. R.N. Asirwatham is a Director of the parent company in which the majority of the other Directors of the Company are Directors and which holds a significant shareholding in the Company. However, his period of service and his office of Independent Non-Executive Director of the parent company do not compromise his independence and objectivity in discharging his functions as a Director of the Company. Therefore, the Board determined that Mr. R.N. Asirwatham is 'independent' of Aitken Spence Hotel Holdings PLC as per the Listing Rules.



Mr. C.H. Gomez

The period of service of Mr. C.H. Gomez as a Board Member exceeds nine years. Additionally, Mr. C.H. Gomez is a Director of the parent company in which the majority of the other Directors of the Company are Directors and which holds a significant shareholding in the Company. However, his period of service and his office of Independent Non-Executive Director of the parent company do not compromise his independence and objectivity in discharging his functions as a Director of the Company. Therefore, the Board determined that Mr. C.H. Gomez is 'independent' of Aitken Spence Hotel Holdings PLC as per the Listing Rules.



Mr. G.P.J. Goonewardene

Mr. G.P.J. Goonewardene served as an Executive Director of Aitken Spence Hotel Holdings PLC until his retirement on 30th June 2017 which was during the period of two years immediately preceding his appointment as a Non-Executive Director on 30th March 2018. However, his appointment as an Executive Director within a two-years period immediately preceding his appointment as a Non-Executive Director of the Company does not compromise his independence and objectivity in discharging his functions as a Director of the Company. Therefore, the Board determined that Mr. G.P.J. Goonewardene is 'independent' of Aitken Spence Hotel Holdings PLC as per the Listing Rules.

MEETINGS AND MINUTES

The Board meets on a quarterly basis and also convenes additional meetings if deemed necessary. Accordingly, the Board met four times during the year. The Managing Director in consultation with the Chairman sets the Board agenda with the assistance of the Company Secretaries. The Chairman ensures that Directors have sufficient information on matters included in the agenda to facilitate effective participation of all Directors. Additionally, all Directors have access to the Managing Director and the Senior Management of the Company to clarify any matter and they are available for clarification of matters during the meeting. In an instance of a Director's non-attendance at the meetings, he/she is provided with briefing material for discussion with the Chairman or the Managing Director on a later date, through formally documented minutes of meetings, by clarifying matters from the Company Secretaries or through separate discussions prior to the meeting regarding matters arising from the previous meeting.

Board packs are circulated one week prior to the meeting to allow adequate time for preparation of the same. Minutes of meetings are circulated within 10 days of the meeting to Board members and included in the subsequent Board pack. Company Secretaries maintain all past minutes and board papers which are accessible at the convenience of the Directors.

Directors' concerns regarding matters which are not resolved unanimously (if any) are recorded in the minutes.

Table 1: Attendance at Board Meetings

Name of Director	Board Capacity	Meeting Attendance				
		Board	Audit Committee	Nomination Committee	Remuneration Committee	Related Party Transactions Review Committee
Deshamanya D.H.S. Jayawardena	Chairman	4	-	1	-	-
Dr. M.P. Dissanayake	EXE	4	-	-	-	-
Ms. D.S.T. Jayawardena	EXE	4	-	-	-	-
Mr. C.M.S. Jayawickrama	EXE	4	-	-	-	-
Mr. J.M.S. Brito	NED	4	10	-	-	3
Mr. N.J. de Silva Deva Aditya	NED	4	11*	-	-	4*
Mr. R.N. Asirwatham	INED	4	12	1	1	4
Mr. C.H. Gomez	INED	4	2	-	-	-
Mr. G.P.J. Goonewardene	INED	4	-	-	-	-
Total No. of Meetings		4	12	1	1	4

EXE - Executive Director

NED - Non-Executive Director

INED - Independent Non-Executive Director

* Attendance through Mr. A.L. Gooneratne (Alternate Director to Mr. N. J. de Silva Deva Aditya in the parent company's Directorate)

APPOINTMENT, RE-APPOINTMENT, RE-ELECTION AND RESIGNATION OF DIRECTORS

Shareholders appoint, re-appoint and re-elect the Directors at the Annual General Meeting (AGM) by voting on resolutions proposed by the Board. The Board is assisted in the selection process by the Nominations Committee of the parent company who recommend nominees to the Board for their

consideration and recommendation to shareholders. The Nomination Committee considers the skills and experience required on the Board for effective discharge of its duties.

Separate resolutions are included in the Notice of Meeting of this Annual Report for the proposed re-appointments and re-elections of the Directors concerned. Casual vacancies are filled by the Board based on the recommendations of the

Nominations Committee. Appointments are immediately disclosed to the Colombo Stock Exchange along with a brief resume of the Director. Directors who are retiring are eligible to submit themselves for re-election at the AGM. The Nominations Committee evaluates the contribution made by these Directors to assess their eligibility for re-election.

INDUCTION AND TRAINING

Directors receive a Letter of Appointment outlining the terms of the appointment, duties, responsibilities and expected time commitments. On appointment, Directors are taken through a formal and tailored induction programme coordinated by the Managing Director, where they are enlightened on the Group values and culture, its operating model, policies, governance framework and processes, Group Code of Ethics & Professional Conduct and operational strategies of the Group. Directors are availed the opportunity to have one-on-one meetings with the management and visit hotels where appropriate.

Regular presentations by management, consultants and other experts are conducted to ensure that the Board is apprised of relevant regulatory and industry developments, trends and benchmarks. Additionally, Directors are encouraged and expected to stay abreast of developments in their respective area of expertise, facilitating effective contribution to the Board.

CONFLICTS OF INTERESTS

Directors abstain from voting where there is a conflict of interest and generally excuse themselves from the discussion. In the event of conflicts and concerns that cannot be resolved unanimously, Directors' dissent is recorded in the Board minutes. In urgent circumstances necessitating decision making through circular resolutions, efforts are made to provide all relevant information required to enable Directors to clearly understand the issue/s and potential consequences.

BOARD EVALUATION

The Board carries out a self-appraisal of the Board and its Committees annually with each Director appraising their own performance with reference to their key responsibilities as outlined in the

Nomination Committee Report. This serves to identify areas for improvement and gaps pertaining to Board administration and processes.

REMUNERATION POLICY

The Remuneration Committee of Aitken Spence PLC serves as the Remuneration Committee of Aitken Spence Hotel Holdings PLC. It comprises of three Non-Executive Directors, all of whom are determined by the Board as independent.

The Remuneration Committee makes recommendations to the Board with the consultation of the Chairman and the Managing Director regarding the remuneration of Executive Directors and the Senior Management within agreed terms of reference and in accordance with the remuneration policy of the Group. No Director is involved in determining his or her own remuneration.

The Committee considers the skills, attributes and experience of the Executive Directors and the operating environment in determining the level of remuneration. Executive Directors' remuneration comprises a fixed portion and a variable portion in the form of a performance bonus linked to achievement of corporate and individual goals and targets.

Remuneration of Non-Executive Directors reflects the time commitment and responsibilities of their role. They are remunerated based on their attendance at Board and/or Committee meetings. Directors' remuneration in respect of the Company and the Group for the Financial Year ended 31st March 2022 are disclosed on page 167 of the Financial Statements of this Annual Report.

ACCOUNTABILITY AND AUDIT

The Board goes beyond regulatory requirements to provide shareholders with a comprehensive and balanced

assessment of the performance of the Group. The Annual Report 2021/22 complies with the requirement of widely accepted standards, codes and frameworks which have been voluntarily adopted to ensure that our corporate reporting is in line with international best practices. Our sign-off processes ensure that the report provides a balanced review of the Group's performance with high levels of transparency.

Quarterly Financial Statements and other price sensitive announcements, press releases and regulatory reports also provide a balanced assessment of the matters discussed.

RISK AND INTERNAL CONTROL

The Board is responsible for setting in place a process to identify, measure, monitor and manage the principal risks of the Group and determining the level of risk it is willing to accept in relation to its strategic goals. The Board is also responsible for setting in place a system of internal controls to safeguard the assets and investments of the Group and shareholders. The Group Internal Audit division reviews the risk management processes and the internal controls according to an annual audit plan approved by the Audit Committee. The Audit Committee also reviews the Internal Audit Reports and exercises oversight to ensure that recommendations included are implemented in a timely manner, minimizing risk. The following reports provide further information in this regard:

- Risk Management Report
- The Board of Directors' Statement on Internal Controls
- Audit Committee Report

CODE OF ETHICS & PROFESSIONAL CONDUCT

The Group is committed to conducting its business operations with integrity, professionalism and with respect to the rights and interests of all stakeholders. All employees and Directors abide by the Group Code of Ethics & Professional Conduct which embodies a strong set of corporate values and conduct including a zero-tolerance approach to unethical behaviour. The code is available on the intranet for information of all employees and is reinforced at all levels through training and structured communication. During the year, all employees were given access to review the Group's Code of Ethics & Professional Conduct on the Group's online learning platform.

ANTI-BRIBERY & CORRUPTION PROGRAMMES

Group Code of Ethics and Professional Conduct prohibits the acceptance or offer of gifts in order to receive preferential business treatment. Any non-compliance related to code concerning bribery and corruption reported will be investigated and appropriate course of action will be taken so that it serves as a forewarning to others to desist from engaging in such activities. Any complaint of non-compliance is channeled to the Internal Audit Department for investigation and the Internal Audit Report is placed before the Audit Committee to consider and recommend the due corrective action to be taken in respect of controlled persons who will be subjected to disciplinary action whereas non-controlled persons will be subjected to appropriate actions as suggested by the Audit Committee.

SHAREHOLDER RELATIONS

At the close of the financial year 2021/22, the Company had 3,824 shareholders. National Institutions and individuals held

98.01% of shares while Foreign Investors held the remaining 1.99%. Aitken Spence PLC is the largest shareholder owning 71.21% of shares while the 20 largest shareholders held 92.27%.

The Company encourages effective communication with shareholders who are engaged through multiple channels of communication, including the AGMs, Annual Reports, Interim Financial Statements, a dedicated investor relations page on the Company's website, press releases, social media platforms and announcements to the Colombo Stock Exchange. The Board recognises its responsibility to present a balanced and understandable assessment of the Group's financial position, performance and prospects and is committed to fair disclosure, with emphasis on the integrity, timeliness and relevance of the information provided.

The AGM is the principal forum for engaging with shareholders and the Company successfully held the 44th AGM as a virtual meeting using a digital platform on 30th June 2021.

EXTERNAL AUDITORS

The External Auditor is appointed subject to the provisions of the Companies Act No. 7 of 2007. The Audit Committee makes recommendations to the Board for the appointment, re-appointment or removal of the External Auditor in line with professional & ethical standards and regulatory requirements. Further, it monitors and reviews the External Auditor's independence, objectivity and effectiveness of the audit process considering relevant professional and regulatory requirements.

In assigning of non-audit services to External Auditors, the Audit Committee ensures that the External Auditor has the necessary skills and experience for

the assignment and ascertains that independence and objectivity in carrying out his duties and responsibilities will not be impaired.

On the recommendation of the Board, the shareholders approved the reappointment of Messrs. KPMG, Chartered Accountants as the External Auditors for 2021/22 at the last AGM in compliance with Section 163(3) of the Companies Act No. 07 of 2007.

INTERNET OF THINGS AND CYBERSECURITY

The Company engages with customers across several social media platforms, the corporate website and through online aggregators with an increasing number of bookings originating from online engagements. We are also custodians of significant information assets which we have a responsibility to safeguard. Therefore, Internet of Things (IoT) and cyber security are key concerns for the Board and receive significant attention on the agenda.

Digitalisation of the Group's key processes was critical for business continuity during 2020 and 2021 as the prolonged duration of the pandemic caused intermittent lockdowns. This in turn necessitated remote access to all systems with sufficient safeguards to secure the Group from increasingly sophisticated cyber-attacks. Accordingly, digital governance became a key area of focus requiring allocation of sufficient resources and strengthening the skills and expertise within the Group.

The Group embarked on an ambitious intelligent automation programme with the introduction of Semi-Virtual Mobility (SVM), to develop digital capabilities and new platforms that deliver exceptional client and employee experiences, driving triple bottom line growth. The Board of the parent company has engaged

Deloitte Singapore as the consultants for the completed first phase of the Robotic Process Automation (RPA) project. The project also includes many IoT supporting programs which helps in transforming the Group's businesses to becoming future ready.

The IT policies were reviewed and enhanced to meet a higher level of protection for its information assets and operational systems. Additional investments in this regard were also approved in view of higher threat levels. The Board continues to receive regular updates on the progress of digitalisation projects and cybersecurity by the centralised Group IT Services team of the parent company which reports more frequently to the Management Council and the Group Supervisory Board of the parent company. Group IT department is ISO 27001:2013 accredited for processes and information security.

During the year, the Group IT Department assessed the vulnerability of Group's systems, technology and information related risks associated with Group's remote access strategy. Information technology and cyber security governance are recurring items at Audit Committee meetings. Matters are escalated to the Board where deemed necessary considering the risk, impact, and other prudential measures.

ENVIRONMENT, SOCIETY AND GOVERNANCE REPORTING (ESG REPORTING)

The Board places significant emphasis on sustainable development ensuring that the Company creates value, both for the organization and its key stakeholders. The Board satisfies itself that Environmental, Social and Governance (ESG) metrics are incorporated into the business model and the creation of value as disclosed in the following sections of the Annual Report.

Table 2: Environmental, Social and Governance Reporting

ESG Factors	Reference
Environmental factors	Natural Capital - pages 87 to 92 of this Annual Report
Social factors	Human Capital - pages 71 to 77 of this Annual Report Social & Relationship Capital - pages 81 to 86 of this Annual Report
Governance	Financial Capital - pages 58 to 61 of this Annual Report Corporate Governance Report - pages 93 to 107 of this Annual Report

DECLARATIONS BY BOARD, CEO & CFO & GOVERNANCE DISCLOSURES

The Annual Report includes the following reports of the Board and its Committees providing key declarations on effective discharge of their duties.

- Annual Report of the Board of Directors
- The Board of Directors' Statement on Internal Control
- Statement of Directors' Responsibilities
- Reports of the Board Sub-Committees
- Corporate Governance Report

The Board has obtained a declaration from the Managing Director and the General Manager-Finance to affirm that the financial records of the entity have been properly maintained and that the Financial Statements comply with the Sri Lanka Financial Reporting Standards giving a true and fair view of the financial position and performance of the Group. Further, they also confirm that the systems of risk management and internal control operate effectively.

The Board further acknowledges its responsibility of ensuring the integrity of this Annual Report, which in the opinion of the Board, addresses all the concerns that are mentioned to the Company's ability to create sustainable value and reflects a fair presentation of the integrated performance of Aitken Spence Hotel Holdings PLC.



The Compliance levels with the Code of Best Practice on Corporate Governance 2017, issued by the Institute of Chartered Accountants of Sri Lanka are available on Company's website at <https://www.aitkenspencehotels.com/about-us/investor-relations/corporate-governance.html?remove> and forms a part of this Corporate Governance Report.



Table 3: Compliance with the Companies Act No. 7 of 2007

Section	Requirement	Further Reference	Compliance Status
168 (1)(a)	Any change during the accounting period in the nature of business of the Company or any of its subsidiaries and the classes of business in which the Company has an interest	Refer Annual Report of the Board of Directors of this Annual Report	Complied
168 (1) (b)	Financial Statements of the Company and the Group for the accounting period completed and signed.	Refer Financial Statements on pages 132 to 240 and Annual Report of the Board of Directors of this Annual Report	Complied
168 (1) (c)	Auditors Report on Financial Statements of the Company and the Group	Refer Financial Statements on pages 128 to 240 and Annual Report of the Board of Directors of this Annual Report	Complied
168 (1) (d)	Change of accounting policies during the accounting period	Refer Annual Report of the Board of Directors of this Annual Report	Complied
168 (1) (e)	Particulars of entries in the interest register made during the accounting period	Refer Annual Report of the Board of Directors of this Annual Report	Complied
168 (1) (f)	Remuneration and other benefits paid to the Directors during the accounting period	Refer Annual Report of the Board of Directors of this Annual Report	Complied
168 (1) (g)	Total amount of donations made by the Company and the Group during the accounting period	Refer Annual Report of the Board of Directors of this Annual Report	Complied
168 (1) (h)	Directorate of the Company and the Group as at the end of accounting period along with the changes occurred during the accounting period	Refer Annual Report of the Board of Directors of this Annual Report	Complied
168 (1) (i)	Amounts payable to the Auditors as audit fees and fees payable for other related services provided by them	Refer Annual Report of the Board of Directors of this Annual Report	Complied
168 (1) (j)	Relationship or interest of the Auditors with the Company or any of its subsidiaries	Refer Annual Report of the Board of Directors of this Annual Report	Complied
168 (1) (k)	Annual Report of the Board of Directors be signed on behalf of the Board	Refer Annual Report of the Board of Directors of this Annual Report	Complied

Table 4: Compliance with the Continuing Listing Requirements - Section 7.6 on the Content of Annual Report Issued by the Colombo Stock Exchange

Section	Requirement	Nature of Compliance by Aitken Spence Hotel Holdings PLC	Compliance Status
7.6 i)	Names of Directors of the entity	Refer Corporate Information of this Annual Report	Complied
7.6 ii)	Principal activities of the entity and its subsidiaries during the year under review	Refer Annual Report of the Board of Directors and the Group Directorate of this Annual Report	Complied
7.6 iii)	20 largest holders of voting and non-voting shares and the percentage of shares	Refer Investor Information of this Annual Report	Complied
7.6 iv)	The float adjusted market capitalisation, Public Holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement	Refer Investor Information of this Annual Report	Complied
7.6 v)	Directors' and CEO's holding in shares of the entity at the beginning and end of reporting year	Refer Investor Information of this Annual Report	Complied
7.6 vi)	Information pertaining to material foreseeable risk factors	Refer Risk Management of this Annual Report	Complied
7.6 vii)	Details of material issues pertaining to employees and industrial relations	Refer Human Capital of integrated Management Discussion & Analysis of this Annual Report	Complied
7.6 viii)	Extents, locations, valuations and the number of buildings of the entity's land holdings and investment properties	Refer Note 16.3.1 to the Financial Statements and Real Estate Holdings of the Group of this Annual Report	Complied
7.6 ix)	Number of shares representing the stated capital	Refer Investor Information of this Annual Report	Complied
7.6 x)	Distribution schedule of the number of holders and the percentage of their total holding	Refer Investor Information of this Annual Report	Complied
7.6 xi)	Ratios and market price information	Refer Investor Information of this Annual Report	Complied
7.6 xii)	Significant changes in the entity's or its subsidiaries fixed assets and the market value of land	Refer Note 16 to the Financial Statements of this Annual Report	Complied
7.6 xiii)	Funds, (if any) raised either through a public issue, rights issue and private placement	The Company had no public issue, rights issue or private placement during the year under review	N/A
7.6 xiv)	Employee share option/purchase schemes	As at date, the Company has no share option/purchase schemes made available to its Directors or employees	N/A
7.6 xv)	Corporate Governance Disclosures	Refer Corporate Governance Report of this Annual Report	Complied
7.6 xvi)	Related Party Transactions	Refer Note 45 to the Financial Statements and the declaration of the Board of Directors embodied in the Annual Report of the Board of Directors of this Annual Report	Complied

Table 5: Compliance with the Continuing Listing Requirements - Section 7.10 on Corporate Governance Rules for Listed Companies Issued by the Colombo Stock Exchange

Section	Requirement	Disclosure	Compliance Status
7.10	Compliance with Corporate Governance Rules	Refer Corporate Governance Report and the Annual Report of the Board of Directors of this Annual Report	Complied
7.10.1(a)	Non-Executive Directors (NED) - At least two or one third of the Directors, whichever is higher, should be Non-Executive Directors	Refer Composition of the Board in the Corporate Governance Report	Complied
7.10.2(a)	Independent Directors - Two or one-third of Non-Executive Directors, whichever is higher, should be independent	Refer Independence of Non-Executive Directors in the Corporate Governance Report	Complied
7.10.2(b)	Independence of Directors - Each Non-Executive Director should submit a declaration of Independence/Non-Independence	Refer Independence of Non-Executive Directors in the Corporate Governance Report	Complied
7.10.3(a)	Independence of Directors - The Board shall make a determination annually as to the Independence or Non-Independence of each Non-Executive Director Disclosure relating to Directors - The names of Directors determined to be independent should be disclosed in the Annual Report	Refer Independence of Non-Executive Directors in the Corporate Governance Report	Complied
7.10.3(b)	Criteria not met by the Non-Executive Directors and basis for determining to be independent	Refer Independence of Non-Executive Directors in the Corporate Governance Report	Complied
7.10.3(c)	Disclosure relating to Directors - A brief resume of each Director should be included in the Annual Report including the Director's areas of expertise.	Refer Board profiles of the Directors of this Annual Report	Complied
7.10.3(d)	Appointment of new Directors - Provide a brief resume of any new Director appointed to the Board	Upon the appointment of a new Director to the Board, the Company informs the Colombo Stock Exchange with a brief resume of such a Director containing the nature of his expertise, relevant interest, other directorships held, memberships in Board Committees and the nature of appointment There were no new appointments to the Board of Directors during the year under review	Complied
7.10.5	Remuneration Committee - A listed company shall have a Remuneration Committee	Refer Remuneration Committee Report of this Annual Report	Complied
7.10.5(a)	Composition of Remuneration Committee - Shall comprise of Non-Executive Directors, a majority of whom shall be Independent	Refer Remuneration Committee Report of this Annual Report	Complied

Section	Requirement	Disclosure	Compliance Status
7.10.5(b)	Functions of Remuneration Committee - The Remuneration Committee shall recommend the remuneration of the Chief Executive Officer and the Executive Directors	Refer Remuneration Committee Report of this Annual Report	Complied
7.10.5(c)	Disclosure in the Annual Report relating to Remuneration The Annual Report should set out: a) Names of the Directors comprising the Remuneration Committee b) Statement of Remuneration policy c) Aggregate remuneration paid to Executive and Non-Executive Directors	Refer Remuneration Committee Report and Note 11 and 45.4 in the Financial statements of this Annual Report	Complied
7.10.6	Audit Committee - A listed company shall have an Audit Committee	Refer Audit Committee Report of this Annual Report	Complied
7.10.6(a)	Composition of Audit Committee - Shall comprise of Non-Executive Directors, a majority of whom are Independent - Chief Executive Officer and the Chief Financial Officer should attend Audit Committee Meetings - The Chairman of the Audit Committee or one member should be a member of a professional accounting body	Refer Audit Committee Report of this Annual Report	Complied
7.10.6(b)	Functions of the Audit Committee	Refer Audit Committee Report of this Annual Report	Complied
7.10.6(c)	Disclosure in the Annual Report relating to Audit Committee - Names of the Directors comprising the Audit Committee - The Audit Committee shall make a determination of the independence of the Auditors and disclose the basis for such determination - The Annual Report shall contain a Report of the Audit Committee in the prescribed manner	Refer Audit Committee Report of this Annual Report	Complied
9.3.2	Related Party Transactions Review Committee a) Details pertaining to Non-Recurrent Related Party Transactions b) Details pertaining to Recurrent Related Party Transactions c) Report of the Related Party Transactions Review Committee d) Declaration by the Board of Directors as an affirmative statement of compliance with the rules pertaining to Related Party Transactions, or a negative statement otherwise	Refer Related Party Transactions Review Committee Report and the Annual Report of the Board of Directors of this Annual Report	Complied

AUDIT COMMITTEE REPORT

Aitken Spence Hotel Holdings PLC belongs to the tourism segment of the Aitken Spence Group under its parent company Aitken Spence PLC. Therefore, the Audit Committee of Aitken Spence PLC acts as the Audit Committee of Aitken Spence Hotel Holdings PLC as well in terms of Section 7.10.6 (a) of the Listing Rules of the Colombo Stock Exchange. The Company has complied with the policies and procedures set out by the Group Audit Committee.

ROLE OF THE AUDIT COMMITTEE

The role of the Audit Committee is to oversee the financial reporting system of the Company, with a view to safeguarding the interest of the shareholders and all other stakeholders.

COMPOSITION OF THE COMMITTEE

- ▶ Mr. R.N. Asirwatham (*Chairman*)
- ▶ Mr. J.M.S. Brito
- ▶ Mr. G.C. Wickremasinghe
- ▶ Mr. C.H. Gomez
- ▶ Mr. N.J. de Silva Deva Aditya/Mr. A.L. Gooneratne (Alternate Director to Mr. N. J. de Silva Deva Aditya in the parent company's Directorate)
- ▶ Independent Non-Executive Director
- ▶ Non-Executive Director

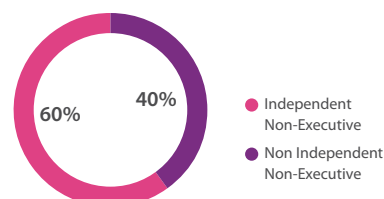
The Committee's composition met the requirements of Section 7.10.6 (a) of the Listing Rules of the Colombo Stock Exchange.

Secretaries to the Committee

Mr. D.D.M.A. Saparamadu - *General Manager, Internal Audit, Aitken Spence PLC*

The composition of the Committee, which remained unchanged during the financial year, is composed of three Independent Non-Executive Directors and two Non-Independent Non-Executive Directors. The Committee is chaired by an Independent Non-Executive Director who is a fellow of the Institute of Chartered Accountants of Sri Lanka. The profiles of the members are given on pages 24 to 27 of this Report.

Independence of the Audit Committee



COMMITTEE MEETINGS

The Audit Committee functioned throughout the financial year and held twelve meetings in semi-virtual modes. The attendance at the Audit Committee meetings held during the year under review were as follows:

Audit Committee Members	Attendance											
	21/05/2021	25/06/2021	21/07/2021	06/08/2021	28/09/2021	12/10/2021	10/11/2021	17/12/2021	08/02/2022	22/02/2022	18/03/2022	29/03/2022
Mr. R.N. Asirwatham (Chairman)	Present in person	Attendance via MS Teams	Excused	Attendance via MS Teams	Attendance via MS Teams	Attendance via MS Teams	Attendance via MS Teams	Attendance via MS Teams	Attendance via MS Teams	Attendance via MS Teams	Attendance via MS Teams	Attendance via MS Teams
Mr. J.M.S. Brito	Attendance via MS Teams	Attendance via MS Teams	Attendance via MS Teams	Attendance via MS Teams	Attendance via MS Teams	Attendance via MS Teams	Attendance via MS Teams	Attendance via MS Teams	Attendance via MS Teams	Attendance via MS Teams	Attendance via MS Teams	Attendance via MS Teams
Mr. G.C. Wickremasinghe	Attendance via MS Teams	Attendance via MS Teams	Attendance via MS Teams	Attendance via MS Teams	Attendance via MS Teams	Attendance via MS Teams	Attendance via MS Teams	Attendance via MS Teams	Attendance via MS Teams	Attendance via MS Teams	Attendance via MS Teams	Attendance via MS Teams
Mr. C.H. Gomez	Attendance via MS Teams	Attendance via MS Teams	Attendance via MS Teams	Attendance via MS Teams	Attendance via MS Teams	Attendance via MS Teams	Attendance via MS Teams	Attendance via MS Teams	Attendance via MS Teams	Attendance via MS Teams	Attendance via MS Teams	Attendance via MS Teams
Mr. N.J. de Silva Deva Aditya/Mr. A.L. Gooneratne (Alternate Director to Mr. N. J. de Silva Deva Aditya in the parent company's Directorate)	Attendance via MS Teams	Attendance via MS Teams	Attendance via MS Teams	Attendance via MS Teams	Attendance via MS Teams	Attendance via MS Teams	Attendance via MS Teams	Attendance via MS Teams	Attendance via MS Teams	Attendance via MS Teams	Attendance via MS Teams	Attendance via MS Teams
Present in person Attendance via MS Teams Excused												

ATTENDANCE BY INVITATION

Dr. M.P. Dissanayake, Managing Director, Ms. D.S.T. Jayawardena, Executive Director, Ms. N. Sivapragasam, Chief Financial Officer, Aitken Spence PLC and General Managers – Finance of the local and overseas hotel sectors respectively of Aitken Spence Hotel Managements (Private) Limited attended the meetings by invitation. Further, Senior Officers of the Group as well as the partner of KPMG responsible for the Group's audit attended the meetings by invitation as and when required.

RESPONSIBILITIES



ACTIVITIES DURING THE FINANCIAL YEAR 2021/2022

Risk Management and Internal Control

- Reviewed the adequacy and effectiveness of the Group's internal controls and risk management activities and highlighted the areas which require attention, and suggested recommendations to the Board.
- Ensured that the risks are appropriately monitored and controlled by considering the Group's principal risks and uncertainties and by reviewing the mitigatory actions taken by the management.
- Reviewed the processes to ensure the internal controls and risk management framework are adequate to meet the requirements of the Sri Lanka Accounting Standards.

- Ensured that the Group adheres to and complies with all relevant laws, rules and regulations of the country, international laws and codes of ethics and standards of conduct required by regulatory authorities, professional bodies and trade associations.

Financial Reporting and Financial Control

- Reviewed the Group's quarterly and annual Financial Statements with regard to the following aspects:
 - Adequacy of disclosures,
 - Uniformity and appropriateness of the accounting policies adopted,
 - Major judgmental areas and ensured that they were in compliance with the Companies Act No. 7 of 2007,

- Applicable Sri Lanka Accounting Standards and other applicable Accounting Standards of jurisdictions in which each subsidiary operates,
- Listing Rules of the Colombo Stock Exchange,
- Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka,
- Requirements of other regulatory bodies as applicable to the Group.
- Discussed with Management on future accounting developments which are likely to affect the Financial Statements.
- Reviewed the budgets and strategic plans of the Group in order to ensure that all forward-looking statements made within the Annual Report reflect the actual position of the Group.
- Reviewed the changes in the tax environment and its impact to the Group.

External Audit

- Reviewed the audit plan presented by the External Auditors and provided advice and support regarding the execution of the plan.
- Carried out a review of the effectiveness and the progress of the External Auditors and the audit process.
- Discussed the Audited Financial Statements with External Auditors and ensured that they were in conformity with the Sri Lanka Accounting Standards and other regulatory requirements.

AUDIT COMMITTEE REPORT

- Reviewed and discussed the Management Letter of the External Auditors for the Group and instructed the management to take appropriate and follow-up action on matters highlighted therein.
- Assessed the performance and effectiveness of the External Auditors, their independence, professional capabilities and made recommendations to the Board pertaining to the re-appointment of the External Auditors.
- Ensured that the External Auditors are independent by reviewing Group's share registers, related party transaction disclosures and the written confirmation obtained from the External Auditors.

INTERNAL AUDIT

- Reviewed and approved the Annual Audit Plan after considering its depth and coverage in the Group.
- Reviewed and evaluated the independence, effectiveness and competency of the Group's Internal Audit function, their resource requirements and made recommendations for any required changes.
- Continued to ensure the co-ordination between Group Internal Audit Department and External Auditors.
- Reviewed and discussed the periodic reports submitted by the Internal Audit Department with management responses on financial and operational audits, IT Security, and risk assessments carried out in line with approved annual Internal Audit Plan.

REPORTING

- The Chairman of the Audit Committee reports to the Board at each meeting on the activities of the Committee. Minutes of the Audit Committee meetings are also tabled at the Board Meetings.
- The Annual Report incorporates the Audit Committee Report.
- The Chairman of the Audit Committee attends the Annual General Meeting.

RE-APPOINTMENT OF EXTERNAL AUDITORS - MESSRS KPMG, CHARTERED ACCOUNTANTS

The Committee having considered that there were no significant material transactions between the External Auditors and the Group companies, that there were no shares held by the External Auditors, the confirmation received from the External Auditors and the periodic rotation of the Audit Partner, noted that KPMG, Chartered Accountants are independent and are eligible for re-appointment as the External Auditors of the Company.

Having noted the above, the Committee recommends to the Board that Messrs. KPMG, Chartered Accountants be re-appointed as the External Auditors of the Company for the current financial year, subject to the approval of the Shareholders at the forthcoming Annual General Meeting



R.N. Asirwatham
Chairman
Audit Committee

Colombo
31st May 2022

REMUNERATION COMMITTEE REPORT

102-35 102-36 102-37

Aitken Spence Hotel Holdings PLC belongs to the tourism segment of the Aitken Spence Group under its parent company, Aitken Spence PLC. Therefore, the Remuneration Committee of Aitken Spence PLC acts as the Remuneration Committee of Aitken Spence Hotel Holdings PLC as well in terms of Section 7.10.5 (a) of the Listing Rules of the Colombo Stock Exchange. The Company has complied with the policies and procedures set out by the Group Remuneration Committee.

COMPOSITION OF THE COMMITTEE

▶ Mr. G.C. Wickremasinghe (<i>Chairman</i>)
▶ Mr. R.N. Asirwatham
▶ Mr. C.H. Gomez
▶ <i>Independent Non-Executive Director</i>

INDEPENDENCE OF THE COMMITTEE

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

COMMITTEE MEETINGS

The Committee met once during the year under review with the attendance of all its members. Deshamanya D.H.S. Jayawardena, Group Chairman together with Dr. M.P. Dissanayake, Managing Director and Ms. D.S.T. Jayawardena, Executive Director attended the meeting by invitation.

Remuneration Committee Members	Attendance
	10/07/2021
Mr. G.C. Wickremasinghe (<i>Chairman</i>)	
Mr. R.N. Asirwatham	
Mr. C.H. Gomez	
 <i>Present in person</i>  <i>Excused</i>	

THE REMUNERATION POLICY

The Committee follows a formal and transparent procedure to ascertain the remuneration packages for individual Directors. The Committee considers the importance of formulating remuneration packages that are sufficient to motivate, attract and retain the Directors and Senior Management Personnel and also takes into consideration the employment conditions of the Group companies and of the relevant industry.

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

RESPONSIBILITIES OF THE COMMITTEE

The Committee is responsible to the Board for:

- Determining the policy of the remuneration packages of the Directors,
- Evaluating performance of the Managing Directors, Executive Directors as well as the individual and collective performance of Directors and Senior Management of the subsidiaries,
- Deciding on overall individual packages, including compensation on termination of employment.

FUNCTIONS OF THE COMMITTEE

The Committee's decisions were determined based on the following principles and policies:

Remuneration Policy

- Evaluated the Group Remuneration Policy against the current market trends and industrial norms,
- Reviewed and ensured the implementation of the Group Remuneration Policy,
- Reviewed the policy of the remuneration package of the Directors and Senior Management Personnel,
- Reviewed the specific application of the Group Remuneration Policy to the Managing Director and Executive Directors and general application of the Group Remuneration Policy to the Key Management Personnel below the Directorate of the Company.

Performance-Based Remuneration

- Evaluated the performance of the Managing Directors, Executive Directors as well as the individual and collective performance of Directors and Senior Management of the subsidiaries,
- Reviewed, monitored and evaluated performance of Key Management Personnel as well as their management development and succession planning.

REMUNERATION COMMITTEE REPORT

Performance Incentives

- Evaluated the achievements as well as unaccomplished targets and results which are considered to determine performance-based incentives.

Remuneration of Managing Director

- Evaluated the performance of the Managing Director.



G.C. Wickremasinghe

Chairman

Remuneration Committee

Colombo

31st May 2022

NOMINATION COMMITTEE REPORT

102-24

Aitken Spence Hotel Holdings PLC belongs to the tourism segment of the Aitken Spence Group under its parent company, Aitken Spence PLC. Therefore, the Nomination Committee of Aitken Spence PLC acts as the Nomination Committee of Aitken Spence Hotel Holdings PLC as well. The Company has complied with the policies and procedures set out by the Group Nomination Committee.

- | |
|---|
| ▶ Mr. G.C. Wickremasinghe (<i>Chairman</i>) |
| ▶ Deshamanya D.H.S. Jayawardena |
| ▶ Mr. R.N. Asirwatham |
| ▶ <i>Independent Non-Executive Director</i> |
| ▶ <i>Executive Chairman</i> |

The composition of the Committee, which remained unchanged during the financial year, consists of two Independent Non-Executive Directors of the parent company along with the Chairman of the Company. The Committee is chaired by Mr. G.C. Wickremasinghe who is an Independent Non-Executive Director of the parent company. The members of the Committee possess wide experience as well as financial and business acumen.

COMMITTEE MEETINGS

The full Committee met once during the year under review with the attendance on invitation by the Deputy Chairman and Managing Director of the parent company, Aitken Spence PLC who is also the Managing Director of the Company.

KEY HIGHLIGHTS DURING THE FINANCIAL YEAR 2021/22

The Committee having evaluated each Director's knowledge and experience, the number of directorships held by each Director and the adequacy of their knowledge and experience to carry out their duties in the capacity as Directors, is satisfied with the level of knowledge, commitment and skills of each Director.

RESPONSIBILITIES OF THE COMMITTEE

The Nomination Committee is responsible for ensuring that the Group companies are spearheaded by individuals with a wealth of knowledge, experience, competency and entrepreneurial skills and to identify and recommend suitable candidates as Directors to the Board of Aitken Spence Hotel Holdings PLC and its Group companies. The Committee is also responsible for reviewing the structure, size and composition of the Board of Aitken Spence Hotel Holdings PLC and Boards of the Group, oversee the performance of the Board, its committees and the individual Directors as well as the evaluation of their performance.

The Committee is accountable for the review of the charter for appointment, re-appointment/re-election of Directors to the Board of the Company and the Group companies. Further the Committee suggests amendments to the charter wherever necessary.

KEY FUNCTIONS OF THE COMMITTEE

The Committee reviews and makes recommendations that are fair, free from any bias and not influenced by personal or business relationships, thereby enabling the Company to make sound and measured judgments in order to attract the best talent to the Group. During the Financial Year 2021/22 the Committee performed the following functions:

- Ensured the diversity and effectiveness of the Board of Aitken Spence Hotel Holdings PLC and the Boards of its Group companies as well as the Key Management Personnel (KMPs),
- Reviewed and recommended necessary appointments to the Boards of the Group companies whenever necessary,
- Evaluated and recommended suitable internal and external candidates to higher levels of management,

- Reviewed the Group's policy and guidelines for appointment, re-appointment/re-election and succession planning,
- Evaluated the eligibility of the Directors who have offered themselves for re-election/re-appointment to the Board and made necessary recommendations to the Board,
- Evaluated the combination of varied skills, knowledge and experience of the Directors of the Company and of the Group companies,
- Ascertained that the competencies of Directors are adequate to meet the required strategic demands of the Group.

RE-ELECTION AND RE-APPOINTMENT OF DIRECTORS

Deshamanya D.H.S. Jayawardena, Mr. R.N. Asirwatham, Mr. J.M.S. Brito and Mr. N.J. De S Deva Aditya who retire from the Board at the conclusion of the forthcoming Annual General Meeting in terms of Section 210(2) of the Companies Act No.7 of 2007, have offered themselves for re-appointment.

In terms of Article 83 of the Articles of Association, Mr. C.M.S. Jayawickrama retires by rotation and has offered himself for re-election at the forthcoming Annual General Meeting.

Having given due consideration to each Director's performance, the Committee believes that the said Directors are eligible for re-appointment/re-election to continue as Directors of the Company.



G.C. Wickremasinghe
Chairman
Nomination Committee

Colombo
31st May 2022

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

102-25 102-34

Aitken Spence Hotel Holdings PLC belongs to the tourism segment of Aitken Spence Group under its parent company Aitken Spence PLC. Therefore, the Related Party Transactions Review Committee of Aitken Spence PLC acts as the Related Party Transactions Review Committee of Aitken Spence Hotel Holdings PLC as well in terms of Section 9.2.3 of the Listing Rules of the Colombo Stock Exchange. The Company has complied with the policies and procedures set out by the Group Related Party Transactions Review Committee.

ROLE OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The role of the Related Party Transaction Review Committee is to advise the Board in reviewing all Related Party Transactions carried out by the Company. The Committee complies with the Listing Rules requirements of the Colombo Stock Exchange and the Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka.

COMPOSITION OF THE COMMITTEE

▶ Mr. R.N. Asirwatham (Chairman)
▶ Mr. J.M.S. Brito
▶ Mr. G.C. Wickremasinghe
▶ Mr. C.H. Gomez
▶ Mr. N.J. de Silva Deva Aditya/Mr. A. L. Gooneratne (Alternate Director to Mr. N. J. de Silva Deva Aditya in the parent company's Directorate)
▶ Independent Non-Executive Director
▶ Non-Executive Director
The Committee's composition complies with the requirements of Section 9.2.2 of the Listing Rules of the Colombo Stock Exchange.

The Committee is composed of three Independent Non-Executive Directors and two Non-Independent Non-Executive Directors. The Committee is chaired by an

Independent Non-Executive Director who is a fellow member of the Institute of Chartered Accountants of Sri Lanka. Members of the Committee possess a wealth of knowledge and experience.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE MEETING ATTENDANCE

Related Party Transactions Review Committee Members	Attendance			
	25/06/2021	28/09/2021	17/12/2021	18/03/2022
Mr. R.N. Asirwatham (Chairman)				
Mr. J.M.S. Brito				
Mr. G.C. Wickremasinghe				
Mr. C.H. Gomez				
Mr. N.J. de Silva Deva Aditya/Mr. A.L. Gooneratne (Alternate Director to Mr. N. J. de Silva Deva Aditya in the parent company's Directorate)				
 Attendance via MS Teams				
 Excused				

KEY HIGHLIGHTS DURING THE FINANCIAL YEAR 2021/2022

Each quarter, disclosures were obtained from the Key Management Personnel and the Group related companies in relation to post quarter confirmations and proposed Related Party Transactions and the Committee reviewed all such disclosures at its quarterly meetings. The Committee further communicated its activities to the Board by tabling the minutes of the Committee meetings, at the Board meetings. The Committee at its first meeting of the Financial Year, fixed the thresholds for the Financial Year 2021/22 based on the Audited Financial Statements of the previous financial year.

RESPONSIBILITIES OF THE COMMITTEE

The Committee's key focus is to review all proposed Related Party Transactions prior to entering into or completion of the transaction according to the procedures laid down by Section 9 of the Listing Rules of the Colombo Stock Exchange and the responsibilities of the Committee are as follows:

- Evaluate any proposed Related Party Transactions on a quarterly basis and recommend to the management and the Board, the appropriate course of action to be taken in order to be compliant with the regulations of the Listing Rules and the Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka,
- Review any post quarter confirmations on Related Party Transactions,
- Review the threshold for Related Party Transactions which require either shareholders' approval or immediate market disclosures, as the case may be,
- Review the criteria of Key Management Personnel,
- Regularly report to the Board on the Committee's activities.

KEY MANAGEMENT PERSONNEL

The members of the Board of the Company are construed as the Key Management Personnel (KMPs) of Aitken Spence Hotel Holdings PLC. Further, Directors, Vice Presidents and Assistant Vice Presidents of subsidiary companies are considered as KMPs of such companies to establish greater transparency and governance.

Declarations are obtained from each KMP of the Company and its subsidiaries for the purpose of identifying any Related Party Transactions they intend to carry out on quarterly and annual basis to determine Related Party Transactions and to comply with the disclosure requirements, if any.

KEY FUNCTIONS OF THE COMMITTEE

- Policies and procedures adopted
 - The Group Company Secretaries obtain quarterly disclosures from the Key Management Personnel of any proposed Related Party Transactions and confirmations of any post-quarter transactions. All such disclosures are tabled at each Related Party Transactions Review Committee meeting,
 - Disclosures are obtained from all Group companies of any proposed Related Party Transactions and confirmations of any post-quarter transactions and all disclosures are tabled at each Related Party Transactions Review Committee Meeting,
 - Non-recurrent Related Party Transactions which in aggregate value exceeding lower of 10% of the equity or 5% of the total assets of the Group as per the Audited Financial Statements of the previous year, if any, are communicated to the Group Company Secretaries who in turn notify the Committee, if required.

- Recurrent Related Party Transactions exceeding 10% of the gross revenue of the Group as per the Audited Financial Statements of the previous year, if any, are communicated to the Group Company Secretaries who in turn notify the Committee, if required.
- Review of Related Party Transactions
 - Reviewed all proposed Related Party Transactions as well as post quarter confirmations,
 - Activities of the Committee were communicated to the Board by tabling the minutes of the Committee Meetings.
 - Reviewed thresholds for Related Party Transactions which require either shareholders' approval or immediate market disclosure based on the Financial Statements for the year ended 31st March 2021.

DECLARATION BY THE BOARD

The Annual Report of the Board of Directors embodies a declaration confirming the compliance with the requirements stipulated in Section 9.3.2(d) of the Listing Rules of the Colombo Stock Exchange.



R.N. Asirwatham
Chairman
Related Party Transactions Review Committee

Colombo
31st May 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act No. 07 of 2007 requires the Directors of the Company to be responsible for the preparation and presentation of the Financial Statements and other statutory reports. The responsibilities of the Directors, in relation to the Financial Statements of Aitken Spence Hotel Holdings PLC and the Consolidated Financial Statements of the Group are set out in this Report.

The Directors confirm that the Financial Statements and other statutory reports of the Company and its Subsidiaries for the year ended 31st March 2022 incorporated in this Report have been prepared in accordance with the Companies Act No. 07 of 2007, the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the Listing Rules of the Colombo Stock Exchange.

The Directors have taken appropriate steps to ensure that the Companies within the Group maintain adequate and accurate records which reflect the true financial position of each such Company and hence the Group. The Directors have taken appropriate and reasonable steps to safeguard the assets of the Company and the Group. The Directors have instituted appropriate systems of internal control in order to minimise and detect fraud, errors and other irregularities. The Directors in maintaining a sound system of internal control and in protecting the assets of the Company, have further adopted risk management strategies to identify and evaluate the risks which the Company could be exposed to and their impact on the Company.

The Directors having considered the Group's business plans, and a review of its current and future operations, are of the view that the Company and the Group have adequate resources to continue in operations. The Directors have adopted the going concern basis in preparing the Financial Statements.

The Financial Statements presented in this Annual Report for the year ended 31st March 2022, have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs/ LKASs). The Directors have selected the appropriate accounting policies and such policies adopted by the Group are disclosed and explained in the Financial Statements.

The Board of Directors confirm that the Company and the Group's Consolidated Statements of Financial Position as at 31st March 2022 and the Comprehensive Income Statements of the Company and the Group for the Financial Year ended 31st March 2022 reflect a true and fair view of the Company and the Group.

The Directors have provided the Auditors with every opportunity to carry out any reviews and tests that they consider appropriate and necessary for the performance of their duties. The responsibility of the Independent Auditors in relation to the Financial Statements is set out in the Independent Auditors Report.

The Directors confirm that to the best of their knowledge all payments to employees, regulatory and statutory authorities due and payable by the Company and its subsidiaries have been either duly paid or adequately provided for in the Financial Statements. The Directors further confirm that they promote the highest ethical, environmental and safety standards within the Group. The Directors also ensure that the relevant national laws, international laws and codes of regulatory authorities, professional institutes and trade associations have been complied with by the Group.

By order of the Board,
Aitken Spence Hotel Holdings PLC



**Aitken Spence Corporate Finance
(Private) Limited**
Secretaries

31st May 2022
Colombo

ANNUAL REPORT OF THE BOARD OF DIRECTORS

102-28 102-32

The Board of Directors of Aitken Spence Hotel Holdings PLC has pleasure in presenting the Annual Report and the Audited Financial Statements for the year ended 31st March 2022 which were approved by the Board of Directors on 31st May 2022. The details set out herein provide the pertinent information required by the Companies Act No. 07 of 2007, Listing Rules of the Colombo Stock Exchange and the best accounting practices.

1. PRINCIPAL ACTIVITIES

The principal activities of the Company are that of an investment holding company and hoteliering. The subsidiary companies are also engaged in the business of hoteliering. During the year there were no significant changes in the principal activities of the Company and the subsidiaries, although such activities were severely hampered by the prevailing COVID-19 pandemic conditions.

2. REVIEW OF OPERATIONS

A review of operational and financial performance, the future of the Company and the Group are described in greater detail in the Chairman's Statement, Managing Director's Review and the Management Discussion and Analysis of the Annual Report. These Reports together with the

Audited Financial Statements of the Company and the Group reflect the respective state of affairs of the Company and the Group. The Group consists of the subsidiaries and equity accounted investees of Aitken Spence Hotel Holdings PLC and details of the Group structure is given on pages 10 and 11 of the Annual Report.

3. ACCOUNTING POLICIES AND CHANGES DURING THE YEAR

The Company and the Group prepared the Financial Statements in accordance with Sri Lanka Accounting Standards (SLFRSs/ LKASs). The significant accounting policies adopted in the preparation of the Financial Statements of the Company and the Group and the changes made during the year are given on pages 140 to 240.

4. SYNOPSIS OF THE INCOME STATEMENT OF THE COMPANY AND THE GROUP

4.1. Group Revenue and Profits

Revenue generated by the Company during the year amounted to Rs. 527 Mn. (2021 - Rs. 124 Mn). The Group revenue was Rs. 24,571 Mn (2021 - Rs. 5,728 Mn) which is a rise of 329% compared to the previous year. An analysis of Group revenue based on geographical and business segments is disclosed in notes 6 and 7 of the Financial Statements on pages 161 and 162. The profit after tax of the Group was Rs. 1,034 Mn (2021 - Rs. (7,253) Mn). The Group's profit attributable to the equity shareholders of the parent company for the year was Rs. 624 Mn (2021 - Rs. (4,669) Mn). The segmental profits/losses are disclosed in note 6 of the Financial Statements on page 161.

For the year ended 31st March	Group	
	2022 Rs.'000	2021 Rs.'000
Net profit/(loss) before tax	1,946,659	(7,606,620)
Provision for taxation including deferred tax	(912,354)	353,405
Net profit/(loss) after tax	1,034,305	(7,253,215)
Other comprehensive income	5,114,716	107,711
Total comprehensive income/expense for the year	6,149,021	(7,145,504)
Total comprehensive income/expense attributable to non-controlling interest	2,263,543	(2,581,266)
Total comprehensive income/expense attributable to equity shareholders	3,885,478	(4,564,238)
Transactions directly recognised in the equity statement	29,317	(27,356)
Balance brought forward from the previous year	12,401,869	17,008,313
Amount available for appropriations	16,331,514	12,416,719
Final dividends	(14,850)	(14,850)
Total reserves and earnings	16,316,664	12,401,869
Stated capital	3,554,587	3,554,587
Balance attributable to equity holders of the Company at the end of the period	19,871,251	15,956,456

ANNUAL REPORT OF THE BOARD OF DIRECTORS

4.2. Donations

During the year, no donations were made by the Company. The donations made by the Group during the year amounted to Rs. 399,717.

4.3. Taxation

A detailed statement of the income tax rates applicable to the individual companies in the Group and a reconciliation of the accounting profits with the taxable profits are given in note 13 of the Financial Statements on pages 168 to 174. It is the policy of the Group to provide for deferred taxation on all known timing differences on the liability method. The deferred tax balances of the Group companies are given in notes 22 and 34 of the Financial Statements on pages 189 and 204.

4.4. Dividends

The Directors declared a preference dividend of cents 90 per share on the redeemable cumulative preference shares for the Financial Year ended 31st March 2022. Further, the Company declared a preference dividend of cents 90 per share on the redeemable cumulative preference shares in respect of the Financial Year ended 31st March 2021 which was deferred due to low financial performance of the Company during the said Financial Year. The entirety of the preference dividends so declared will be paid out of dividends received by the Company. The Directors are confident that the Company will meet the solvency test requirement under section 56(2) of the Companies Act No. 7 of 2007

immediately after the payment of the said preference dividends. The Directors did not recommend an ordinary dividend for the Financial Year ended 31st March 2022.

5. SYNOPSIS OF THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY AND THE GROUP

5.1. Stated Capital and Reserves

As at 31st March 2022 the Company had issued 336,290,010 ordinary shares and 16,500,000 redeemable cumulative preference shares. The stated capital of the Company was Rs. 3,555 Mn. The Company's reserves as at 31st March 2022 were Rs. 7,206 Mn (2021 - Rs. 7,044 Mn) whereas the total Group's reserves as at 31st March 2022 were Rs. 16,317 Mn (2021- Rs. 12,402 Mn). The movement in these reserves is shown in the Statement of Changes in Equity - Group on Pages 136 to 137.

5.2. Property, Plant and Equipment

The carrying value of property plant and equipment for the Company and the Group as at 31st March 2022 amounted to Rs. 1,535 Mn and Rs. 67,364 Mn respectively. The total expenditure on the acquisition of property, plant and equipment during the year in respect of new assets acquired by the Company and the Group amounted to Rs. 7 Mn and Rs. 762 Mn respectively.

5.3. Market Value of Freehold Properties

Land recognised as property, plant and equipment in the

Financial Statements in the Group is recorded at either fair value or revalued amounts. Revaluation of land is performed with sufficient regularity so that the carrying value of the land does not differ materially to its market value. Revaluation was performed by professionally qualified independent valuers having appropriate experience in valuing properties in the locality of the land being revalued. If the fair value of land does not change other than by an insignificant amount at each reporting date the Group revalues such land every five years. Details of the revalued land, revaluation surplus, and the original cost are given in note 16.3.1 of the Financial Statements. The Group records all other assets at cost and check for any impairment of these assets when the Group identifies any trigger for impairment.

5.4. Contingent Liabilities

The details of contingent liabilities are disclosed in note 39 of the Financial Statements on page 212.

6. EVENTS OCCURRING AFTER THE REPORTING DATE

No event of material significance that requires adjustments to the Financial Statements has arisen other than that disclosed in note 47 to the Financial Statements on page 238.

7. GOING CONCERN

The Group has prepared the financial statements for the year ended 31st March 2022 on the

basis that it will continue to operate as a going concern. In determining the basis of preparing the financial statements for the year ended 31st March 2022, based on available information, the management has assessed the prevailing macroeconomic conditions and its effect on the Group companies and the appropriateness of the use of the going concern basis.

The Group's businesses recorded strong improvement in profitability compared to the previous year on the back of a fast recovery momentum with most of the businesses reaching pre COVID-19 levels of operations with the easing of restrictions. The management has formed judgment that the Company, its subsidiaries, associates and joint ventures have adequate resources to continue in operational existence for the foreseeable future driven by the continuous operationalisation of risk mitigation initiatives and

monitoring of business continuity and response plans at each business unit level along with the financial strength of the Group.

Based on the publicly available information as at the date these financial statements were authorized for issue, management considered a number of severe but plausible scenarios with respect to the potential development of the outbreak and its expected impact on the entity and economic environment, in which the entity operates, including the measures already taken by the Sri Lankan government.

In preparing the financial statements, based on available information, the management has assessed the existing and anticipated effects of COVID-19 and the prevailing macroeconomic uncertainties on the Group and the appropriateness of the use of the going concern basis. In March 2022, Group has evaluated the resilience of its businesses

considering a wide range of factors such as current and expected profitability, the ability to defer non-essential capital expenditure, debt repayment schedules, if any, cash reserves and potential sources of financing facilities, if required, and the ability to continue providing goods and services.

Having presented the outlook of the Group to the Board, the Directors are satisfied that the Group, has adequate resources to continue in operational existence for the foreseeable future. Management concluded that the range of possible outcomes considered at arriving at this judgment does not give rise to material uncertainties related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

8. INFORMATION ON THE BOARD OF DIRECTORS AND THE BOARD SUB-COMMITTEES

8.1. Board of Directors

The names of the Directors of the Company who held office during the financial year are given in the following table and their brief profiles are given on pages 24 to 27 of the Annual Report. All of the below Directors held office during the entire year.

	Executive	Non-Executive	Independent Non-Executive
Deshamanya D.H.S. Jayawardena (<i>Chairman</i>)	✓		
Dr. M.P. Dissanayake (<i>Managing Director</i>)	✓		
Ms. D.S.T. Jayawardena	✓		
Mr. C.M.S. Jayawickrama	✓		
Mr. J.M.S. Brito		✓	
Mr. R.N. Asirwatham			✓
Mr. N.J. de Silva Deva Aditya		✓	
Mr. C.H. Gomez			✓
Mr. G.P.J. Goonewardene			✓

ANNUAL REPORT OF THE BOARD OF DIRECTORS

8.2. Board Sub-Committees

The following Committees of the parent company namely Aitken Spence PLC function as the Audit, Remuneration, Nomination and Related Party Transactions Review Committees as permitted by the Listing Rules.

Audit Committee

Mr. R.N. Asirwatham (*Chairman*)

Mr. J.M.S. Brito

Mr. G.C. Wickremasinghe

Mr. C.H. Gomez

Mr. N.J. de Silva Deva Aditya/
Mr. A.L. Gooneratne (Alternate Director to Mr. N.J. de Silva Deva Aditya in the parent company's Directorate)

Related Party Transactions Review Committee

Mr. R.N. Asirwatham (*Chairman*)

Mr. J.M.S. Brito

Mr. G.C. Wickremasinghe

Mr. C.H. Gomez

Mr. N.J. de Silva Deva Aditya/
Mr. A.L. Gooneratne (Alternate Director to Mr. N.J. de Silva Deva Aditya in the parent company's Directorate)

Remuneration Committee

Mr. G.C. Wickremasinghe (*Chairman*)

Mr. R.N. Asirwatham

Mr. C.H. Gomez

Nomination Committee

Mr. G.C. Wickremasinghe (*Chairman*)

Deshamanya D.H.S. Jayawardena

Mr. R.N. Asirwatham

8.3. Re-appointment of Directors who are over 70 years of age and Re-election of Directors

Upon the recommendation of the Nomination Committee, the Board recommended that

Deshamanya D.H.S. Jayawardena, Mr. R.N. Asirwatham, Mr. J.M.S. Brito and Mr. N.J. de Silva Deva Aditya who are over 70 years of age and vacate office in term of Section 210 (2) (b) of the Companies Act, be re-appointed as Directors in terms of Section 211 of the Companies Act, specially declaring that the age limit stipulated in Section 210 of the Companies Act shall not apply to the said Directors. Mr. C.M.S. Jayawickrama who retires by rotation in terms of Article 83 of the Articles of Association of the Company offers himself for re-election and the Board recommended his re-election.

8.4. Directors' Shareholding

The Directors' shareholdings are provided on page 250 of the Annual Report.

8.5. Interest Register

An Interest Register is maintained by the Company as per the Companies Act No. 07 of 2007. Any interest in transactions disclosed to the Board by a Director in accordance with Section 192 of the Companies Act No. 7 of 2007 is duly recorded in the Interest Register.

8.6. Directors' Remuneration

The Directors' remuneration and fees in respect of the Company and the Group for the financial year ended 31st March 2022 are disclosed on page 167 of the Financial Statements.

8.7. Related Party Transactions

Related Party Transactions of the Company and the Group are disclosed in note 45 to the Financial Statements. These are recurrent and non-recurrent

Related Party Transactions, which required disclosure in the Annual Report in accordance with the Sri Lanka Accounting Standard No. 24 - Related Party Disclosures. However, there were no recurrent Related Party Transactions which in aggregate value exceeded 10% of the consolidated revenue of the group as per the Audited Financial Statements as at 31st March 2021.

There were no non-recurrent Related Party Transactions which in aggregate value exceeding lower of 10% of the equity or 5% of the total assets of the Group as per the Audited Financial Statements as at 31st March 2021, which required additional disclosures in the Annual Report under Section 9.3.2(a) of the Listing Rules of the Colombo Stock Exchange.

The Key Management Personnel of the Group companies (including the Company) have disclosed on a quarterly basis, the proposed Related Party Transactions and post quarter conformations (if any) falling under the ambit of Section 9 of the Listing Rules of the Colombo Stock Exchange which were to be entered into with the Company and or with another company within the Group and or with any other 'Related Party' as defined in the Sri Lanka Accounting Standards (as applicable). The disclosures so made were tabled at the quarterly meetings of the Related Party Transactions Review Committee, in compliance with the requirements of the above mentioned Section.

The Directors declare that the Company is in compliance with Section 9 of the Listing Rules of

the Colombo Stock Exchange pertaining to Related Party Transactions during the financial year ended 31st March 2022.

8.8. Board of Directors of Subsidiaries

The names of Directors of the subsidiary companies who held office as at 31st March 2022 and Directors who ceased to hold office during the accounting period are set out on pages 254 to 256 of this Annual Report.

9. HUMAN RESOURCES

Our Human Resources strategies and practices have translated into creation of a dynamic and competent human resource team with sound succession planning and a remarkably low attrition rate. Our employment strategies are reviewed periodically by the relevant Committees and the Board of Directors.

10. CORPORATE GOVERNANCE

The Group has not engaged in any activity, which contravenes the national and international laws. The Group rigidly adheres to relevant national and international laws and the regulations of Professional Institutes and Associations, Industrial Associations, Chambers of Commerce and other relevant Regulatory Bodies. The Group complies with the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka. The Group applies very high standards to protect and nurture the environment in which it operates and ensures strict adherence to all environmental laws and practices.

The Company has no restrictions with regard to shareholders carrying out analysis or obtaining independent advice of a non-price sensitive nature regarding their investment in the Company and has made all endeavours to ensure the equitable treatment of shareholders. The Company's Corporate Governance practices are set out on pages 94 to 107 of this Annual Report.

11. RISK MANAGEMENT

The Directors have established and adhered to a comprehensive risk management framework at both Strategic Business Units and Group levels to ensure the achievement of their corporate objectives. The categories of risks faced by the Group are identified, the significance they pose are evaluated and mitigatory strategies are adopted by the Group. The Board of Directors reviews the Risk Management Process through the Audit Committee. The Risk Management Report of the Group is on pages 41 to 46 of this Report.

12. INTERNAL CONTROLS

The Board of Directors ensures that the Group has an effective internal control system which ensures that the assets of the Company and the Group are safeguarded and appropriate systems are in place to minimise and detect fraud, errors and other irregularities. The system ensures that the Group adopts procedures which result in financial and operational effectiveness and efficiency.

Board of Director's Statement on Internal Controls on pages 123 to 124, the Statement of Directors' Responsibilities on page 116 and

the Audit Committee Report set out on pages 108 to 110 of this Report provide further information in respect of the above.

13. STATUTORY PAYMENTS

The Directors to the best of their knowledge and belief are satisfied that all statutory financial obligations to the Government and to the employees have been either duly paid or adequately provided for in the Financial Statements. A confirmation of same is included in the Statement of Directors' Responsibilities on page 116 of this Annual Report.

14. CORPORATE SUSTAINABILITY

The Board of Directors guides and supports the Group's sustainability strategy. It welcomes the implementation of the structured and dynamic integrated sustainability framework. Awards and recognition received during the year and previous years are a testament to our commitment as we continue to benchmark our practices against global standards and best practices in a myriad of aspects that affect or potentially affect delivery of growth. More details of the Group's sustainability efforts are included in the Management Discussion and Analysis of this Report.

15. SHAREHOLDER INFORMATION

There were 3,824 shareholders as at 31st March 2022. The distribution schedule of the number of shareholders and their shareholdings are detailed on page 247 of this Annual Report. The names of the twenty largest shareholders, together with their shareholdings as at 31st March 2022 are given on page 250 of this

ANNUAL REPORT OF THE BOARD OF DIRECTORS

Annual Report. The percentage of the shares held by the public as at 31st March 2022 was 25.41% and the number of shareholders who held the public holding was 3,813. Information relating to Earnings Per Share and the Net Assets Per Share for the Company and the Group, the Dividend Per Share and the Market Price Per Share are given on pages 14 and 248 of this Annual Report.

16. AUDITORS

The Independent Auditors' Report on the Financial Statements is given on pages 128 to 131 of this Annual Report. The retiring Auditors Messrs. KPMG, Chartered Accountants have expressed their willingness to continue in office and a resolution to re-appoint them as auditors and grant authority to the Board to determine their remuneration will be proposed at the Annual General Meeting of the Company. The fees payable to the Company auditors Messrs. KPMG, Chartered Accountants was Rs. 1,120,000 (2021 - Rs. 982,000). In addition to the above, Rs. 356,089 (2021 - Rs. 258,314) was payable by the Company for permitted non audit related services including tax advisory services. Messrs. KPMG, Chartered Accountants the auditors of the Company are also the auditors of certain subsidiaries and associate companies of the Group. The list of the subsidiaries and associate companies audited by them are included on pages 254 to 256 of this Annual Report.

The amount payable by the Group to Messrs. KPMG, Chartered Accountants as audit fees was Rs. 14,143,877 (2021 - Rs. 12,814,352) while a further Rs. 2,654,925 (2021 - Rs. 5,649,998) was payable for permitted non audit related services including tax advisory services.

In addition to the above, Rs. 5,141,397 (2021 - Rs. 1,594,034) was payable to other auditors for carrying out audits in subsidiaries and associates where the audits were conducted by them. The amount payable to such other auditors for non-audit related services including tax advisory services was Rs. 4,373,586 (2021 - Rs. 4,579,206). As far as the Directors are aware the auditors neither have any other relationship with the Company nor any of its subsidiaries and associates that would have an impact on their independence.



Deshamanya D.H.S. Jayawardena
Chairman



Dr. M.P. Dissanayake
Managing Director



**Aitken Spence Corporate Finance
(Private) Limited**
Secretaries

Colombo
31st May 2022

THE BOARD OF DIRECTORS' STATEMENT ON INTERNAL CONTROLS

102-16 102-17

RESPONSIBILITY

The Board of Directors ("Board") is responsible for the adequacy and effectiveness of the internal control mechanism in place at Aitken Spence Hotel Holdings PLC ("Group").

The Board has established an ongoing process for identifying, evaluating, and managing the significant risks faced by the Company and this process includes the system of internal control over financial reporting. The process is regularly reviewed by the Board.

The Board is of the view that the system of internal control over the financial reporting in place is sound and adequate to provide reasonable assurance regarding the reliability of financial reporting, and that the preparation of Financial Statements for external purposes is in accordance with the relevant accounting principles and regulatory requirements.

The Board has delegated specific responsibilities to the following four sub-committees:

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

These committees are chaired by independent Non-Executive Directors and have the authority to examine particular issues and report back to the Board with their recommendations.

The Board is confident that the internal controls are adequate to provide reasonable assurance regarding the reliability of financial reporting which are in accordance with the acceptable regulatory requirements.

INTERNAL AUDIT

The Internal Audit Department of the Group checks for compliance with the policies and procedures and the effectiveness of the internal control systems on an ongoing basis using samples and procedures and highlights significant findings in respect on any non-compliance. Audits are carried out on all units of the Group, the frequency of which is determined by the level of risk assessed, to provide an independent and objective report.

The annual audit plan of the Internal Audit Department of the Group is reviewed and approved by the Audit Committee. Internal audit findings and the management responses are tabled before the Audit Committee for review at its periodic meetings.

POLICIES, PROCEDURES AND BUDGETS

Policies and procedures to ensure compliance with the internal controls and relevant laws and regulations are set out in operations manuals, which are updated from time to time.

Annual budgets are approved by the respective Boards and the subsidiaries' performance are assessed against the approved budgets and explanations are provided for significant variances periodically to the respective Boards.

WHISTLEBLOWING POLICY

The Group has in place a whistleblowing policy. The Whistleblowing Policy enables any employee, supplier and any stakeholder to report actual or suspected malpractices, misconducts or violations of the Group's policies and regulations in a safe and confidential manner through the appropriate channels.

The prevalence and effectiveness of this policy is monitored by the Audit Committee from time to time.

ETHICS AND INTEGRITY

The Group is committed in conducting its business in an open, honest and ethical manner. Ethics and integrity have always been the main reference for all employees when dealing with various stakeholders. The strong commitment of the Group in upholding integrity when carrying out duties are evidenced by the Group Code of Ethics & Professional Conduct which includes a strong set of corporate values and conduct. The Group Code of Ethics & Professional Conduct is circulated to Directors and all employees.

CYBER SECURITY

Cybercrime is a global problem that has been dominating the world. It poses a threat to individual security as well as the security of Groups such as ours. The cybercrimes of today far outshadow the lone hackers of the past. The Board has taken necessary precautions to minimize the risk of a security breach. During the year under review, necessary steps have been rolled out to curtail the exposure to cyber-attacks by reducing the threat surface and any potentially exploitable vulnerabilities.

GOING CONCERN

The statement of going concern is set out in the 'Annual Report of the Board of Directors' on page 119.

RISK MANAGEMENT

An overview of the Group's risk management framework is set out on pages 41 to 46.

ANNUAL REPORT

The Board is responsible for the preparation of the Annual Report and confirms that the quarterly reports, Annual Financial Statements and the annual review of operations of the Group and its equity accounted investees that are incorporated in this Annual Report

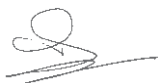
THE BOARD OF DIRECTORS' STATEMENT ON INTERNAL CONTROLS

have been prepared and presented in a reliable manner, based on a balanced and comprehensive assessment of the financial performance of the entire Group.

CONFIRMATION

All Financial Statements are prepared in accordance with the requirements of the Companies Act No. 7 of 2007, the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the Listing Rules of the Colombo Stock Exchange and other regulatory bodies as applicable to the Group.

We have duly complied with all the requirements prescribed by the regulatory authorities including the Colombo Stock Exchange and the Registrar of Companies. The consolidated Financial Statements for the year ended 31st March 2022 have been audited by Messrs. KPMG, Chartered Accountants.



Deshamanya D.H.S. Jayawardena

Chairman



Dr. M.P. Dissanayake

Managing Director



R.N. Asirwatham

Chairman

Audit Committee

Colombo

31st May 2022

PERFORMANCE REDEFINED

Financial Reports

Reconfiguring our processes to align to change

FINANCIAL CALENDAR

FINANCIAL CALENDAR

Interim Financial Statements Calendar - 2021/2022

Interim Financial Statements for the three months ended on 30th June 2021	Approved on 12th August 2021
Interim Financial Statements for the six months ended on 30th September 2021	Approved on 12th November 2021
Interim Financial Statements for the nine months ended on 31st December 2021	Approved on 11th February 2022
Interim Financial Statements for the twelve months ended on 31st March 2022	Approved on 26th May 2022

Audited Financial Statements Calendar

Audited Financial Statements for the year ended on 31st March 2022	Approved on 31st May 2022
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Annual General Meeting (AGM) Calendar

Forty Fifth Annual General Meeting	On 30th June 2022
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INDEPENDENT AUDITOR'S REPORT



KPMG
(Chartered Accountants)
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P. O. Box 186,
Colombo 00300, Sri Lanka.

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Internet : www.kpmg.com/lk

To the Shareholders of Aitken Spence Hotel Holdings PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Aitken Spence Hotel Holdings 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 31st March 2022, 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 as set out on pages 132 to 240.

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 31st March 2022, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit

evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company financial statements and consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Company financial statements and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revaluation of Freehold Land

Refer the Note 16 to the financial statements

Risk Description

As at the reporting date, Freehold land carries at the fair value and classified as Property, Plant and Equipment. The Group has recorded a net gain on revaluation of Freehold Land amounting to Rs. 950 Mn as at 31st March 2022.

Freehold Land are measured at revalued amounts in the statement of financial position. The Group has engaged independent professional valuers with appropriate expertise in valuing properties, in locations of properties being valued to determine the revalued amounts of the land in accordance with recognised industry standards.

We identify this as a key audit matter because of the significant judgement and estimates involved in assessing the fair value of the Freehold Land.

Our response

Our audit procedures included,

- We involve the component auditor of the subsidiaries companies to perform the audit procedures to ;
 - Assessing the objectivity, independence, competence, and qualification of the external valuers.
 - Assessing the key assumptions applied and conclusions made by the external valuer in deriving the fair value of the properties and comparing the same with evidence of current market value.
 - Assessing the key inputs used in the valuation by the independent external valuer against our expectations based on our experience, externally published market comparable and our knowledge of property market, consultation with internal valuation specialist.
- Assessing the adequacy of the disclosure in the financial statements.

KPMG, a Sri Lankan Partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

P.Y.S. Perera FCA G.P. Jayatilake FCA T.J.S. Rajakarier FCA
W.J.C. Perera FCA Ms. S. Joseph FCA Ms. S.M.B. Jayasekara FCA
W.K.D.C. Abeyrathne FCA S.T.D.L. Perera FCA G.A.U. Karunaratne FCA
R.M.D.B. Rajapakse FCA Ms. B.K.D.T.N. Rodrigo FCA R.H. Rajan FCA
M.N.M. Shameel FCA Ms. C.T.K.N. Perera ACA A.M.R.P. Alahakoon ACA
Ms. P.M.K. Sumanasekara FCA
Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA,
W.A.A. Weerasekara CFA, ACMA, MRICS



Management assessment of the Prevailing uncertain and volatile macro-economic environment on the Group operation.

Refer Accounting Policies Note 2.11 and Note 3.3 and Financial Statements Note 42.6 and Note 52.

Risk Description	Our response
At 31st March 2022, the Group had net current liabilities of Rs. 5,694 Mn and total interest bearing borrowings - loans of Rs. 43,952 Mn, which include foreign currency loan obtained for Sri Lankan operation amounting of Rs.11,178 Mn. Further, the effective portion of a Cash flow hedge relating to foreign currency loan has been recognised under other comprehensive income amounting to Rs. 2,715 Mn. This area continues to be considered an area of risk for 2021/2022 financial year given the prevailing uncertain and volatile macro-economic environment and the Group is exposed to financial risks arising from exchange rates due to fact that a subsidiary company has hedged its Euro currency revenue against the contractual future loan repayments. The Group is required to make regular debt repayments and there are restrictive covenants over its debt. These factors coupled with the continued volatility in commodity prices, fuel shortages, lack of foreign currency and social unrest have led to our increased focus on this area. The directors evaluated prevailing uncertain and volatile macro-economic environment on the Group operations based on the projections of the Group's profit and cash inflows from local and overseas operations and other financing available to the Group. As a result of their assessment, the directors believe that the Group will generate sufficient cash flows to meet its liabilities as and when they fall due and payable in the next twelve months. Significant management judgement is involved in assessing the ability of the Group to meet its financial obligations and manage its liquidity position due to the prevailing uncertain and volatile macro-economic environment. As such, we determined this to be a key audit matter.	Our audit procedures included, • Obtaining the cash flow projections covering period of not less than twelve months from the reporting period end date and evaluating these key assumptions used in preparing the projections. • Evaluating the sensitivity of the projected available cash by considering downside scenarios together with reasonably plausible changes to the key assumptions and considering whether there were any indicators of management bias in the selection of the assumptions. • Inspecting the facility agreements for the Company's long-term loans to identify any financial covenants or similar terms and assessing the implication of these on the Company's liquidity. • Reviewed the work carried out by component auditors where necessary. Audit procedures performed for the effective portion of the cash flow hedge included, • Assessing the nature of the hedge relationships and testing compliance with specific hedge accounting requirements for foreign currency hedging. • Examining the accounting treatment applied for Hedge, in particular when reclassifying gains and losses from reserves to the income statement and adjustments to the carrying value of the hedged item. Assessing the adequacy of disclosures in the financial statements in relation to the potential impact of the prevailing uncertain and volatile macro-economic environment and implications of COVID-19 pandemic on the Group operations.

INDEPENDENT AUDITOR'S REPORT



Impairment assessment of Goodwill, Investments in subsidiaries and Investments in equity accounted investees

Refer Accounting Policies in Note 3.1.1 and Note 3.5.4 and Financial Statements Note 18, Note 19 and Note 20.

Risk Description	Our response
The Company hold investments in subsidiaries and investments in equity accounted investees amounting to Rs. 8,007 Mn and Rs. 1,216 Mn respectively as at 31st March 2022. Further the Group holds investments in equity accounted investees amounting to Rs. 461 Mn and goodwill amounting to Rs. 763 Mn as at 31st March 2022. The carrying amount of each investments in subsidiary and investments in equity accounted investees have been tested for impairment as individual Cash Generating Units. The carrying amount of these investments could be materially misstated if inappropriate judgments and estimates were used by the Directors in calculating the recoverable amount for each cash generating unit ('CGU') and recoverable amounts of the identified CGUs have been determined based on the value-in-use calculation. Investments which have not generated adequate returns may be an indication of impairment. Due to the investments being material it will have a significant impact on financial performance of the Company/ Group. We have identified the impairment assessment of goodwill, investments in subsidiaries and investments in equity accounted investees as a key audit matter since that is based on forecasting and discounting cash flows, which are inherently judgemental.	Our audit procedures included, - Assessing the impairment indications of investments made in subsidiaries and equity accounted investees and assessing the reasonableness of the discounted cash flow models, key assumptions, principles and accuracy of the forecasts. - Reviewing of Value in Use computations for investments with impairment indications and discussion with management of the Group/ component. - Assessing the adequacy of disclosures in the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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 statement 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 the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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



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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2618.

CHARTERED ACCOUNTANTS

Colombo, Sri Lanka

31st May 2022

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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For the year ended 31st March	Notes	Group		Company	
		2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Revenue	7	24,570,780	5,728,379	527,191	123,747
Revenue taxes		(543,819)	(136,611)	-	-
Net revenue		24,026,961	5,591,768	527,191	123,747
Other income/(expenses)	8	203,021	(45,957)	342,007	69,237
Staff costs		(4,242,700)	(2,431,437)	(144,632)	(102,533)
Depreciation		(2,569,002)	(2,534,273)	(55,613)	(63,290)
Amortisation and impairment		(864,484)	(804,178)	(53,357)	(40,555)
Other operating expenses - direct	9	(6,168,280)	(1,512,542)	(129,816)	(49,488)
Other operating expenses - indirect	10	(6,105,417)	(3,451,876)	(245,485)	(176,025)
Profit/(loss) from operations	11	4,280,099	(5,188,495)	240,295	(238,907)
Finance income		171,877	134,707	61,821	63,827
Finance expense		(2,278,833)	(2,173,971)	(76,684)	(83,280)
Net financing expense	12	(2,106,956)	(2,039,264)	(14,863)	(19,453)
Share of loss of equity accounted investees (net of tax)	20	(226,484)	(378,861)	-	-
Profit/(loss) before taxation		1,946,659	(7,606,620)	225,432	(258,360)
Income tax (expense)/refund	13	(912,354)	353,405	(65,362)	(2,075)
Profit/(loss) for the year		1,034,305	(7,253,215)	160,070	(260,435)
Attributable to:					
Equity holders of the parent company		623,542	(4,669,045)	160,070	(260,435)
Non - controlling interests		410,763	(2,584,170)	-	-
		1,034,305	(7,253,215)	160,070	(260,435)
Earnings/(loss) per ordinary share - Basic/Diluted (Rs.)	14	1.85	(13.93)	0.48	(0.82)

Figures in brackets indicate deductions.

The notes on pages 140 to 240 form an integral part of these financial statements.

For the year ended 31st March	Notes	Group		Company	
		2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Profit/(loss) for the year		1,034,305	(7,253,215)	160,070	(260,435)
Other comprehensive income/(loss)					
Items that will never be reclassified to profit or loss					
Revaluation of freehold land	16	950,470	-	-	-
Share of other comprehensive income of equity accounted investees (net of tax)	20	26,713	43,587	-	-
Actuarial gains/(losses) on defined benefit obligations	35.4	20,351	(28,661)	1,664	(5,650)
Income tax on other comprehensive income	13.9	(2,295)	3,453	(233)	791
		995,239	18,379	1,431	(4,859)
Items that are or may be reclassified to profit or loss					
Foreign currency translation differences of foreign operations		6,834,939	801,962	-	-
Net movement in cashflow hedging	42.6	(2,715,462)	(712,630)	-	-
		4,119,477	89,332	-	-
Other comprehensive income/(loss) for the year net of tax		5,114,716	107,711	1,431	(4,859)
Total comprehensive income/(loss) for the year net of tax		6,149,021	(7,145,504)	161,501	(265,294)
Attributable to:					
Equity holders of the parent company		3,885,478	(4,564,238)	161,501	(265,294)
Non - controlling interests		2,263,543	(2,581,266)	-	-
		6,149,021	(7,145,504)	161,501	(265,294)

Figures in brackets indicate deductions.

The notes on pages 140 to 240 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

		Group		Company	
As at		31.03.2022	31.03.2021	31.03.2022	31.03.2021
	Notes	Rs. '000	Rs. '000	Rs. '000	Rs. '000
ASSETS					
Non-Current Assets					
Property, plant and equipment	16	67,363,789	52,766,644	1,534,878	1,583,243
Right-of-use assets	17	16,379,328	11,964,320	-	-
Intangible assets	18	821,411	581,137	179	1,406
Investment in subsidiaries	19	-	-	8,006,841	8,006,841
Investment in equity accounted investees	20	461,073	631,527	1,215,732	1,267,862
Other financial assets	21	283,123	772,508	38,333	606,058
Deferred tax assets	22	648,820	717,802	-	-
		85,957,544	67,433,938	10,795,963	11,465,410
Current Assets					
Inventories	23	1,627,072	817,377	20,003	15,122
Trade and other receivables	24	2,310,150	893,820	204,788	82,396
Amounts due from holding company	25	485,713	476,904	-	82,929
Amounts due from parent's group entities	26	620,304	231,334	609,567	47,386
Deposits and prepayments		553,452	368,513	66,526	4,128
Current tax receivable		36,480	47,135	-	12,134
Other financial assets	27	4,428,432	714,562	747,109	139,794
Cash and cash equivalents	28	4,033,614	2,105,560	478,255	474,920
		14,095,217	5,655,205	2,126,248	858,809
Assets classified as held for sale	29	1,586,969	1,079,094	-	-
Total Assets		101,639,730	74,168,237	12,922,211	12,324,219
EQUITY AND LIABILITIES					
Total equity attributable to equity holders of the company					
Stated capital	30	3,554,587	3,554,587	3,554,587	3,554,587
Reserves	31	8,791,779	5,554,233	705,961	705,961
Retained earnings		7,524,885	6,847,636	6,499,604	6,338,103
		19,871,251	15,956,456	10,760,152	10,598,651
Non - controlling interests		8,269,807	6,006,264	-	-
Total Equity		28,141,058	21,962,720	10,760,152	10,598,651

		Group		Company	
As at		31.03.2022	31.03.2021	31.03.2022	31.03.2021
	Notes	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Non - Current Liabilities					
Interest - bearing liabilities - banks	32	38,596,278	28,147,885	413,588	558,554
Interest - bearing liabilities - leases	33	13,483,051	9,990,825	-	-
Deferred tax liabilities	34	1,364,422	1,019,424	82,954	37,426
Employee benefits	35	265,214	248,550	38,065	43,437
		53,708,965	39,406,684	534,607	639,417
Current Liabilities					
Trade payables		1,291,949	913,389	25,277	16,134
Other provisions and payables	36	5,359,084	3,295,873	79,168	55,863
Amounts due to holding company		1,201,857	168,765	409,987	134,856
Amounts due to parent's group entities	37	88,106	75,307	564,107	533,707
Interest - bearing liabilities - banks	32	5,356,106	2,568,340	401,781	238,410
Interest - bearing liabilities - leases	33	1,206,831	1,042,409	-	-
Current tax payable		50,364	2,097	3,330	-
Bank overdrafts and other short term borrowings	28	5,235,410	4,732,653	143,802	107,181
		19,789,707	12,798,833	1,627,452	1,086,151
Total Liabilities		73,498,672	52,205,517	2,162,059	1,725,568
Total Equity and Liabilities		101,639,730	74,168,237	12,922,211	12,324,219

The above Statements of Financial Position are to be read in conjunction with notes to the financial statements on pages 140 to 240.

I certify that the financial statements for the year ended 31st March 2022 are in compliance with the requirements of the Companies Act No. 07 of 2007.

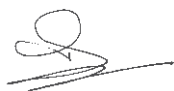


L.D.T. Perera

General Manager - Finance

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:



Deshamanya D.H.S. Jayawardena

Chairman



Dr. M.P. Dissanayake

Managing Director

31st May 2022
Colombo
Sri Lanka

STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March

Group		Attributable to equity holders of the parent										Total Equity
		Stated Capital	General Reserve	Fair Value Reserve	Foreign Currency Translation Reserve	Cashflow Hedge Reserve	Revaluation Reserve	Retained Earnings	Total	Non - Controlling Interests		
	Notes	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	
Balance as at 01st April 2020												
		3,554,587	22,929	(14,878)	3,645,259	(801,633)	2,567,742	11,588,894	20,562,900	8,587,530	29,150,430	
Loss for the year												
		-	-	-	-	-	-	(4,669,045)	(4,669,045)	(2,584,170)	(7,253,215)	
Other comprehensive income/(loss) for the year												
		-	-	26,123	507,832	(427,578)	28,437	(30,007)	104,807	2,904	107,711	
Total comprehensive income/(loss) for the year												
		-	-	26,123	507,832	(427,578)	28,437	(4,699,052)	(4,564,238)	(2,581,266)	(7,145,504)	
Effect of Change in % holding of share of net assets of equity-accounted investees												
	20	-	-	-	-	-	-	(27,356)	(27,356)	-	(27,356)	
Preference dividends for 2019/2020												
	15	-	-	-	-	-	-	(14,850)	(14,850)	-	(14,850)	
Balance as at 31st March 2021												
		3,554,587	22,929	11,245	4,153,091	(1,229,211)	2,596,179	6,847,636	15,956,456	6,006,264	21,962,720	
Profit for the year												
		-	-	-	-	-	-	623,542	623,542	410,763	1,034,305	
Other comprehensive income/(loss) for the year												
		-	-	9,169	4,380,628	(1,629,277)	477,026	24,390	3,261,936	1,852,780	5,114,716	
Total comprehensive income/(loss) for the year												
		-	-	9,169	4,380,628	(1,629,277)	477,026	647,932	3,885,478	2,263,543	6,149,021	
Effect of Change in % holding of share of net assets of equity-accounted investees												
	20	-	-	-	-	-	-	29,317	29,317	-	29,317	
Balance as at 31st March 2022												
		3,554,587	22,929	20,414	8,533,719	(2,858,488)	3,073,205	7,524,885	19,871,251	8,269,807	28,141,058	

Dividend per ordinary share - (Note No.15) Nil. (2020/21-Nil)

Figures in brackets indicate deductions.

The notes on pages 140 to 240 form an integral part of these financial statements.

For the year ended 31st March

Company	Notes	Stated Capital Rs. '000	General Reserve Rs. '000	Revaluation Reserve Rs. '000	Retained Earnings Rs. '000	Total Equity Rs. '000
Balance as at 01st April 2020		3,554,587	22,929	683,032	6,618,247	10,878,795
Loss for the year		-	-	-	(260,435)	(260,435)
Other comprehensive loss for the year		-	-	-	(4,859)	(4,859)
Total comprehensive loss for the year		-	-	-	(265,294)	(265,294)
Preference dividends for 2019/2020	15	-	-	-	(14,850)	(14,850)
Balance as at 31st March 2021		3,554,587	22,929	683,032	6,338,103	10,598,651
Profit for the year		-	-	-	160,070	160,070
Other comprehensive income for the year		-	-	-	1,431	1,431
Total comprehensive income for the year		-	-	-	161,501	161,501
Balance as at 31st March 2022		3,554,587	22,929	683,032	6,499,604	10,760,152

Dividend per ordinary share - (Note No.15) Nil. (2020/21-Nil)

Figures in brackets indicate deductions.

The notes on pages 140 to 240 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

		Group		Company	
For the year ended 31st March		2022	2021	2022	2021
	Notes	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash flow from operating activities					
Profit/(loss) before taxation		1,946,659	(7,606,620)	225,432	(258,360)
Adjustments for					
Depreciation	11	2,569,002	2,534,273	55,613	63,290
Amortisation of right-of-use assets and intangible assets	11	864,484	804,178	1,227	1,865
Impairment/(reversal of impairment) of trade debtors	11	(73,314)	128,073	(28,370)	19,970
Impairment/(reversal of impairment) of financial assets	11	100	(8,394)	47	(8,394)
Impairment of investment in subsidiaries and equity accounted investees	11	-	-	52,130	38,690
Provision of impairment/ (reversal of impairment) of inventories	11	(2,781)	2,781	-	-
Interest expense	12	2,278,833	2,173,971	76,684	83,280
Interest income	12	(171,877)	(134,707)	(61,821)	(63,827)
(Profit)/loss on sale of property, plant and equipment	8	(9,486)	447	125	(359)
Provision for retirement benefit obligations	35	33,539	40,050	4,264	6,572
Share of loss of equity accounted investees (net of tax)	20	226,484	378,861	-	
Effect of movement in exchange rates	8	(114,809)	83,220	(303,345)	(31,442)
Operating profit/(loss) before working capital changes		7,546,834	(1,603,867)	21,986	(148,715)
(Increase)/decrease in inventories		(806,914)	113,382	(4,881)	4,502
(Increase)/decrease in trade and other receivables		(1,393,524)	659,456	(94,022)	34,449
(Increase)/decrease in amounts due from holding company		(8,809)	263,328	82,929	(50,781)
(Increase)/decrease in amount due from parent's group entities		(388,970)	235,752	(562,181)	64,620
(Increase)/decrease in deposits and prepayments		(184,939)	220,261	(62,398)	3,938
Increase/(decrease) in trade payables		378,560	(27,193)	9,143	(1,863)
Increase/(decrease) in other provisions and payables		2,071,019	(198,481)	23,305	(49,776)
Increase/(decrease) in amounts due to holding company		1,033,092	34,472	275,131	92,020
Increase/(decrease) in amount due to parent's group entities		12,799	1,298	30,400	32,423
Cash generated from/(used in) operations		8,259,148	(301,592)	(280,588)	(19,183)
Interest expenses paid		(987,749)	(340,950)	(58,279)	(38,977)
Retirement benefit obligations paid	35	(35,696)	(35,473)	(7,972)	(3,330)
Income taxes paid		(441,747)	(129,325)	(4,603)	-
Net cash flow generated from/(used in) operating activities		6,793,956	(807,340)	(351,442)	(61,490)

(carried forward to next page)

Figures in brackets indicate deductions.

		Group		Company	
For the year ended 31st March		2022	2021	2022	2021
	Notes	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Net cash flow generated from/(used in) operating activities		6,793,956	(807,340)	(351,442)	(61,490)
(brought forward from previous page)					
Cash flow from investing activities					
Investments in equity	20	-	(83,679)	-	(83,679)
Acquisition of property, plant and equipment	16	(761,655)	(778,672)	(7,373)	(22,578)
Purchase of intangible assets	18	(999)	-	-	-
Proceeds from disposal of property, plant and equipment		374	17,055	-	626
Purchase of term deposits	27	(3,106,555)	(533,928)	-	-
Interest received		132,240	91,295	22,184	15,113
Net cash generated from/(used) in investing activities		(3,736,595)	(1,287,929)	14,811	(90,518)
Cash flow from financing activities					
Proceeds from interest bearing liabilities - banks	32	-	296,787	-	249,274
Repayment of interest bearing liabilities - banks	32	(705,327)	(435,609)	-	(224,274)
Repayment of interest bearing liabilities - leases	33	(1,810,919)	(260,971)	-	-
Dividends paid to equity holders of the parent	15	-	(14,850)	-	(14,850)
Net cash generated from/(used) in financing activities		(2,516,246)	(414,643)	-	10,150
Net increase/(decrease) in cash and cash equivalents		541,115	(2,509,912)	(336,631)	(141,858)
Cash and cash equivalents at the beginning of the year		(2,627,093)	(19,617)	367,739	478,155
Effect of movement in exchange rates		884,182	(97,564)	303,345	31,442
Cash and cash equivalents at the end of the year	28	(1,201,796)	(2,627,093)	334,453	367,739
Analysis of cash and cash equivalents at the end of the year					
Cash at bank and in hand		2,237,504	1,546,099	120,834	39,843
Short term deposits		1,796,110	559,461	357,421	435,077
Bank overdrafts and other short term bank borrowings		(5,235,410)	(4,732,653)	(143,802)	(107,181)
Cash and cash equivalents at the end of the year	28	(1,201,796)	(2,627,093)	334,453	367,739

Figures in brackets indicate deductions.

The notes on pages 140 to 240 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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1. REPORTING ENTITY

1.1. Corporate information

Aitken Spence Hotel Holdings PLC (the 'Company') is a public limited liability company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The Company's registered office and the principal place of business is located at No. 315, Vauxhall Street, Colombo 02.

The immediate parent of Aitken Spence Hotel Holdings PLC is Aitken Spence PLC and ultimate parent is Milford Exports (Ceylon) (Pvt) Ltd.

1.2. Consolidated Financial Statements

The consolidated financial statements of the Company as at and for the year ended 31st March 2022 comprise the financial statements of Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in equity-accounted investees.

1.3. Principal activities and nature of operations

The principal activities of the Company are that of an investment holding company and hoteliering and the subsidiary companies are also engaged in the business of hoteliering and auxiliary services and there has been no change in the nature of such activities during the year.

2. BASIS OF PREPARATION

2.1. Statement of compliance

The Consolidated financial statements of the Group and the separated financial statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards (herein referred to as SLFRSs/LKASs) effective from 1st January 2012, laid down by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and in compliance with the requirement of the Companies Act No. 07 of 2007 and Sri Lanka Accounting and Auditing Standards Act No.15 of 1995. These Financial Statements, except for information on cash flows have been prepared following the accrual basis of accounting.

The Group did not adopt any inappropriate accounting treatment, which is not in compliance with the requirements of the SLFRSs and LKASs, regulations governing the preparation and presentation of the Financial Statements.

2.2. Components of Financial Statements

The consolidated Financial Statements include the following components:

- an Income Statement and a Statement of Profit or Loss and Other Comprehensive Income providing the information on the financial performance of the Group and the Company for the year under review.
- a Statement of Financial Position providing the information on the financial position of the Group and the Company as at the year end.
- a Statement of Changes in Equity depicting all changes in shareholders' funds during the year under review for the Group and the Company
- a Statement of Cash Flow providing the information to users, on the ability of the of the Group and the Company to generate cash and cash equivalents and utilization of those cash flows.
- notes to the Financial Statements comprising significant accounting policies and other explanatory information.

2.3. Responsibility for financial statements

The Board of Directors of the Company acknowledges their responsibility for the Financial Statements, as set out in the "Annual Report of the Board of Directors", "Statement of Directors' Responsibilities for Financial Statements" and the "certification on the Statement of Financial Position".

2.4. Reporting date

The financial statements of all companies in the Group are prepared for a common financial year, which ends on 31st March except for Jetan Travel Services Company (Pvt) Ltd., ADS Resorts (Pvt) Ltd., Unique Resorts (Pvt) Ltd. Cowrie Investment (Pvt) Ltd. and Ace Resorts (Pvt) Ltd whose financial year ends on 31st December.

2.5. Approval of financial statements by Directors

The financial statements of the Group and the Company for the year ended 31st March 2022 were approved and authorised for issue by the Board of Directors on 31st May 2022.

2.6. Basis of measurement

The financial statements of the Group and the Company have been prepared on the historical cost basis, except for the following material items in the statement of financial position.

Item	Basis of Measurement	Note Number
Land	Measured at cost at the time of acquisition and subsequently at revalued amounts which are the fair values at the date of revaluation	16.3
Financial assets classified as fair value through other comprehensive income	Measured at fair Value	21
Retirement benefit obligations	Measured at the present value of the defined benefit obligation	35

2.7. Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates (the Functional Currency), which is the Sri Lankan Rupee.

These financial statements are presented in Sri Lankan Rupees. All financial information presented has been rounded to the nearest thousand except where otherwise indicated as permitted by the Sri Lanka Accounting Standard – LKAS 1 on ‘Presentation of Financial Statements’.

Each entity in the Group determines its own functional currency and items included in the Financial Statements of these entities are measured using that Functional Currency. The offshore head-quarter companies in the Group, change their presentation currency from Sri Lanka Rupees (LKR) to United States Dollar (USD) with effect from 1st April 2018 to reflect the companies predominant operating currency in their financial statements. The Group accounted for this change in accounting policy by the subsidiary companies on prospective basis as the effect of the application of this change on the Group's financial statements is not material for the comparative years. The cumulative impact of the translation is transferred from Retained Earnings to Exchange Equalization Reserves on 1st April 2018.

Other than the above there was no change in the Group's Presentation and Functional Currency during the year under review. The financial statements of the Group are presented in Sri Lankan Rupees (LKR) which is the functional currency of the Group entities other than for the companies listed below where the functional currency is either based on the country of incorporation of the respective company or elements that could influence in determining its functional currency.

Company	Country of Incorporation	Functional Currency
A.D.S Resorts Ltd	Maldives	USD
Unique Resorts (Pvt) Ltd	Maldives	USD
Jetan Travel Services Company (Pvt) Ltd	Maldives	USD
Cowrie Investment (Pvt) Ltd	Maldives	USD
Aitken Spence Resorts (Middle East) LLC	Oman	Oman Riyal
Aitken Spence Hotel Managements South India (Pvt) Ltd	India	Indian Rupees
Aitken Spence Hotel Services (Pvt) Ltd	India	Indian Rupees
PR Holiday Homes (Pvt) Ltd	India	Indian Rupees
Perumbalam Resorts Pvt Ltd	India	Indian Rupees
Crest Star (BVI) Ltd	British Virgin Island	USD
Aitken Spence Hotel Managements Asia (Pvt) Ltd	Sri Lanka	USD
Aitken Spence Hotels International Pvt) Ltd	Sri Lanka	USD
Aitken Spence Global Operations (Pvt) Ltd	Sri Lanka	USD

2.8. Use of accounting judgements, estimates and assumptions

The preparation of the financial statements of the Group and the Company in conformity with SLFRSs/LKASs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported values of assets, liabilities, income and expenses, accompany disclosures (including contingent liabilities). Those which management has assessed to have the most significant effect on the amounts recognised in the consolidated financial statements have been discussed in the individual notes of the related financial statement line items. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making a judgment about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

NOTES TO THE FINANCIAL STATEMENTS

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

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also described in the individual notes of the related financial statement line items below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

2.9. 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' and amendments to the LKAS 1 which was effective from January 01, 2020.

Notes to the Financial Statements are presented in a systematic manner which ensures the understandability and comparability of Financial Statements of the Group and the Company. 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.

2.10. Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position, only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously. Income and expenses are not offset in the income statement, unless required or permitted by Sri Lanka Accounting Standards and as specifically disclosed in the Significant Accounting Policies of the Company.

2.11. Going concern

The Group has prepared the financial statements for the year ended 31 March 2022 on the basis that it will continue to operate as a going concern.

In determining the basis of preparing the financial statements for the year ended 31 March 2022, based on available information, the management has assessed the prevailing macroeconomic conditions and its effect on the Group companies and the appropriateness of the use of the going concern basis.

The Group's businesses recorded strong improvement in profitability compared to the previous year on the back of a fast recovery momentum with most of the businesses reaching pre COVID-19 levels of operations post the easing of restrictions. The management has formed judgment that the Company, its subsidiaries, associates and joint ventures have adequate resources to continue in operational existence for the foreseeable future driven by the continuous operationalisation of risk mitigation initiatives and monitoring of business continuity and response plans at each business unit level along with the financial strength of the Group.

Based on the publicly available information at the date these financial statements were authorized for issue, management considered a number of severe but plausible scenarios with respect to the potential development of the outbreak and its expected impact on the entity and economic environment, in which the entity operates, including the measures already taken by the Sri Lankan government.

In preparing these financial statements, based on available information, the management has assessed the existing and anticipated effects of COVID-19 on the Group and the appropriateness of the use of the going concern basis. In March 2022, Group has evaluated the resilience of its businesses considering a wide range of factors such as current and expected profitability, the ability to defer non-essential capital expenditure, debt repayment schedules, if any, cash reserves and potential sources of financing facilities, if required, and the ability to continue providing goods and services.

Having presented the outlook of the Group to the Board, the Directors are satisfied that the Group, has adequate resources to continue in operational existence for the foreseeable future. Management concluded that the range of possible outcomes considered at arriving at this judgment does not give rise to material uncertainties related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1. Basis of consolidation

The Group's financial statements comprise of the consolidation of financial statements of the Company and its subsidiaries prepared in terms of Sri Lanka Accounting standard (SLFRS -10) - Consolidated Financial Statements and share of profit and loss and net assets of equity accounted investees prepared in terms of Sri Lanka Accounting standard (LKAS 28) - Investments in Associates and Joint Ventures.

3.1.1. Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

As per the requirements of SLFRS 3- Business Combinations and amendments to the SLFRS 3, when the Group acquires a business it assesses the financial assets and liabilities assumed under classifications or designations on the basis of the contractual terms, economic conditions, its operating or accounting policies and other pertinent conditions exist at the acquisition date as at the acquisition date, which is the date on which control is transferred to the Group. The Group applies Definition of a Business (Amendments to SLFRS 3) to business combinations whose acquisition dates are on or after 1 January 2020 in assessing whether it had acquired a business or a group of assets. Control exists when the Company has the power, directly or indirectly to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable and other contractual arrangements.

The Group measures goodwill at the acquisition date as the fair value of the consideration transferred plus the recognised amount of any non-controlling interests in the acquiree plus if the business combination achieved in stages, the fair value of the pre-existing interest in the acquiree less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured, and settlement is accounted within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in the income statement.

The goodwill arising on acquisition of subsidiaries is presented as an intangible asset.

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.

If the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity acquired exceed the cost of the acquisition of the entity, the surplus, which is a gain on bargain purchase is recognised immediately in the consolidated income statement.

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

3.1.2. Non-controlling interests

The proportion of the profits or losses after taxation applicable to outside shareholders of subsidiary companies is included under the heading "Non – controlling interest" in the Consolidated Income Statement. Losses applicable to the non-controlling interests in a subsidiary is allocated to the non-controlling interest even if doing so causes the non-controlling interests to have a deficit balance.

The interest of the minority shareholders in the net assets employed of these companies are reflected under the heading "Non – controlling interest" in the Consolidated Statement of Financial Position.

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. Adjustments to non-controlling interest arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

3.1.3. Subsidiaries

Subsidiaries are those entities that are controlled by the Group. Control is achieved when the Group is exposed or has rights to variable returns from its involvement with the

NOTES TO THE FINANCIAL STATEMENTS

investee and has the ability to affect those returns through its power over the investees. The Group controls an investee if 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 the amount of the investor's returns

When assessing control of an investee, an investor shall consider the purpose and design of the investee in order to identify the relevant activities, how decision about the relevant activities are made, who has the current ability to direct those activities and who receives returns from those activities.

When an investee's purpose and design are considered, it may be clear that an investee is controlled by means of equity instruments that give the holder proportionate voting rights, such as ordinary shares in the investee. In this case in the absence of any additional arrangements that alter decision making, the assessment of control focuses on which party, if any, is able to exercise voting rights sufficient to determine the investee's operating and financing policies. The investor that holds a majority of those voting rights, in the absence of any other factors, controls the investee.

Therefore, Group considers all relevant facts and circumstances in assessing whether it has power over an investee including:

*The contractual arrangement with the other vote holders of the investee

*Rights arising from other contractual arrangements

*The Group's voting rights and potential voting rights

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the above.

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.

Entities that are subsidiaries of another entity which is a subsidiary of the Company are also treated as subsidiaries of the Company.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

3.1.4. Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value as at the date that control is lost. Subsequently, It is accounted for an equity accounted investee or as a financial asset measured at FVOCI depending on the level of influence retained.

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

3.1.5. Investments in equity accounted investees (investments in associates and joint ventures)

Associates are those entities in which the Group has significant influence, but does not have control, over the financial and operating policies. Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not have the control or joint control over those policies. Significant influence is presumed to exist when the Group holds between 20% - 50% of the voting rights of another entity.

Joint ventures are arrangements in which the Group has joint control and have rights to the net assets of the arrangement. The Group has joint control in a venture when there is contractually agreed sharing of control of the venture and the decisions about the relevant activities of the venture require the unanimous consent of the parties sharing control.

The Group determines significant influence or joint control by taking into account similar considerations necessary to determine control over subsidiaries.

The Group's investment in associate and joint venture are treated as equity accounted investees and accounted for using the equity method and are recognised initially at cost,

which includes transaction costs. The carrying amount of the investment is increased or decreased to recognise the investor's share of net assets of the investee after the date of acquisition. The investor's share of Investee's profit or loss is recognised in the investor's profit or loss. Distributions received from an investee reduces the carrying amount of the investment. Adjustment to the carrying amount may also be necessary for changes in the investor's proportionate interest in the investee arising from changes in investee's other comprehensive income. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and not tested for impairment individually.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee. If the Associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equal the share of losses not recognised previously.

The statement of profit or loss reflects the Group's share of the results of operations of the associates or joint venture. Any changes in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in equity of the associate or joint venture the Group recognises its share of any changes when applicable in the statement of changes in equity.

The aggregate of the Groups share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

At each reporting date the Group determines whether there is objective evidence that the investment in associate or joint venture is impaired. If there is such evidence that the investment in associate or joint venture is impaired, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying values and then recognises the amount in share of losses of equity accounted investees or joint venture in the income statement.

The Group discontinues the use of the equity method from the date it ceases to have significant influence over an associate or joint control over the joint venture and accounts for the investment in accordance with the Group's accounting policy for financial instruments. Any difference between the carrying amount of the associate or the joint venture upon loss of significant influence or joint control and fair value

of the retained investment and proceeds from disposal is recognised in profit or loss.

3.1.6. Intra-group transactions

Transfer prices between Group entities are set on an arms-length basis in a manner similar to transactions with third parties.

3.1.7. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2. Foreign currency

3.2.1. Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of transactions. Monetary assets and liabilities denominated in foreign currency at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined.

Non-monetary assets and liabilities in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to reporting currency using the exchange rate that was prevailing on the date the fair value was determined.

Foreign currency differences arising on retranslation generally are recognised in income statement. However, the following items are recognised in the other comprehensive income.

- i. Differences arising on the retranslation of fair value through other comprehensive income equity investments which was recognised in other comprehensive income. Foreign currency gains and losses are reported on a net basis in the income statement.
- ii. Gains and losses arising from translating the financial statements of foreign operations
- iii. Qualifying cash flows hedges to the extent that the hedge is effective

NOTES TO THE FINANCIAL STATEMENTS

3.2.2. Foreign operations

Subsidiaries incorporated outside Sri Lanka are treated as foreign operations. The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated at the rate of exchange prevailing on the reporting date. Income and expenses of the foreign entities are translated at exchange rate approximating to the actual rate at the time of the transaction. For practical purposes this is presumed to be the average rate during each month.

Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. On the partial disposal of a subsidiary that includes a foreign operation, the relevant proportion of such cumulative amount is reattributed to non-controlling interest, in any other partial disposal of foreign operation, the relevant proportion is reclassified to profit or loss.

Foreign exchange gains or losses arising from a monetary items receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognised in other comprehensive income in the foreign currency translation reserve.

3.3. Financial instruments

(a) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(b) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI- debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount of outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Business model assessment:

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the

financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity

Transfers of financial assets to third parties in transactions that do not qualify for de recognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets –Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par-amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets - Subsequent measurement and gains and losses:

Item	Basis of Measurement
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition. Gains and losses accumulated in OCI are reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Item	Basis of Measurement
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(c) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets.

In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(d) Impairment

Non-derivative financial assets

Financial instruments and contract assets

The Group recognises allowances for expected credit losses (ECLs) on financial assets measured at amortized cost.

Loss allowances for trade receivables is always measured at an amount equal to lifetime ECLs.

Loss allowance for debt instruments is measured at 12-month ECL unless credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) of the debt instrument has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- the financial asset is more than 180 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures to recovery of amounts due.

Impairment Policy: Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss in respect of other assets, recognised in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTES TO THE FINANCIAL STATEMENTS

(e) Hedge accounting and cash flow hedge

'Hedging' is a process of using a financial instrument to mitigate all or some of the risk associated to a hedged item. 'Hedge accounting' changes the timing of recognizing the gains and losses on either the hedged item or the hedging instrument so that both are recognised in profit or loss or other comprehensive income in the same accounting period in order to record the economic substance of the relationship between the hedged item and instrument.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed prospective basis according to SLFRS 09 requirements.

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates and certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

Cash Flow Hedge

A hedge of an exposure to variability in cash flows that is attributable to a particular risk associated with a recognizes asset, liability or a highly probable forecast transaction that could affect the profit or loss is classified as a cash flow hedge.

When a non-derivative financial liability is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the non-derivative financial liability is recognised in OCI and accumulated in the hedging

reserve. The effective portion of changes in the fair value of the non-derivative financial liability that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the non-derivative financial liability is recognised immediately in profit or loss.

If the hedge no longer meets the criteria for hedge accounting (after taking into account any rebalancing of the hedging relationship) or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

3.4. Stated capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

Preference Shares

Preference Share capital is classified as equity if it is non-redeemable or redeemable only at the Company's option and any dividends are discretionary. Dividends thereon are recognised as distributions within equity upon approval by the Company's shareholders.

Preference share capital is classified as a financial liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in income statement as accrued.

3.5. Assets and bases of their valuation

3.5.1. Property, plant and equipment

3.5.1.1. Recognition and measurement

Items of property, plant and equipment other than land, are stated at costs less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. The cost of self-constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the asset to the working condition of its intended use. This also includes costs of dismantling and removing the items and restoring the site on which they are located and borrowing costs on qualifying assets.

All items of property, plant and equipment are recognised initially at cost.

The Group recognizes land owned by them in the statement of financial position at their revalued amount. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of each reporting period. If the fair values of land do not change other than by a significant amount at each reporting period, the Group will revalue such land every five years.

Any surplus arising on the revaluation is recognised in other comprehensive income except to the extent that the surplus reverses a previous revaluation deficit on the same asset recognised in income statement, in which case the credit to that extent is recognised in income statement. Any deficit on revaluation is recognised in income statement except to the extent that it reverses a previous revaluation surplus on the same asset, in which case the debit to that extent is recognised in other comprehensive income. Therefore, revaluation increases and decreases cannot be offset, even within a class of assets.

External, independent qualified valuers having appropriate experience in valuing properties in locations of properties being valued, value the land owned by the Group based on market values, this 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 details of land valuation are disclosed in Note No. 16.3.1 to the financial statements.

Upon disposal, any related revaluation reserve is transferred from the revaluation reserve to accumulated profits and is not taken into account in arriving at the gain or loss on disposal.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal of with the carrying amount of property, plant and equipment and are recognised net within other income in income statement.

3.5.1.2. Significant components of property, plant and equipment

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 and depreciated separately based on their useful life.

3.5.1.3. Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied with the item will flow to the Group, and the cost of the item can be measured reliably. The costs of the day-to-day servicing and any other costs are recognised in the income statement as and when incurred.

3.5.1.4. Depreciation

Depreciation is based on the cost of an asset less its residual value.

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. 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 or on the date that the asset is disposed of. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonable certain that Group will obtain ownership by the end of the lease term.

The estimated useful lives are as follows:

• Leasehold Premises	over the remaining lease period
• Buildings	08- 50 years
• Plant and Equipment	10-20 years
• Kitchen Equipment	05 -15 years
• Office Equipment	03- 10 years
• Sports Equipment	05-10 years
• Motor Vehicles	04-06 years
• Motor Boats	5 years
• Swimming Pool and Equipment	15- 30 years
• Furniture and Fittings	10- 20 years
• Crockery, Cutlery and Glassware	03-05 years
• Soft Furnishing	05-10 years

Depreciation is not provided on land and assets under construction.

NOTES TO THE FINANCIAL STATEMENTS

The depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

3.5.2. Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SLFRS 16.

• As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing

sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'right of use assets' and lease liabilities in 'interest bearing borrowings' in the statement of financial position.

Lease modifications

The Group shall account for a lease modification as a separate lease if both:

- a. the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- b. the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification the Group shall:

- a) allocate the consideration in the modified contract
- b) determine the lease term of the modified lease
- c) remeasure the lease liability by discounting the revised lease payments using a revised discount rate. The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee's incremental borrowing rate at the effective date of the modification, if the interest rate implicit in the lease cannot be readily determined.

For a lease modification that is not accounted for as a separate lease, the Group shall account for the remeasurement of the lease liability by:

- a) decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. The lessee shall recognise in profit or loss any gain or loss relating to the partial or full termination of the lease.
- b) making a corresponding adjustment to the right-of-use asset for all other lease modifications.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

• As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies SLFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in SLFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

3.5.3. Intangible assets

Initial Recognition and measurement

The Group recognises intangible assets if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

Separately acquired intangible assets are measured on initial recognition at cost. The cost of such separately acquired intangible assets include the purchase price, import duties, non-refundable purchase taxes and any directly attributable cost of preparing the asset for its intended use.

The cost of intangible assets acquired in a business combination is the fair value of the asset at the date of acquisition.

The cost of an internally generated intangible asset arising from the development phase of an internal project which is capitalised includes all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by the Management. Other development expenditure and expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding is expensed in the income statement as and when incurred.

NOTES TO THE FINANCIAL STATEMENTS

Subsequent costs

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Subsequent Measurement

After initial recognition an intangible asset is stated at its costs less any accumulated amortisation and any accumulated impairment losses.

The useful economic life of an intangible asset is assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life of the asset. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

3.5.4. Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets, the policy on measurement of goodwill is at initial recognition.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and impairment loss on such an investment is allocated to the carrying amount of the equity accounted investee.

3.5.5. Computer software

All computer software cost incurred, licensed for use by the Group, which does not form an integral part of related hardware and which can be clearly identified, reliably measured and it is probable that they will lead to future economic benefits are included under intangible assets

and carried at cost less accumulated amortization and any accumulated impairment losses.

Subsequent measurement

Expenditure incurred on software is capitalized only when it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and this expenditure can be measured and attributed to the asset reliably.

Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in the income statement on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are three years.

Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

3.5.5.1. Website costs

Costs incurred on development of websites are capitalized when the entity is satisfied that the web site will generate probable economic benefits in the future. The estimated useful lives for the current and comparative periods are three years.

3.5.6. Investment properties

Investment properties are land and buildings that are 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 and services or for administrative purposes. Investment property is measured at cost at initial recognition and subsequently at cost less aggregate depreciation. However, if there is impairment in value, other than of a temporary nature, the carrying amount is reduced to recognize the decline.

3.5.7. Inventories

Inventories are measured at the lower of cost and net releasable value. The cost of inventories is based on a weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3.5.8. Trade and other receivables

Trade and other receivables are stated at the amounts estimated to be realised after providing for impairment on trade and other receivables.

Other receivables and dues from related parties are recognised at cost, less provision for impairment.

3.5.9. Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and short-term deposits with original maturity of three months or less. Bank overdrafts are shown within borrowings in current liabilities. For purpose of Cash Flow, Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as components of cash and cash equivalent.

3.5.10. Non-current assets held for sale

Non-current assets that are expected to be recovered primarily through a disposal rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are re-measured in accordance with the Group's accounting policies. Thereafter the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on the above assets is first allocated to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which are continued to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any impairment loss.

3.6. Liabilities and Provisions

3.6.1. Liabilities

Liabilities classified as current liabilities on the statement of financial position are those which fall due for payment on demand or within one year from the reporting date. Non-current liabilities are those balances payable after one year from the reporting date.

All known liabilities are accounted for in the statement of financial position.

3.6.2. Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflect current market assessments of the time value of money and the risks specific to the liability. The unwinding of discount is recognised as finance cost.

3.6.3. Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

3.6.4. Government grants

A government grant is recognised initially as deferred income at fair value when there is a reasonable assurance that it will be received, and the Group will comply with the conditions associated with the grant.

Grants that compensate the Group for expenses incurred are recognised in income statement on a systematic basis in the periods in which the expenses are recognised. Grants that compensate the Group for the cost of an asset is recognised in income statement on a systematic basis over the useful life of the asset.

3.7. Employee benefits

3.7.1. Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions to a separate entity and will have no legal or constructive obligations to pay further amounts. Obligations for contributions to defined contribution plan, are recognised as an employee benefit expense in income statement in the periods during which services are rendered by employees.

3.7.1.1. Provident fund and trust fund – Sri Lanka

All employees in Sri Lanka are members of the Employees' Provident Fund and Employees' Trust Fund, to which employers contribute 12% - 15% and 3% respectively of such employees' basic or consolidated wage or salary, cost of living and all other allowances.

NOTES TO THE FINANCIAL STATEMENTS

3.7.1.2. Contribution to Retirement Pension Scheme-Maldives

All Maldivian employees of the Group are members of the Retirement Pension Scheme established in the Maldives. Both employer and employee contribute 7% respectively to this scheme of such employees' pensionable wage. Employers' obligations for contributions to pension scheme is recognised as an employee benefit expense in income statement in the periods during which services are rendered by employees.

3.7.1.3. Employee Provident Fund - India

Group companies in India contribute a sum of 12% of the basic salaries of all employees as provident fund benefits to the Employee Provident Organisation of India.

3.7.1.4. Defined contribution Fund - Oman

Group companies in Oman contribute a sum of 10.5% of the gross salary + 1% in respect of work related injuries and illness for Oman employees in accordance with Social Security Insurance Law. Whilst the employee is required to contribute 7% of the salary.

3.7.1.5. Defined Benefit Plans – retiring gratuities

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

3.7.1.6. Retiring Gratuity – Sri Lanka

The liability recognised in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the reporting date. The defined benefit obligation is calculated annually using the Projected Unit Credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms of maturity approximating to the terms of the liability.

The defined benefit plan is valued by a professionally qualified external actuary.

Provision has been made in the financial statements for retiring gratuities from the first year of service for all employees. However, according to the Payment of Gratuity Act No. 12 of 1983, the liability for payment to an employee arises only after the completion of 5 years continued service.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that related to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of defined benefit plans when the settlement occurs.

The liability is not externally funded.

The Group recognizes all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in staff cost in income statement.

3.7.1.7. Defined Benefit Plans – Oman

Under the labour law of Oman gratuity is due to expatriate employees upon termination of employment. Gratuity is computed based on half month's basic salary for each year during the first three years of employment and a full month's basic salary for each year of employment thereafter. An employee who has been in employment for less than one year is not entitled to receive gratuity.

3.7.1.8. Defined Benefit Plans – India

A liability is provided for employees in India based on a valuation made by an independent actuary using unit credit method for payment of gratuity at the rate of 15/26 times the monthly qualifying salary for each year of service.

3.7.2. Short-term employee benefits

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

3.8. Revenue and Income

Group revenue represents sales to customers outside the Group and excludes value added tax.

3.8.1. SLFRS 15- Revenue from contracts with Customers

SLFRS 15 established a comprehensive framework for determining whether how much and when revenue recognised. Revenue is measured based on the consideration specified in a contract with a customer. Under SLFRS 15, the Group revenue is recognise when a customer obtains control of the goods or services – Determining the timing of the transfer of control – at a point in time or over time requires judgement.

Under SLFRS 15, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognition will not occur.

The following specific criteria are used for the purpose of recognition of revenue:

- o Apartment revenue is recognised for the rooms occupied on a daily basis. All revenues are recognised on an accrual basis over the time of the duration of the stay of the customer and matched with the related expenditure where they simultaneously receive and consumes the benefits of the services rendered.
- o Restaurant revenue includes the revenue recognised on the sale food and beverage. All revenue is accounted for at the time of sale.
- o Bar revenue are accounted for at the time of sale.
- o Spa is operated by a third party and invoices are raised together with the spa bills. Spa related revenue is recognised gross after completion of service / treatments.
- o Transfers and excursions include the consideration earned from providing excursions to customers that represents sea plane and boat transfers services provided to customers who enter into contacts with Maldives Hotels. Revenue is recognised for at the time of rendering the service.
- o Telephone, laundry, diving and windsurfing represents the services provided to customers which are implied as business practice in the industry. All revenue is recognised for at the time of rendering the service.
- o Management fee represents the fees for managing hotels that are computed based on the industry norms. All revenue is recognised at the time of provision of management services.

3.8.2. Other income

- Rent and shop income represents the rental income arising from renting of property, plant and equipment and investment properties. All revenue is recognised on a straight-line basis over the term of hire.
- Dividend income is recognised when the right to receive dividends is established which is generally when the dividend is declared. Dividend income is included under other operating income.
- Interest income is recognised as it accrues. Interest income included under finance income in the income statement.

3.9. Expenses

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 statement in arriving at the profit for the year.

3.10. Financing Income/ (Expenses)

Finance income comprises interest income on funds invested, including the income from investment categorized under fair value through other comprehensive income (FVOCI). Gains on the disposal of interest generating investment classified under financial assets measured at amortised cost is recognised under finance income.

Interest income is recognised as it accrues in income statement, using the effective interest method.

Finance expenses comprise interest expense on borrowings, preference dividends of preference shares classified as debt and impairment losses recognised on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in income statement using the effective interest method. However, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of the asset.

3.11. Income tax expenses

Income tax expense comprises both current and deferred tax. Income tax expense is recognised in income statement except to the extent that it relates to items recognised directly in equity, in which case is recognised in the statement of comprehensive income or statement of changes in equity, in which case it is recognised directly in the respective statements.

The Group determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under LAS 37 Provisions, contingent liabilities and contingent assets.

3.11.1. Current taxes

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Taxation for the current and previous periods to the extent unpaid is recognised as a liability in the financial statements. When the amount of taxation already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

3.11.2. Companies incorporated in Sri Lanka

Provision for current tax for companies incorporated in Sri Lanka has been computed in accordance with the Inland Revenue Act No. 24 of 2017 and any applicable Gazette notifications issued.

3.11.3. Companies incorporated outside Sri Lanka

Provision for current tax for companies incorporated outside Sri Lanka have been computed in accordance to the relevant tax statutes as disclosed in Note No. 13.2 to the financial statements.

3.11.4. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for temporary differences arising on initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits and differences relating to investment in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities recognised by individual companies within the Group are disclosed separately as assets and liabilities in the Group statement of financial position and are not offset against each other.

3.11.5. Transfer Pricing

As prescribed in the Inland Revenue Act No. 24 of 2017 and the Gazette notifications issued on transfer pricing, companies in the Group have complied with the arm's length principles relating to transfer pricing.

3.12. Statement of cash flows

The cash flow statement has been prepared using the "Indirect Method" of preparing cash flows in accordance with the Sri Lanka Accounting Standard – LKAS 7 on 'Statement of Cash Flow', whereby operating activities, investing activities and financing activities are separately recognised.

Cash and cash equivalents comprise of short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

3.13. Capital commitments and contingencies

Contingencies are possible assets or obligations that arise from a past event and would be confirmed only on the occurrence or non-occurrence of uncertain future events, which are beyond the Group's control. Capital commitments and contingent liabilities of the Group are disclosed in Note 48 and 39 to the financial statements.

3.14. Events occurring after the reporting date.

All material post reporting date events have been considered and where appropriate adjustment to or disclosures have been made in the financial statements.

3.15. Comparative Information

The comparative information has been reclassified wherever necessary to confirm with the current years classification in order to provide a better presentation.

3.16. Earnings per share (EPS)

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.17. Segmental Information

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3.17.1. Primary and Secondary Segments

The Group in the hospitality industry and cannot segment its products and services. The Group manages hotels in two principal geographical areas, Sri Lanka and South Asia & Middle East. In presenting segmental information segment revenue and assets are based on the geographical locations of the assets. The primary segment is considered to be the geographical segments based on the Group's management and internal reporting structure.

- i) Segmental information analysed by geographical segments is disclosed in Note No. 06 to the financial statements.
- ii) All transfers made between the hotels in the Group are based on normal market price.

4. DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities.

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.

When measuring fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 inputs are inputs that are not based on observable market data (unobservable inputs).

If inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Fair values have been determined for measurement and disclosure purposes based on the following methods. Where applicable further information about the assumptions made in determining fair value is disclosed in the notes specific to that asset or liability.

Fair value of non-financial assets

The fair value used by the Group in the measurement of non-financial assets 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 that is accessible by the Group for the asset or liability.

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

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.

NOTES TO THE FINANCIAL STATEMENTS

5. NEW ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE AS AT THE REPORTING DATE

A number of new standards and several amendments to accounting standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

Group does not expect the following new amendments to accounting standards, that will become effective for future accounting periods will have a significant impact on the Group's consolidated financial statements.

These amendments to various standards are effective for the annual reporting periods beginning on or after 01 January 2022.

- Annual Improvements to SLFRS Standards 2018- 2020
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to LKAS 16)
- References to the Conceptual Framework (Amendments to SLFRS 3)
- Classification of Liabilities as Current and Non- Current (Amendments to LKAS 1)
- Onerous Contracts – Cost of fulfilling a contract (Amendments to LKAS 37)
- Disclosure of Accounting Policies (Amendments to LKAS 1)
- Definition of Accounting Estimates (Amendments to LKAS 8)
- Covid-19- Related Rent Concessions beyond 30 June 2021 (Amendments to SLFRS 16)
- Deferred Tax related to Assets and Liabilities arising from a single transaction (Amendments to LKAS 12)

Operating Segments

The Group's segments are determined based on the Group's geographical spread of operations.

The following tables present revenue, profit information, assets and liabilities based on the Group's operating segments.

	Sri Lankan Sector						South Asia and Middle East Sector			Group	
	Resorts and Hotels			Others			Total			2022	2021
	2022	2021	Rs. '000	2022	2021	Rs. '000	2022	2021	Rs. '000		
For the year ended 31 st March			Rs. '000			Rs. '000			Rs. '000	Rs. '000	Rs. '000
Geographical segment analysis of Group revenue and profit											
- External revenue	2,733,069	710,939		33,482	9,945	2,766,551	720,884	21,804,229	5,007,495	24,570,780	5,728,379
- Intra group revenue	6,124	7,074		773,456	122,027	779,580	129,101	154,337	17,538	933,917	146,639
Total revenue	2,739,193	718,013		806,938	131,972	3,546,131	849,985	21,958,566	5,025,033	25,504,697	5,875,018
Less: Total Intra group revenue										(933,917)	(146,639)
Net Segment Revenue (Revenue from external customers)										24,570,780	5,728,379
Profit/(loss) from operations	(590,174)	(1,834,471)		72,088	41,043	(518,086)	(1,793,428)	4,798,185	(3,395,067)	4,280,099	(5,188,495)
Finance income	85,301	120,933		48,926	5,782	134,227	126,715	37,650	7,992	171,877	134,707
Finance cost	(253,772)	(242,326)		(283,807)	(202,386)	(537,579)	(444,712)	(1,741,254)	(1,729,259)	(2,278,833)	(2,173,971)
Share of loss of equity accounted investees	(188,070)	(268,758)		(38,414)	(110,103)	(226,484)	(378,861)	-	-	(226,484)	(378,861)
Profit/(loss) before taxation	(946,715)	(2,224,622)		(201,207)	(265,664)	(1,147,922)	(2,490,286)	3,094,581	(5,116,334)	1,946,659	(7,606,620)
Income tax (expense)/refund	(249,814)	(68,278)		(118,225)	(13,256)	(368,039)	(81,534)	(544,315)	434,939	(912,354)	353,405
Profit/(loss) for the year	(1,196,529)	(2,292,900)		(319,432)	(278,920)	(1,515,961)	(2,571,820)	2,550,266	(4,681,395)	1,034,305	(7,253,215)
Capital expenditure	69,482	153,594		484	283	69,966	153,877	691,328	624,795	761,294	778,672
Depreciation and amortisation	762,432	813,805		2,500	5,851	764,932	819,656	2,668,600	2,518,795	3,433,532	3,338,451
Other non-cash expenses	20,444	34,375		1,403	(3,707)	21,847	30,668	2,206	10,055	24,053	40,723
Geographical segment analysis of Group assets and liabilities - As at 31 st March											
Segmental non current assets	15,631,587	16,885,688		259,885	178,672	15,891,472	17,064,360	69,604,999	49,738,051	85,496,471	66,802,411
Segmental current assets	4,092,231	1,974,112		1,881,840	667,420	5,974,071	2,641,532	8,121,146	3,013,673	14,095,217	5,655,205
Equity accounted investees	401,892	554,818		59,181	76,709	461,073	631,527	-	-	461,073	631,527
Asset classified as held for sale	-	-		-	-	-	-	1,586,969	1,079,094	1,586,969	1,079,094
Total Assets	20,125,710	19,414,618		2,200,906	922,801	22,326,616	20,337,419	79,313,114	53,830,818	101,639,730	74,168,237
Segmental non current liabilities	13,091,345	10,256,739		3,902,952	3,010,589	16,994,297	13,267,328	36,714,668	26,139,356	53,708,965	39,406,684
Segmental current liabilities	3,591,833	1,188,237		2,922,276	1,511,384	6,514,109	2,699,621	13,275,598	10,099,212	19,789,707	12,798,833
Total Liabilities	16,683,178	11,444,976		6,825,228	4,521,973	23,508,406	15,966,949	49,990,266	36,238,568	73,498,672	52,205,517
Net Assets	3,442,532	7,969,642		(4,624,322)	(3,599,172)	(1,181,790)	4,370,470	29,322,848	17,592,250	28,141,058	21,962,720

NOTES TO THE FINANCIAL STATEMENTS

7 Revenue

7.1 Revenue breakdown

	Group		Company	
For the year ended 31st March	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Total Revenue	25,504,697	5,875,018	527,191	123,747
Less: Intra group revenue	(933,917)	(146,639)	-	-
Revenue excluding intra group revenue	24,570,780	5,728,379	527,191	123,747
Less: Revenue tax	(543,819)	(136,611)	-	-
Net Revenue	24,026,961	5,591,768	527,191	123,747

7.2 Revenue streams

The companies in the Group are primarily involved in hoteliering and generate revenue from provision of accommodation, food, beverages and other related services to customers. Other sources of revenue include income from renting the hotel spaces to provide other value added services to customers.

	Group		Company	
For the year ended 31st March	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Revenue from contracts with customers	24,266,713	5,609,977	526,496	122,414
Other revenue				
- Rent and shop income	304,067	118,402	695	1,333
	24,570,780	5,728,379	527,191	123,747

7.3 Disaggregation of revenue from contracts with customers

7.3.1 Type of service rendered

	Group		Company	
For the year ended 31st March	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Apartment	10,778,232	2,546,782	211,300	44,854
Restaurant	6,053,421	1,623,302	265,153	63,490
Bar	3,157,550	736,030	44,342	12,703
Spa related	844,700	118,242	4,412	1,067
Transfers and excursions	2,577,322	307,088	559	62
Telephone	431	228	20	7
Diving and windsurfing	805,539	263,648	-	-
Laundry	16,036	4,712	710	231
Management fees	33,482	9,945	-	-
	24,266,713	5,609,977	526,496	122,414
Rent and shop income	304,067	118,402	695	1,333
Total	24,570,780	5,728,379	527,191	123,747

7.3.2 Geographical markets

	Group		Company	
For the year ended 31st March	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
-Sri Lanka	2,766,551	720,884	527,191	123,747
-South Asia and Middle East	21,804,229	5,007,495	-	-
	24,570,780	5,728,379	527,191	123,747

7.3.3 Timing of revenue recognition

	Group		Company	
For the year ended 31st March	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
-Revenue recognised at a point in time	13,488,481	3,063,195	315,196	77,560
-Revenue recognised over time	11,082,299	2,665,184	211,995	46,187
	24,570,780	5,728,379	527,191	123,747

7.4 Performance obligations

Performance obligations of a hotel entity mainly include promises which are carried out on a contractually agreed upon task. Performance obligations of the Group could be mainly summarised as detailed below:

Type of service	Nature and timing of the satisfaction of performance obligation	Significant payment terms
Provision of accommodation	The main obligation in the customer contract is to provide rooms for guests accommodation. This is represented in the Apartment Revenue reported in the financial statements. Revenue under this segment is recognised on the rooms occupied on a daily basis over the period of the stay. Invoice is raised to customer on completion of the duration of the stay.	Due within 30 days from the date of invoice.
Provision of food and beverages	The following services are rendered under this performance obligation: 1. Provision of BB/HB/FB meal for guests occupying the hotels which part and partial of the contract entered into. Revenue is recognised at the time of sale and invoice to the customers on the completion of the duration of the stay 2. Provision of extra food and beverages Revenue is recognised at the time of sale and invoice to the customers at the time of consumption.	Due within 30 days from the date of invoice. Due at the time of service is rendered.

NOTES TO THE FINANCIAL STATEMENTS

Type of service	Nature and timing of the satisfaction of performance obligation	Significant payment terms
Transfers and Excursions	This obligation is for customers entering into contract with Hotels in the Maldives. Sea plane and boat transfers are provided to customers to reach the Hotels and back as part of the contracts entered into. Revenue is recognised at the time of provision of service and invoice to the customers at the time of the completion of the stay.	Due within 30 days from the date of invoice.
Provision of Laundry, Telephone, Water sports , spa services etc.	These services are provided to customers as they are implied as business practices in the industry and create a valid expectation of the customer. Revenue is recognised at the time of provision of service and invoice is raised at the time of service is consumed.	Due at the time of service is rendered.
Management fees	This obligation is for hotels entering in to contracts with hotel management companies. Property management services, handling of employees' related activities, marketing and promotional activities and other related management services are mainly rendered under this performance obligation. Revenue is recognised at the time of provision of services and invoiced on monthly basis.	Due twice a year on completion of first six months and on completion of year end audit.

Warranties and obligations to refunds and other similar obligations are handled by cases by case basis.

7.5 Allocating the transaction price to performance obligations

In allocating the transaction price to each performance obligation based on the amount that depicts the amount of consideration to which the entity expects to be entitled in exchange for transferring of promised services to the customers.

7.6 Contract assets and contract liabilities

The contract assets primarily relate to the Group's right to consideration for work completed but not billed at the reporting date.

The contract liabilities primarily relate to the advance consideration received from customers for future stay in hotels, for which revenue is recognised over the time.

However companies in the Group recognise considerations or payments received prior to transferring of services to customer against what is rightfully due at the time of transferring the services. These amounts have been recognised as contractual liabilities in the financial statements.

7.6.1 Contract balances

	Group		Company	
As at	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Trade receivables (Note 24)	2,046,348	519,707	83,015	14,230
Contract liabilities (Note 7.6.2)	(2,226,159)	(1,388,944)	(19,687)	(20,372)
	(179,811)	(869,237)	63,328	(6,142)

7.6.2 Contract liabilities

	Group		Company	
As at	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Contract liabilities balance as at 01 st April	1,388,944	1,142,310	20,372	18,057
Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period	(1,106,417)	(509,508)	(19,365)	(17,049)
Revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods	-	-	-	-
Advances received from customers during the reporting period	15,208,339	3,588,008	456,903	137,988
Revenue recognised in the reporting period from performance obligations satisfied during current period	(13,819,863)	(3,164,255)	(437,216)	(118,118)
Write-back of unutilised old reservation advances	(167,516)	(24,456)	(1,007)	(42)
Write-back of reward points - "Diamond Club"	-	(786)	-	(464)
Effect of movement in exchange rates	722,672	357,631	-	-
Contract liabilities balance as at 31st March (Note 36)	2,226,159	1,388,944	19,687	20,372

NOTES TO THE FINANCIAL STATEMENTS

8 Other income / (expenses)

	Group		Company	
For the year ended 31st March	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Recreation	27,956	7,432	83	38
Dividends (net) from investments	-	-	37,200	37,200
Profit / (Loss) on sale of property, plant and equipment	(9,486)	(447)	(125)	359
Net foreign exchange gain / (loss)	114,809	(83,220)	303,345	31,442
Insurance claims received	8,862	6,747	-	-
Sundry income	60,880	23,531	1,504	198
Total	203,021	(45,957)	342,007	69,237

9 Other operating expenses- direct

Direct Operating Expenses disclosed in the income statement refers to the cost of material and services other than staff costs, which are directly related to revenue.

10 Other operating expenses-indirect

	Group		Company	
For the year ended 31st March	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Administration and establishment	1,446,028	1,400,123	100,610	89,111
Repairs and maintenance	1,223,844	717,286	42,075	18,950
Energy	1,327,118	643,367	61,871	32,375
Selling and marketing	1,116,770	667,359	20,762	32,513
Management fees	991,657	23,741	20,167	3,076
Total	6,105,417	3,451,876	245,485	176,025

11 Profit/(loss) from operations

Profit/(loss) from operations is stated after charging all expenses including the following:

	Group		Company	
For the year ended 31st March	2022	2021	2022	2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cost of inventories and services	6,168,280	1,512,542	129,816	49,488
Directors fees and emoluments	-	-	-	-
Auditors' remuneration				
- KPMG	14,144	12,814	1,120	982
- Other auditors	5,141	1,594	-	-
Fees paid to Auditors for non audit services				
- KPMG	2,655	5,650	356	258
- Other auditors	4,374	4,579	-	-
Depreciation of property, plant and equipment	2,569,002	2,534,273	55,613	63,290
Amortisation and impairment				
- Amortisation of right-of-use assets and intangible assets	864,484	804,178	1,227	1,865
- Impairment of investment in subsidiaries and equity accounted investees	-	-	52,130	38,690
Donations	400	1,988	-	205
Defined contribution plan cost - EPF	42,782	49,681	11,161	14,954
Defined contribution plan cost - ETF	10,199	11,907	2,724	2,536
Defined contribution plan cost - India	8,096	7,702	-	-
Defined contribution plan cost - Oman	12,537	10,827	-	-
Defined contribution plan cost - Maldives	41,365	19,452	-	-
Defined benefit plan cost - retirement benefit	33,539	40,050	4,264	6,572
Impairment / (reversal of impairment) of trade receivables	(73,314)	128,073	(28,370)	19,970
Impairment / (reversal of impairment) of financial assets	100	(8,394)	47	(8,394)
Impairment/ (reversal of impairment) of inventories	(2,781)	2,781	-	-
Legal expenses	9,576	4,651	2,592	1,103
Expenses relating to short-term leases	103,408	13,966	-	-
Expenses relating to leases of low value assets	115,519	81,759	-	-

12 Net Financing expense

	Group		Company	
For the year ended 31st March	2022	2021	2022	2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Finance income				
Interest income on financial assets measured at amortised cost	171,877	134,707	61,821	63,827
	171,877	134,707	61,821	63,827
Finance expenses				
Interest expense on financial liabilities measured at amortised cost	(1,663,690)	(1,554,369)	(76,684)	(83,280)
Interest expense on lease liabilities	(615,143)	(619,602)	-	-
	(2,278,833)	(2,173,971)	(76,684)	(83,280)
Net Finance expense	(2,106,956)	(2,039,264)	(14,863)	(19,453)

NOTES TO THE FINANCIAL STATEMENTS

13 Income tax expense

The income tax provision of Aitken Spence Hotel Holding PLC, its subsidiaries and equity accounted investees which are resident in Sri Lanka has been calculated in accordance with the Inland Revenue Act No. 24 of 2017 and its amendments thereto.

Aitken Spence Hotel Holdings PLC, being a Company engaged in the promotion of tourism is liable for tax at a concessionary rate of 14% in terms of the Inland Revenue Act No. 24 of 2017 and its amendments thereto.

The Group has adjusted any adjustments relating to income tax payable or receivable balances in respect of previous years and written off any unclaimable Economic Service Charge (ESC) within the specified period.

The Taxation details of the other Companies in the Group are as follows:

13.1 Sri Lankan operations

Companies incorporated in Sri Lanka and operating outside Sri Lanka

The business profits and income of Aitken Spence Hotel Management Asia (Pvt) Ltd, Aitken Spence Hotels International (Pvt) Ltd and Aitken Spence Global Operations (Pvt) Ltd are exempt from income tax in terms of the Inland Revenue Act No. 24 of 2017 and its amendments thereto as service rendered in or outside Sri Lanka to any person to be utilised outside Sri Lanka, where the payment for such services is received in foreign currency through a bank. Management fee income and dividend income received from Republic of Maldives is subject to 10% withholding tax at source as per the Income Tax Act of Republic of Maldives and the profits earned by the Company in Oman is taxed at 15%.

Companies liable to income tax at standard rate

The business profits and income of Neptune Ayurvedic Village (Pvt) Ltd arising from leasing out land, is liable for income tax at standard rate of 24% in terms of the Inland Revenue Act No 24 of 2017 and its amendments thereto.

Companies liable to income tax at concessionary rates

The business profits and income of Hethersett Hotels Ltd, Aitken Spence Hotels Ltd, Kandalama Hotels (Pvt) Ltd, and Turyaa (Pvt) Ltd, being companies engaged in the promotion of tourism are liable for tax at a concessionary rate of 14% in terms of the Inland Revenue Act No. 24 of 2017 and its amendments thereto.

Companies exempt from income tax

The business profits of Turyaa Resorts (Pvt) Ltd would be exempt from income tax under section 17A of Inland Revenue (amendment) Act No. 8 of 2012 for a period of 10 years ending 2026/2027.

The business profits of Ahungalla Resorts Ltd would be exempt from income tax under section 17A of Inland Revenue (amendment) Act No. 8 of 2012 for a period of 12 years ending 2029/30.

13.2 Overseas operations

Companies incorporated and operating outside Sri Lanka are liable for income tax in accordance with the provisions of the foreign jurisdictions applicable to overseas companies.

The business profits of Jetan Travel Services Company (Pvt) Ltd, Cowrie Investment (Pvt) Ltd, ADS Resorts (Pvt) Ltd, Unique Resorts (Pvt) Ltd, Ace Resorts (Pvt) Ltd, Crest Star (BVI) Ltd, PR Holiday Homes (Pvt) Ltd, Perumbalam Resorts (Pvt) Ltd, Aitken Spence Hotel Services Ltd, Aitken Spence Hotel Managements South India (Pvt) Ltd and Aitken Spence Resorts [Middle East] LLC, being non resident companies in Sri Lanka and not deriving Income from Sri Lanka are out of the Scope of Income Taxation in Sri Lanka.

The business profits of Jetan Travel Services Company (Pvt) Ltd, Cowrie Investment (Pvt) Ltd, ADS Resorts (Pvt) Ltd, Ace Resorts (Pvt) Ltd and Unique Resorts (Pvt) Ltd which are incorporated in the Republic of Maldives are liable for corporate tax in Maldives at a rate of 15% as per Income Tax Act of Republic of Maldives.

Crest Star (BVI) Ltd, a company incorporated in the British Virgin Islands is exempt from Income Tax. Management fee income received from Republic of Maldives is subject to 10% withholding tax at source as per the Income Tax Act of Republic of Maldives.

The business profits of PR Holiday Homes (Pvt) Ltd, Perumbalam Resorts (Pvt) Ltd and Aitken Spence Hotel Services (Pvt) Ltd; being Companies incorporated in India would be liable for tax at a rate of 25.17% in India, when the Company commences commercial operations.

The business profits of Aitken Spence Hotel Managements South India (Pvt) Ltd, being a Companies incorporated in India would be liable to an effective income tax rate of 25.17% as per the Indian tax law.

The business profits of Aitken Spence Resorts (Middle East) LLC, being a Company incorporated in Oman would be liable for corporate tax rate of 15% as per the Oman tax law.

13.3 Associate and joint venture companies

The business profits and income of Browns Beach Hotels PLC arising from leasing of land to "Negombo Beach Resorts (Pvt) Ltd to construct and operate a Hotel is liable for income tax at a standard rate of 24% in terms of the Inland Revenue Act No. 24 of 2017 and its amendments thereto.

The business profits of Negombo Beach Resorts (Pvt) Ltd, would be exempt from income tax under section 17 A of Inland Revenue (amendment) Act No. 08 of 2012 for a period of 12 years ending 2029/30.

The business profits and income of Amethyst Leisure Ltd, is liable for income tax at standard rate of 24% in terms of the Inland Revenue Act No. 24 of 2017 and its amendments thereto.

The business profits and income of Paradise Resorts Passikudah (Pvt) Ltd, being a Company engaged in the promotion of tourism is liable to tax at a concessionary rate of 14% in terms of the Inland Revenue Act No. 24 of 2017 and its amendments thereto.

The business profits and income of Aitken Spence Hotel Managements (Pvt) Ltd, arising from management of Sri Lankan hotels and exporting of goods to hotels in Maldives, is liable for income tax at standard rate of 24% and 14% respectively in terms of the Inland Revenue Act No. 24 of 2017 and its amendments thereto.

The business profits and income of Aitken Spence Resources (Pvt) Ltd, being a company involved in the business as agents for recruitment and supply of human resources for employment in abroad, is liable for income tax at standard rate of 24% in terms of the Inland Revenue Act No. 24 of 2017 and its amendments thereto.

NOTES TO THE FINANCIAL STATEMENTS

13.4 Deferred tax expense

Deferred tax expense on companies resident in Sri Lanka are calculated based on the tax rates specified in the Inland Revenue Act No. 24 of 2017 and its amendments thereto.

IFRIC interpretation 23 - uncertainty over income tax treatment

IFRIC 23 "Uncertainty over income tax treatments" provides guidance on determining taxable profits, tax bases, unused tax losses, unused tax credits and tax rates, when there is an uncertainty over the income tax treatment. The Group has applied significant judgement in identifying uncertainties over income tax treatments for the year and the Group has determined that there were no uncertainties in tax treatments that has an impact on the income tax expense or warrants any disclosure.

13.5 Surcharge Tax

As per the Surcharge Tax Act No. 14 of 2022 which was certified on 8 April 2022, the parent company of the Group is liable for the Surcharge Tax and the Surcharge Tax liability best estimated for the Group/Company would be Rs. 13.9 Mn for the year of assessment 2020/21. On 20th April 2022, Group/Company has paid Rs. 6.9 Mn as first installment of surcharge tax and balance will be payable on 20th July 2022. The surcharge tax so calculated shall deemed to be an expenditure for the year ended 31st March 2021. Since the Act supersedes the requirements of the Sri Lanka Accounting Standards, the surcharge tax expense is accounted as recommended by the Statement of Alternative Treatment (SoAT) on Accounting for Surcharge Tax issued by the Institute of Chartered Accountants of Sri Lanka, in April 2022.

The impact of the surcharge tax under the Surcharge Tax Act on the comparative year would be as follows:

	Rs. '000
Comprehensive loss for the year ended 2020/2021	(7,145,504)
Surcharge tax levied under Surcharge Act	(13,924)
Comparable comprehensive loss for the year ended 2020/2021	(7,159,428)

13.6 Tax losses carried forward

As per section 19 of the Inland Revenue Act No. 24 of 2017, any unclaimed tax losses incurred during the year could be carried forward for further six years. Companies in the Group have evaluated the recoverability of unclaimed losses through taxable profit forecasts and deferred tax assets have been recognised accordingly. Deferred tax assets recognised on tax losses would be reviewed at each reporting date based on the taxable profit forecasts and would be reduced to the extent of recoverable amount.

13.7 In determining the arm's length price, the Group has complied with the transfer pricing regulations prescribed in the Inland Revenue Act and the Gazette notifications issued on transfer pricing.

13.8 Tax recognised in income statement

		Group		Company	
For the year ended 31st March		2022	2021	2022	2021
	Notes	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Current tax expense					
Tax on current year profits	13.10	166,425	17,262	11,600	-
Under/(over) provision in respect of previous years		23,370	(16,576)	8,467	5,291
Withholding tax on dividends paid by subsidiaries		30,887	-	-	-
		220,682	686	20,067	5,291
Deferred tax expense/ (income)					
Impact of changes in tax rates	13.11	-	(535)	-	-
Origination/(reversal) of temporary differences		691,672	(353,556)	45,295	(3,216)
		691,672	(354,091)	45,295	(3,216)
Total		912,354	(353,405)	65,362	2,075
Effective tax rate (including deferred tax)		46.9%	4.6%	29.0%	-
Effective tax rate (excluding deferred tax)		11.3%	0.1%	8.9%	-

Income tax expense excludes, the Group's share of tax expense of the equity-accounted investees recognised in profit/(loss) of Rs. 36.8 million (2020/2021 - Rs. 15.4 million) which is included in share of profit of equity-accounted investees (net of tax).

NOTES TO THE FINANCIAL STATEMENTS

13.9 Tax recognised in other comprehensive income

13.9.1 Group

For the year ended 31st March	2022			2021		
	Before Tax Rs. '000	Tax expense Rs. '000	Net of Tax Rs. '000	Before Tax Rs. '000	Tax reversal Rs. '000	Net of Tax Rs. '000
Items that will never be reclassified to profit or loss						
Revaluation of property, plant and equipment	950,470	-	950,470	-	17	17
Share of other comprehensive income of equity accounted investees (net of tax)	26,713	-	26,713	43,587	-	43,587
Actuarial gains / (losses) arising from retirement benefit obligations	20,351	(2,295)	18,056	(28,661)	3,436	(25,225)
	997,534	(2,295)	995,239	14,926	3,453	18,379
Items that are or may be reclassified to profit or loss						
Foreign Currency translation differences of foreign operations	6,834,939	-	6,834,939	801,962	-	801,962
Net movement in cash flow hedging	(2,715,462)	-	(2,715,462)	(712,630)	-	(712,630)
	4,119,477	-	4,119,477	89,332	-	89,332
Total	5,117,011	(2,295)	5,114,716	104,258	3,453	107,711

Tax recognised in other comprehensive income excludes, the Group's share of tax expense of the equity-accounted investees recognised in the other comprehensive income of Rs. 1.5 million (2020/2021 - Rs.5.7 million) which has been included in share of other comprehensive income of equity-accounted investees (net of tax).

13.9.2 Company

For the year ended 31st March	2022			2021		
	Before Tax Rs. '000	Tax expense Rs. '000	Net of Tax Rs. '000	Before Tax Rs. '000	Tax reversal Rs. '000	Net of Tax Rs. '000
Items that will never be reclassified to profit or loss						
Actuarial gains / (losses) arising from retirement benefit obligations	1,664	(233)	1,431	(5,650)	791	(4,859)
Total	1,664	(233)	1,431	(5,650)	791	(4,859)

13.10 Reconciliation of accounting profit and current year tax

	Group		Company	
For the year ended 31st March	2022	2021	2022	2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Profit/ (loss) before tax	1,946,659	(7,606,620)	225,432	(258,360)
Consolidated adjustments	226,484	378,861	-	-
Profit/(loss) after adjustments	2,173,143	(7,227,759)	225,432	(258,360)
Income not liable for income tax	144,770	1,993,955	(68)	(3,713)
Effect of revenue subject to tax at source	1,038,879	153,695	-	-
Adjusted Profit/(loss)	3,356,792	(5,080,109)	225,364	(262,073)
Aggregate disallowed expenses	5,221,427	2,548,661	93,477	109,521
Capital allowances	(4,684,154)	(3,880,013)	(45,953)	(49,688)
Aggregate allowable deductions	(1,075,708)	(86,718)	(315,355)	(10,942)
Utilisation of tax losses	(4,223,918)	(37,200)	(37,200)	(37,200)
Current year tax losses not utilised	2,822,835	6,696,941	127,721	250,382
Taxable Income	1,417,274	161,562	48,054	-
Income Tax charged at				
Standard rate	19,229	1,892	11,600	-
Concessionary rates	550	-	-	-
Varying rates on off - shore profits	146,646	15,370	-	-
Tax on current year profits	166,425	17,262	11,600	-
Under / (Over) provision in respect of previous years	23,370	(16,576)	8,467	5,291
Withholding tax on dividends paid by subsidiaries	30,887	-	-	-
	220,682	686	20,067	5,291

NOTES TO THE FINANCIAL STATEMENTS

13.11 Deferred tax expense / (income)

	Group		Company	
For the year ended 31st March	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Origination / (reversal) of temporary differences arising from:				
Accelerated depreciation for tax purposes on property, plant and equipment	190,398	187,482	(1,541)	(2,188)
Defined benefit obligations	98	(1,310)	519	(454)
Expected credit losses	12,983	(16,598)	3,965	(1,620)
Tax losses carried forward	433,677	(739,736)	-	1,046
Right-of-use assets	(365)	216,071	-	-
Unrealized exchange gain/(loss)	54,881	-	42,352	-
	691,672	(354,091)	45,295	(3,216)

13.12 Tax losses carried forward

	Group		Company	
For the year ended 31st March	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Tax losses brought forward	11,842,662	5,657,213	1,340,818	1,130,801
Adjustments to prior year tax losses brought forward and tax losses arising during the year	7,049,634	6,222,649	183,396	247,217
Utilisation of tax losses	(4,223,918)	(37,200)	(37,200)	(37,200)
Write off of unclaimable tax losses	(135,531)	-	-	-
Total	14,532,847	11,842,662	1,487,014	1,340,818

As specified above, some companies in the Group have carried forward tax losses which are available to be set off against the future tax profits of those companies. Deferred tax assets not accounted in respect of these losses amounted to Rs. 1,273,774,527 /- (2020/2021 - Rs. 666,000,952/-) since utilization against future taxable profits are not probable. For Aitken Spence Hotel Holdings PLC, deferred tax assets unaccounted on losses as at 31.03.2022 amounted to Rs. 59,182,104/- (2020/2021 - Rs.38,714,617/-).

14 Earnings/(loss) per ordinary share

Basic earnings/(loss) per share is calculated by dividing the net profit/(loss) for the year attributable to the ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

The following reflects the net income and share data used in the basic earnings/(loss) per share computation.

	Group		Company	
For the year ended 31st March	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Amounts used as numerator				
Profit /(loss) for the year attributable to equity holders of the company (Rs.)	623,542,251	(4,669,045,113)	160,070,219	(260,434,734)
Less : Dividends on preference shares (Rs.)	-	(14,850,000)	-	(14,850,000)
	623,542,251	(4,683,895,113)	160,070,219	(275,284,734)
Number of ordinary shares used as the denominator				
Weighted Average number of ordinary shares in issue	336,290,010	336,290,010	336,290,010	336,290,010
Earnings/(loss) per ordinary share (Rs.)	1.85	(13.93)	0.48	(0.82)

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

15 Dividends

	Company	
For the year ended 31st March	2022 Rs. '000	2021 Rs. '000
Final Dividends declared and paid		
Preference Dividend		
Preference dividend paid	-	(14,850)
Ordinary Dividend		
Final ordinary dividend paid	-	-
	-	(14,850)
Final ordinary dividends proposed	-	-
Preference dividends proposed	29,700	-
Ordinary Dividend per Share - (Rs.)	-	-

16 Property, plant and equipment

16.1 Group

	Land (Freehold)	Buildings (Freehold)	Plant Machinery and Equipment	Motor Vehicles	Furniture and Fittings	Soft furnishing, Cutlery, Crockery and Glassware	Capital work-in progress	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cost or revaluation								
Balance as at 01.04.2021	7,581,713	48,683,419	9,787,624	603,543	4,036,283	1,962,615	228,801	72,883,998
Surplus on revaluation	950,470	-	-	-	-	-	-	950,470
Additions	-	119,815	234,563	25,834	23,099	139,255	219,089	761,655
Transfers	-	206,286	97,981	-	49,650	553	(354,470)	-
Disposals	-	-	(13,109)	(29)	(2,556)	(115,078)	-	(130,772)
Effect of movement in exchange rates	1,948,870	15,626,338	2,718,209	234,147	1,082,253	599,062	129,499	22,338,378
Balance as at 31.03.2022	10,481,053	64,635,858	12,825,268	863,495	5,188,729	2,586,407	222,919	96,803,729

Accumulated depreciation / impairment

Balance as at 01.04.2021	-	10,431,428	6,016,006	435,743	1,951,842	1,282,335	-	20,117,354
Charge for the year	-	1,278,688	704,271	52,576	318,556	214,911	-	2,569,002
Disposals	-	-	(12,394)	(29)	(2,101)	(98,581)	-	(113,105)
Effect of movement in exchange rates	-	3,849,433	1,811,303	185,086	532,203	488,664	-	6,866,689
Balance as at 31.03.2022	-	15,559,549	8,519,186	673,376	2,800,500	1,887,329	-	29,439,940

Carrying value

As at 31.03.2022	10,481,053	49,076,309	4,306,082	190,119	2,388,229	699,078	222,919	67,363,789
As at 31.03.2021	7,581,713	38,251,991	3,771,618	167,800	2,084,441	680,280	228,801	52,766,644

16.1.1 The gross carrying amount of fully depreciated property, plant and equipment that are still in use for the Group as at 31st March 2022 was Rs. 8,310,142,405/- (2020/2021 - Rs. 5,541,062,829/-).

16.1.2 The exchange difference has arisen as a result of the translation of property, plant and equipment of foreign entities which are accounted for in United States Dollars, Oman Riyal, Indian Rupees and translated to the reporting currency at the closing rate.

16.1.3 The value of the property, plant and equipment pledged as security against borrowings are disclosed in Note 32.

16.1.4 Capital work in progress represents the amount of expenditure recognised under property, plant and equipment during the construction of capital assets.

16.1.5 In compliance with the accounting policy, land owned by Group companies are revalued by independent professional valuers at least once in every five years unless there is an indication of a significant change in the market rates. Details of the revalued lands are given in the Note 16.3 to the financial statements.

16.1.6 As a result of the COVID-19 outbreak and changes in current economic conditions in Sri Lanka referring to the macro environmental factors during the period ending 31 March 2022, it has been identified that there is no permanent impairment of property plant and equipment which requires provision in the financial statements based on re-assessment of the fair value of the Group's land.

16.1.7 Businesses continued to respond with specific plans to enable smooth and uninterrupted functioning of businesses and operations, despite some of the immediate term challenges due to constraints on supply chains and electricity and fuel disruptions, whilst maintaining strict adherence to Government directives and health and safety considerations. The Group managed to circumvent these issues without a significant impact on output. As such, the Group has not determined impairment as at the reporting date.

16.2

Company

	Land (Freehold)	Buildings (Freehold)	Plant Machinery and Equipment	Motor Vehicles	Furniture and Fittings	Soft furnishing, Cutlery, Crockery and Glassware	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cost or revaluation							
Balance as at 01.04.2021	710,300	1,081,613	596,032	47	262,772	131,600	2,782,364
Additions	-	478	1,356	-	1,343	4,196	7,373
Disposals	-	-	(168)	-	-	(1,015)	(1,183)
Balance as at 31.03.2022	710,300	1,082,091	597,220	47	264,115	134,781	2,788,554
Accumulated depreciation/impairment							
Balance as at 01.04.2021	-	412,657	436,386	47	233,192	116,839	1,199,121
Charge for the year	-	21,071	24,051	-	5,451	5,040	55,613
Disposal	-	-	(168)	-	-	(890)	(1,058)
Balance as at 31.03.2022	-	433,728	460,269	47	238,643	120,989	1,253,676
Carrying value							
As at 31.03.2022	710,300	648,363	136,951	-	25,472	13,792	1,534,878
As at 31.03.2021	710,300	668,956	159,646	-	29,580	14,761	1,583,243

16.2.1 The gross carrying amount of fully depreciated property plant and equipment that is still in use for the Company as at 31st March 2022 was Rs. 739,363,524/-.

16.2.2 The value of the property, plant and equipment pledged as security against borrowings are disclosed in Note 32.

NOTES TO THE FINANCIAL STATEMENTS

16.3 Freehold land

16.3.1 Land carried at revalued amounts

Company	Location	Last revaluation date	Estimated price per perch (Significant unobservable inputs)	Land extent	Carrying amount as at 31.03.2022	Revaluation surplus	Carrying amount at cost
			Rs.		Rs. '000	Rs. '000	Rs. '000
Aitken Spence Hotel Holdings PLC (i)	Galle Road, Ahungalla	30.09.2017	363,424	11A 3R 34.02P	695,600	677,398	18,202
	Galle Road, Ahungalla	30.09.2017	374,427	39.26P	14,700	9,493	5,207
Heritance (Pvt) Ltd (i)	Moragalla, Beruwala	30.09.2017	349,860	5A 3R 6.80P	324,250	313,170	11,080
Meeraladuwa (Pvt) Ltd (i)	Meeraladuwa Island	30.09.2017	45,891	29A 2R 9P	217,020	116,758	100,262
	Balapitiya						
Kandalama Hotels (Pvt) Ltd (i)	Kandalama, Dambulla	30.09.2017	343	169A 2R 22.40P	9,300	1,916	7,384
Neptune Ayurvedic Village (Pvt) Ltd (i)	Ayurvedic Village, Moragalla, Beruwala	30.09.2017	233,161	0A 0R 19.30P	4,500	437	4,063
Turyaa (Pvt) Ltd (i)	418, Parallel Road	30.09.2017	437,590	5A 1R 37.9P	384,160	364,395	19,765
	Kudawaskaduwa, Kalutara						
	49, Sea Beach Road, Kalutara	30.09.2017	327,076	0A 1R 30.32P	23,000	21,512	1,488
Turyaa Resorts (Pvt) Ltd (i)	Kudawaskaduwa, Kalutara	30.09.2017	480,000	1A 3R 33.20P	150,336	93,557	56,779
	Kudawaskaduwa, Kalutara	30.09.2017	269,179	0A 1R 34.30P	20,000	10,826	9,174
Ahungalla Resorts Ltd (i)	Galle Road, Ahungalla	30.09.2017	454,243	10A 2R 39.29P	773,650	43,650	730,000
	Galle Road Ahungalla	30.09.2017		2A 0R 35.92P	169,000	44,000	125,000
Aitken Spence Hotel Management	144/7, Rajiv Gandhi Salai,	19.03.2018	7,615,103	0A 3R 15.4P	1,295,912	373,720	922,192
South India (Pvt) Ltd (iii)	Kottivakkam, Chennai						
PR Holiday Homes (Pvt) Ltd (ii) *	Cochin - Kerala, India	23.01.2022	166,941	14A 0R 7.52P	375,176	177,628	197,548
Perumbalam Resorts (Pvt) Ltd (ii) *	Cochin - Kerala	23.01.2022	169,801	4A 0R 0.9P	110,192	96,062	14,130
Aitken Spence Resorts (Middle East) LLC (iv) *	Muscat, Oman	15.02.2022	7,319,444	5A 0R 8.0P	5,914,257	785,966	5,128,291
Total					10,481,053	3,130,488	7,350,565

The above lands have been revalued on the basis of current market value by independent, qualified valuers who have recent experience in the location and category of property being valued.

(i) Valuation of the land was carried out by Mr. K. C. B. Condegama, A.I.V. [Sri Lanka]

(ii) Valuation of the land carried out by Mr. T.T. Kripananda Singh B.S.C. (Eng.) MICA, F.I.E, F.I.V of Messers N. Raj Kumar and Associates [India]

(iii) Valuation of the land carried out by Messers CBRE South Asia Private Limited [India]

(iv) Valuation of the land carried out by Mr. Ishan Tulsian, F.C.A, A.C.S., L.L.B, Registered Valuer SFA (IBBI), Msc. In Applied Finance (Singapore), DIIT (ICAI), B.Com (H)for R. Tulsian Global [Oman]

* All lands of PR Holiday Homes (Pvt) Ltd, Perumbalam Resorts (Pvt) Ltd and Aitken Spence Resorts (Middle East) LLC were revalued during the current financial year ended 31 March 2022.

All Lands of the Group were last revalued as indicated above. Considering the impact of the COVID-19 outbreak, current economic crisis and the circumstances surrounding volatility of the external environment in Sri Lanka, Group carried a reassessment of the stated values of the hotel land in Sri Lanka by an external independent valuer, Mr. K.C.B. Condegama, A.I.V (Sri Lanka). Based on this assessment, it was identified that there were no significant changes to the revalued carrying values of these land as at 31 March 2022.

17 Right - of - use assets

17.1 Movement during the year

	Group		
	Right-of-use Land Rs. '000	Right-of-use buildings Rs. '000	Total Rs. '000
As at			
Cost or valuation			
Balance as at 01st April 2021	17,484,257	5,853	17,490,110
Additions	-	6,122	6,122
Impact on exchange rate fluctuation	8,186,860	-	8,186,860
Balance as at 31st March 2022	25,671,117	11,975	25,683,092
Accumulated depreciation / impairment			
Balance as at 01st April 2021	5,519,937	5,853	5,525,790
Charge for the year	839,303	2,040	841,343
Impact on exchange rate fluctuation	2,936,631	-	2,936,631
Balance as at 31 st March 2022	9,295,871	7,893	9,303,764
Carrying value			
As at 31 March 2022	16,375,246	4,082	16,379,328
As at 31 March 2021	11,964,320	-	11,964,320

The Group does not foresee any indications of impairment of right of use assets due to the COVID-19 pandemic and current economic conditions referring to macro environmental factors, since each business unit is operating under the business continuity plans as per the Group risk management strategy.

NOTES TO THE FINANCIAL STATEMENTS

18 Intangible assets

18.1 Group

As at	Goodwill	Computer Software	Total
	Rs. '000	Rs. '000	Rs. '000
Cost or Valuation			
Balance as at 01st April 2021	519,308	214,815	734,123
Additions	-	999	999
Effect of movement in exchange rates	243,818	74,541	318,359
Balance as at 31st March 2022	763,126	290,355	1,053,481
Accumulated amortisation / impairment			
Balance as at 01st April 2021	-	152,986	152,986
Effect of movement in exchange rates	-	55,943	55,943
Amortisation	-	23,141	23,141
Balance as at 31st March 2022	-	232,070	232,070
Carrying value			
As at 31.03.2022	763,126	58,285	821,411
As at 31.03.2021	519,308	61,829	581,137

The gross carrying amount of fully amortised intangible assets that are still in use for the Group as at 31st March 2022 was Rs. 170,486,863 /- (2020/2021 - Rs. 101,301,756 /-).

There were no intangible assets pledged by the Group as security for facilities obtained from banks as at 31.03.2022. (2020/2021- nil)

The Group does not foresee any indications of impairment of intangible assets due to the COVID-19 pandemic and current economic conditions referring to macro environmental factors, since each business unit is operating under the business continuity plans as per the Group risk management strategy.

Net carrying value of goodwill

Goodwill is arisen in respect of acquisition of 70% of equity in Aitken Spence Resorts (Middle East) LLC during the year 2015/16.

The recoverable amount of goodwill is determined based on value-in-use calculations. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. There is a considerable degree of judgement involved in preparing forecasts and assumptions including discount rates. The key assumptions used are given below.

Business growth	-	Based on the long term average growth rate for each business unit. The weighted average growth rate used is consistent with the forecast included in industry reports. (2021/2022 - 16%, 2020/2021 - 8.1%)
Inflation	-	Based on current inflation rate.
Discount rate	-	Risk free rate adjusted for the specific risk relating to the industry. (2021/2022 - 8.04%, 2020/2021 - 9.1%)
Margin	-	Base on past performance and budgeted expectations

18.2 Company

As at	Computer Software	Total
	Rs. '000	Rs. '000
Cost or Valuation		
Balance as at 01st April 2021	13,101	13,101
Additions	-	-
Balance as at 31st March 2022	13,101	13,101
Accumulated amortisation / impairment		
Balance as at 01st April 2021	11,695	11,695
Amortisation	1,227	1,227
Balance as at 31st March 2022	12,922	12,922
Carrying value		
As at 31.03.2022	179	179
As at 31.03.2021	1,406	1,406

The gross carrying amount of fully amortised intangible assets that are still in use for the Company as at 31st March 2022 was Rs. 10,958,808 /- (2020/2021 - Rs. 7,876,042 /-).

There were no intangible assets pledged by the Company as security for facilities obtained from banks as at 31.03.2022. (2020/2021- nil)

NOTES TO THE FINANCIAL STATEMENTS

19 Investment in subsidiaries

19.1 Investments in subsidiaries – unquoted

	Country of incorporation	Number of Shares	Company Holding	Group Holding	31.03.2022 Rs. '000	31.03.2021 Rs. '000
a) Equity shares						
Aitken Spence Hotels Ltd	Sri Lanka	14,701,204	98.01%	98.01%	149,750	149,750
Crest Star (BVI) Ltd	British Virgin Island	3,415,000	100.00%	100.00%	185,628	185,628
(Ordinary Shares of US\$ 1 each)						
Cowrie Investment (Pvt) Ltd	Maldives	52,740	60.00%	60.00%	321,733	321,733
(Ordinary Shares of Mrf 1000 each)						
Aitken Spence Resorts (Middle East) LLC	Oman	01	0.00%	0.00%	-	-
(Ordinary Shares of OMR 1 each)						
Hethersett Hotels Ltd	Sri Lanka	24,542,000	94.44%	94.44%	161,421	161,421
Neptune Ayurvedic Village (Pvt) Ltd	Sri Lanka	500,000	100.00%	100.00%	5,000	5,000
Aitken Spence Hotels International (Pvt) Ltd	Sri Lanka	10,744,582	51.00%	51.00%	181,024	181,024
Aitken Spence Hotel Managements Asia (Pvt) Ltd	Sri Lanka	5,125,500	51.00%	51.00%	51,255	51,255
Aitken Spence Hotel Managements South India (Pvt) Ltd	India	29,869,000	16.60%	16.60%	744,325	744,325
Turyaa (Pvt) Ltd	Sri Lanka	219,812,321	100.00%	100.00%	1,583,679	1,583,679
Turyaa Resorts (Pvt) Ltd	Sri Lanka	121,920,000	100.00%	100.00%	1,219,200	1,219,200
Ahungalla Resorts Ltd	Sri Lanka	78,369,024	60.00%	60.00%	2,926,326	2,926,326
Meeraladuwa (Pvt) Ltd	Sri Lanka	20,227,801	100.00%	100.00%	202,278	202,278
ADS Resorts (Pvt) Ltd	Maldives	01	0.00%	0.00%	-	-
Unique Resorts (Pvt) Ltd	Maldives	01	0.00%	0.00%	-	-
Ace Resorts (Pvt) Ltd	Maldives	01	0.00%	0.00%	-	-
Nilaveli Resorts (Pvt) Ltd	Sri Lanka	01	100.00%	100.00%	-	-
Nilaveli Holidays (Pvt) Ltd	Sri Lanka	01	100.00%	100.00%	-	-
The Galle Heritage (Pvt) Ltd	Sri Lanka	01	100.00%	100.00%	-	-
					7,731,619	7,731,619
Less : Provision for Impairment of investment in Turyaa (Pvt) Ltd *					(124,778)	(124,778)
					7,606,841	7,606,841
b) Preference shares						
Aitken Spence Hotels Ltd	Sri Lanka	40,000,000			400,000	400,000
Net carrying amount of investments in subsidiaries – unquoted as at 31st March					8,006,841	8,006,841

* Impairment to the carrying value of investment in Turyaa (Pvt) Ltd was recognised based on the discounted future cash flows to the extent of the non recoverability amount of the investment.

The effects of COVID-19 pandemic and changes in current economic conditions referring to macro environmental factors have been taken into effect in the cashflow forecasts and the discount rate used for the calculation. There is a considerable degree of judgement involved in preparing forecasts and assumptions including discount rates.

19.2 Investments in sub subsidiaries / inter company shareholding- unquoted

	Country of incorporation	Number of Shares	Investor Holding	Group Holding	31.03.2022 Rs. '000	31.03.2021 Rs. '000
Aitken Spence Hotels Ltd						
- Kandalama Hotels (Pvt) Ltd	Sri Lanka	10,216,216	63.00%	61.75%	234,406	234,406
- Heritance (Pvt) Ltd	Sri Lanka	2,125,627	100.00%	98.01%	35,751	35,751
					270,157	270,157
Crest Star (BVI) Ltd						
- Jetan Travel Services Company (Pvt) Ltd	Maldives	47,500	95.00%	95.00%	545,476	545,476
					545,476	545,476
Aitken Spence Hotels International (Pvt) Ltd						
- ADS Resorts (Pvt) Ltd	Maldives	1,274,999	100.00%	51.00%	103,970	103,970
- Unique Resorts (Pvt) Ltd	Maldives	6,374,999	100.00%	51.00%	562,663	562,663
- Aitken Spence Hotel Services (Pvt) Ltd	India	10,000	100.00%	51.00%	271	271
- Aitken Spence Hotel Managements South India (Pvt) Ltd	India	150,048,995	83.40%	42.53%	3,390,956	3,390,956
- Ace Resorts (Pvt) Ltd	Maldives	8,480,999	100.00%	51.00%	740,155	740,155
- Aitken Spence Resorts (Middle East) LLC	Oman	11,363,775	100.00%	51.00%	4,451,435	4,451,435
- Aitken Spence Global Operations (Pvt) Ltd	Sri Lanka	100,000	100.00%	51.00%	1,000	1,000
					9,250,450	9,250,450
Aitken Spence Hotel Managements Asia (Pvt) Ltd						
- PR Holiday Homes (Pvt) Ltd (Ordinary shares)	India	621,310	84.57%	43.13%	174,949	174,949
- Aitken Spence Hotels International (Pvt) Ltd (Preference Shares)	Sri Lanka	3,825,000	100.00%	100.00%	764,999	764,999
					939,948	939,948
PR Holiday Homes (Pvt) Ltd						
- Perumbalam Resorts (Pvt) Ltd	India	10,000	100.00%	43.13%	270	251
					270	251
Aitken Spence Hotel Services (Pvt) Ltd						
- Aitken Spence Hotel Managements South India (Pvt) Ltd	India	01	0.00%	0.00%	-	-

Kandalama Hotels (Pvt) Ltd and Heritance (Pvt) Ltd are subsidiaries of Aitken Spence Hotels Ltd.

Jetan Travel Services Company (Pvt) Ltd is a subsidiary of Crest Star (BVI) Ltd.

ADS Resorts (Pvt) Ltd, Unique Resorts (Pvt) Ltd, Aitken Spence Hotel Services (Pvt) Ltd, Aitken Spence Hotel Management South India (Pvt) Ltd, Ace Resorts (Pvt) Ltd, Aitken Spence Resorts (Middle East) LLC and Aitken Spence Global Operations (Pvt) Ltd are subsidiaries of Aitken Spence Hotels International (Pvt) Ltd.

PR Holiday Homes (Pvt) Ltd is a Subsidiary of Aitken Spence Hotel Managements Asia (Pvt) Ltd.

Perumbalam Resorts (Pvt) Ltd is a subsidiary of PR Holiday Homes (Pvt) Ltd.

NOTES TO THE FINANCIAL STATEMENTS

19.3 Non - controlling interests

The following subsidiaries have material non - controlling interests.

Name	Principle place of business/Country of incorporation	Operating Segment	Ownership interest held by non- controlling interests	
			As at 31.03.2022	As at 31.03.2021
Aitken Spence Hotels International (Pvt) Ltd	Sri Lanka	Sri Lankan Sector - Others	49%	49%
Aitken Spence Hotels Managements Asia (Pvt) Ltd	Sri Lanka	Sri Lankan Sector - Others	49%	49%
Ahungalla Resorts Ltd	Sri Lanka	Sri Lankan Sector- Hotels	40%	40%
Cowrie Investment (Pvt) Ltd	Republic of Maldives	South Asian and Middle East Sector	40%	40%
ADS Resorts (Pvt) Ltd	Republic of Maldives	South Asian and Middle East Sector	49%	49%
Unique Resorts (Pvt) Ltd	Republic of Maldives	South Asian and Middle East Sector	49%	49%
Aitken Spence Hotel Management South India (Pvt) Ltd	India	South Asian and Middle East Sector	40.87%	40.87%

Except for Ahungalla Resorts Ltd and Cowrie Investment (Pvt) Ltd, the non-controlling interest of other subsidiaries are held with the holding Company, Aitken Spence PLC.

The following table summarises the financial information relating to the Group's subsidiaries that has material non-controlling interests, before any intra-group eliminations.

	Cowrie Investment (Pvt) Ltd		Ahungalla Resorts Ltd	
	2021/2022	2020/2021	2021/2022	2020/2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Revenue	10,910,804	2,729,072	853,391	107,826
Loss after tax	978,861	(2,165,538)	(1,016,216)	(1,191,631)
Loss attributable to NCI	391,544	(866,215)	(406,486)	(476,652)
Other comprehensive income/(loss)	2,435,260	174,271	(2,711,982)	(713,441)
Total comprehensive income/(loss)	3,414,121	(1,991,267)	(3,728,198)	(1,905,072)
Total comprehensive income/(loss) attributable to NCI	1,365,648	(796,507)	(1,491,279)	(762,029)
Current Assets	3,000,089	1,250,210	901,556	341,726
Non- current assets	37,111,675	26,222,532	9,460,707	9,871,900
Current Liabilities	(5,329,699)	(5,254,479)	(1,242,183)	(223,240)
Non- current liabilities	(27,170,559)	(18,020,878)	(11,361,362)	(8,503,470)
Net Assets	7,611,506	4,197,385	(2,241,282)	1,486,916
Net assets attributable to NCI	3,044,602	1,678,954	(896,513)	594,766
Cash flow from operating activities	2,835,009	775,935	13,000	(720,478)
Cash flow from investing activities	(278,753)	(547,280)	(21,520)	(27,340)
Cash flow from financing activities	(986,776)	(279,346)	(40,690)	141,228
Net increase/(decrease) in cash and cash equivalents	1,569,480	(50,691)	(49,210)	(606,590)

20 Investment in equity accounted investees

	Group		Company	
As at	31.03.2022 Rs. '000	31.03.2021 Rs. '000	31.03.2022 Rs. '000	31.03.2021 Rs. '000
Recognised in the statement of financial position				
- Interest in joint ventures	-	-	-	-
- Interest in associates	461,073	631,527	1,215,732	1,267,862
Carrying amount as at 31 st March	461,073	631,527	1,215,732	1,267,862
Recognised in the statement of changes in equity				
- Interest in joint ventures	-	-	-	-
- Interest in associates	29,317	(27,356)	-	-
Share of adjustment on equity accounted investees	29,317	(27,356)	-	-
Recognised in the income statement				
- Interest in joint ventures	-	-	-	-
- Interest in associates	(226,484)	(378,861)	-	-
Share of loss of equity accounted investees (net of tax)	(226,484)	(378,861)	-	-
Recognised in the statement of profit or loss and other comprehensive income				
- Interest in joint ventures	-	-	-	-
- Interest in associates	26,713	43,587	-	-
Share of other comprehensive income of equity accounted investees (net of tax)	26,713	43,587	-	-

20.1 Investment in associates

		Group		Company	
As at		31.03.2022 Rs. '000	31.03.2021 Rs. '000	31.03.2022 Rs. '000	31.03.2021 Rs. '000
	Notes				
Investment in associates - quoted	20.1.1	323,012	480,750	906,602	906,602
Investment in associates - unquoted	20.1.2	138,061	150,777	309,130	361,260
Total equity value of investment in associates as at 31st March		461,073	631,527	1,215,732	1,267,862

NOTES TO THE FINANCIAL STATEMENTS

20.1.1 Investment in associates - quoted

	Group				Company			
As at	No. of Shares	Group Holding	31.03.2022 Rs. '000	31.03.2021 Rs. '000	No. of Shares	Company Holding	31.03.2022 Rs. '000	31.03.2021 Rs. '000
Browns Beach Hotels PLC	48,627,103	37.42%	925,110	925,110	47,455,750	36.62%	906,602	906,602
(Consolidated with Negombo Beach Resorts (Pvt) Ltd)								
Investments made during the year	-	-	-	-	-	-	-	-
Net book value as at 31st March	48,627,103	37.42%	925,110	925,110	47,455,750	36.62%	906,602	906,602
Share of movement in equity value			(602,098)	(444,360)			-	-
Equity value of Investment as at 31st March			323,012	480,750			906,602	906,602
Market value of quoted investment as at 31st March			437,644	495,996			427,102	484,049

20.1.2 Investment in associates - unquoted

	Group				Company			
As at	No. of Shares	Group Holding	31.03.2022 Rs. '000	31.03.2021 Rs. '000	No. of Shares	Company Holding	31.03.2022 Rs. '000	31.03.2021 Rs. '000
Amethyst Leisure Ltd								
(Consolidated with Paradise Resorts Passikudah (Pvt) Ltd)								
Net book value as at 01 st April	218,345,163	32.17%	305,491	249,169	218,345,163	32.17%	332,848	249,169
Investments made during the year	-	-	-	83,679	-	-	-	83,679
Effect of change in percentage holding recognised directly in equity	-	(4.28%)	29,317	(27,357)	-	(4.28%)	-	-
Net book value as at 31st March	218,345,163	27.89%	334,808	305,491	218,345,163	27.89%	332,848	332,848
Share of movement in equity value			(255,928)	(231,423)			-	-
Equity value of Investment as at 31st March			78,880	74,068			332,848	332,848
Less : Provision for Impairment of investment *			-	-			(251,597)	(199,467)
Equity value of Investment as at 31st March - net of impairment			78,880	74,068			81,251	133,381
Aitken Spence Hotel Managements (Pvt) Ltd	3,862,353	49.00%	227,879	227,879	3,862,353	49.00%	227,879	227,879
(Consolidated with Aitken Spence Resources (Pvt) Ltd)								
Investments made during the year	-	-	-	-	-	-	-	-
Net book value as at 31st March	3,862,353	49.00%	227,879	227,879	3,862,353	49.00%	227,879	227,879
Share of movement in equity value			(168,698)	(151,170)			-	-
Equity value of Investment as at 31st March			59,181	76,709			227,879	227,879
Total equity value of investment of investments in associates - unquoted as at 31st March			138,061	150,777			309,130	361,260

* Impairment to the carrying value of investment in Amethyst Leisure Ltd was recognised based on discounted future cash flows to the extent of the non recoverability amount of the investment.

The effects of COVID-19 pandemic and changes in economic conditions referring to macro economic factors have been taken into effect in the cashflow forecasts and the discount rate used for the calculation. There is a considerable degree of judgement involved in preparing forecasts and assumptions including discount rates.

20.2 Principle place of business and the group holding percentage of investment in associates

Name	Principle place of Business / Country of incorporation	Nature of relationship with the Group	Ownership interest % voting rights as at 31st March 2022	Fair Value of ownership interest (if listed) Rs.'000
Browns Beach Hotels PLC	Sri Lanka	Owns Negombo Beach Resorts (Pvt) Ltd	37.42%	437,644
Negombo Beach Resorts (Pvt) Ltd (100% subsidiary of Browns Beach Hotels PLC)	Sri Lanka	Owns and Operates "Heritage Negombo"	37.42%	-
Amethyst Leisure Ltd	Sri Lanka	Owns Paradise Resorts Passikudah (Pvt) Ltd	27.89%	-
Paradise Resorts Passikudah (Pvt) Ltd (100% subsidiary of Amethyst Leisure Ltd)	Sri Lanka	Owns and Operates "Amethyst Resorts Passikudah"	27.89%	-
Aitken Spence Hotel Managements (Pvt) Ltd	Sri Lanka	Provides Management Services to all Hotels in Sri Lanka	49.00%	-
Aitken Spence Resources (Pvt) Ltd (100% subsidiary of Aitken Spence Hotel Managements (Pvt) Ltd)	Sri Lanka	Provides Human Resources to overseas hotels	49.00%	-

20.3 Summarised financial information of investment in associates with material NCI

	Amethyst Leisure Ltd		Browns Beach Hotels PLC		Aitken Spence Hotel Managements (Pvt) Ltd	
	(Consolidated with Paradise Resorts Passikudah (Pvt) Ltd.		(Consolidated with Negombo Beach Resorts (Pvt) Ltd)		(Consolidated with Aitken Spence Resources (Pvt) Ltd)	
	2021/2022	2020/2021	2021/2022	2020/2021	2021/2022	2020/2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Revenue	46,858	31,558	422,126	88,104	591,012	157,742
Profit/(Loss) after tax	(87,877)	(86,089)	(437,128)	(652,037)	(78,396)	(224,701)
Other comprehensive income	15	(50)	15,560	74,650	42,626	31,984
Total comprehensive income	(87,862)	(86,139)	(421,568)	(577,387)	(35,770)	(192,717)
Attributable to NCI	(63,357)	(61,338)	(263,830)	(361,347)	(18,242)	(98,285)
Attributable to Investees Shareholders	(24,505)	(24,801)	(157,738)	(216,040)	(17,528)	(94,432)
Effect of change in percentage holding recognised directly in equity	29,317	(27,357)	-	-	-	-
Share of movement in equity value attributable to the Group	4,812	(52,158)	(157,738)	(216,040)	(17,528)	(94,432)
Current Assets	33,473	17,131	414,258	253,141	239,715	859,086
Non Current Assets	506,876	526,245	5,004,872	5,218,326	1,044,343	229,050
Current Liabilities	(180,331)	(221,420)	(856,157)	(694,548)	(75,796)	(1,002,105)
Non- Current liabilities	(350,243)	(328,441)	(3,699,698)	(3,492,076)	(1,222,323)	(64,220)
Net Assets	9,775	(6,485)	863,275	1,284,843	(14,061)	21,811
Attributable to NCI	6,071	(4,399)	540,263	804,093	(7,171)	11,124
Attributable to Investees Shareholders	3,704	(2,086)	323,012	480,750	(6,890)	10,687
Groups interest in net assets of investee at the beginning of the year	74,068	42,547	480,750	696,790	76,709	171,141
Investments made during the year	-	83,679	-	-	-	-
Total comprehensive income attributable to the Group	4,812	(52,158)	(157,738)	(216,040)	(17,528)	(94,432)
Group's interest in net assets of investee at the end of the year	78,880	74,068	323,012	480,750	59,181	76,709

NOTES TO THE FINANCIAL STATEMENTS

21 Other financial assets - non current

21.1 Unquoted equity securities, debt securities and unsecured loans

		Group		Company	
As at		31.03.2022	31.03.2021	31.03.2022	31.03.2021
	Notes	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial assets at fair value through OCI					
- Unquoted equity securities	21.1.1	244,790	166,450	-	-
Financial assets at amortised cost					
-Unquoted debt securities and unsecured loans	21.1.2	785,442	745,852	785,442	745,852
Carrying amount as at 31st March		1,030,232	912,302	785,442	745,852
Current unquoted equity and debt securities	21.1.2	(747,109)	(139,794)	(747,109)	(139,794)
Non-current unquoted debt and equity securities		283,123	772,508	38,333	606,058

21.1.1 Unquoted equity securities

		Group		Company	
As at		31.03.2022	31.03.2021	31.03.2022	31.03.2021
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Investment in Floatels India (Pvt) Ltd					
Balance brought forward		166,450	158,187	-	-
(716,037 shares at INR 55/- each)					
Disposals		-	-	-	-
Effect of movement in exchange rates		78,340	8,263	-	-
Balance carried forward		244,790	166,450	-	-
(716,037 shares at INR 55/- each)					

The balance reflects the recent sale price of remaining equity shares.

The Group designated the investments in equity securities at FVOCI because these equity securities represent investments that the Group intended to hold for the long term for strategic purpose.

No Strategic investments were disposed of during 2021/2022, and there were no transfer of any cumulative gain or loss within equity relating to these investments.

21.1.2 Unquoted debt securities and unsecured loans

		Group		Company	
As at		31.03.2022	31.03.2021	31.03.2022	31.03.2021
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Secured redeemable debentures					
Earl's Court Hotel Management (Pvt) Ltd		63,282	58,333	63,282	58,333
Less: Impairment		(3,364)	(3,317)	(3,364)	(3,317)
		59,918	55,016	59,918	55,016
Unsecured loans					
Negombo Beach Resorts (Pvt) Ltd		725,524	690,836	725,524	690,836
Carrying amount as at 31st March		785,442	745,852	785,442	745,852
Current unquoted debt securities		(747,109)	(139,794)	(747,109)	(139,794)
Non-current unquoted debt securities and unsecured loans		38,333	606,058	38,333	606,058

i Redeemable debentures are receivable in 60 equal installments. Interest linked to AWPLR.

ii Unsecured loan is receivable in 7 years with a grace period of 2 years. Interest linked to AWPLR.

22 Deferred tax assets

22.1 Movement in deferred tax assets

	Group		Company	
As at	31.03.2022 Rs. '000	31.03.2021 Rs. '000	31.03.2022 Rs. '000	31.03.2021 Rs. '000
Balance brought forward	717,802	295,849	-	-
Effect of movement in exchange rates	320,339	39,570	-	-
Reversal of temporary differences				
-Recognised in income statement	(389,321)	382,383	-	-
-Recognised in other comprehensive income	-	-	-	-
Balance carried forward	648,820	717,802	-	-

22.2 Composition of deferred tax assets

	Group		Company	
As at	31.03.2022 Rs. '000	31.03.2021 Rs. '000	31.03.2022 Rs. '000	31.03.2021 Rs. '000
Deferred tax assets attributable to;				
Defined benefit obligations	3,432	2,759	-	-
Tax losses carried forward	1,075,646	1,088,110	-	-
Expected credit loss	21,118	15,547	-	-
Accelerated depreciation for tax purposes on				
Property, plant and equipment	(451,376)	(388,614)	-	-
Net deferred tax assets	648,820	717,802	-	-

NOTES TO THE FINANCIAL STATEMENTS

22.3 Movement in tax effect of temporary differences - Group - 2021/2022

	2021/2022				
	Balance as at 01.04.2021	Recognised in profit and (loss)	Recognised in other comprehensive income	Exchange gain/(loss)	Balance as at 31.03.2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Deferred tax asset					
Defined benefit obligations	2,759	-	-	673	3,432
Tax losses carried forward	1,088,110	(401,356)	-	388,892	1,075,646
Expected credit losses	15,547	(877)	-	6,448	21,118
	1,106,416	(402,233)	-	396,013	1,100,196
Deferred tax liabilities					
Accelerated depreciation for tax purposes on property, plant and equipment	(388,614)	12,912	-	(75,674)	(451,376)
	(388,614)	12,912	-	(75,674)	(451,376)
Net deferred tax assets	717,802	(389,321)	-	320,339	648,820

22.4 Movement in tax effect of temporary differences - Group - 2020/2021

	2020/2021				
	Balance as at 01.04.2020	Recognised in profit and (loss)	Recognised in other comprehensive income	Exchange gain/(loss)	Balance as at 31.03.2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Deferred tax asset					
Defined benefit obligations	3,146	(709)	-	322	2,759
Tax losses carried forward	283,586	723,461	-	81,063	1,088,110
Expected credit losses	11,546	3,936	-	65	15,547
Right-of-use assets	208,850	(205,071)	-	(3,779)	-
	507,128	521,617	-	77,671	1,106,416
Deferred tax liabilities					
Accelerated depreciation for tax purposes on property, plant and equipment	(211,279)	(139,234)	-	(38,101)	(388,614)
	(211,279)	(139,234)	-	(38,101)	(388,614)
Net deferred tax assets	295,849	382,383	-	39,570	717,802

23 Inventories

	Group		Company	
As at	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Food	343,671	202,457	9,464	5,011
Beverage	339,185	112,199	3,501	3,897
Maintenance	417,618	239,560	2,609	2,615
Stationery	30,567	18,202	632	566
House keeping	227,069	88,106	940	1,184
Ayurveda stocks	7,096	4,816	-	-
Fuel and others	261,866	154,818	2,857	1,849
	1,627,072	820,158	20,003	15,122
(-) Provision of impairment of inventories	-	(2,781)	-	-
Total	1,627,072	817,377	20,003	15,122

During the year the Group reversed the excess provision of Rs. 2.7 million made against the inventory provision after re-assessing the net realisable value of the inventory as at 31st March 2022. The above reversal is recognised in the income statement under "other operating expenses - indirect".

None of the inventories are pledged as security for facilities obtained by the Group or Company from banks as at 31st March 2022. (Group and Company 2020/2021-nil).

24 Trade and other receivables

	Group		Company	
As at	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Trade receivables	2,253,846	750,012	84,053	43,638
(-) Provision for impairment	(207,498)	(230,305)	(1,038)	(29,408)
	2,046,348	519,707	83,015	14,230
Non trade receivables	96,342	77,914	75,199	37,506
	2,142,690	597,621	158,214	51,736
Other taxes receivable	134,441	240,030	43,137	28,049
Other receivable	33,019	56,169	3,437	2,611
Total	2,310,150	893,820	204,788	82,396

No loans were given to employees over and above Rs. 20,000/-.

No loans have been given to directors of the Company.

24.1 Credit and market risks, and impairment losses

Information about the Group's exposure to credit risk of trade receivables which discusses how the Group manages and measures credit quality of trade receivables, market risk and the impairment losses of trade receivables are disclosed in Note No.42.

NOTES TO THE FINANCIAL STATEMENTS

25 Amounts due from holding company

	Group		Company	
As at	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Short term investments	485,713	476,904	-	82,929
Total	485,713	476,904	-	82,929

The above short term investments were made on normal market interest rates.

26 Amounts due from parent's group entities

	Group		Company	
As at	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Aitken Spence Travels (Pvt) Ltd	244,976	41,002	90,630	9,541
Aitken Spence Hotel Managements (Pvt) Ltd	374,068	184,135	66,308	24,876
Aitken Spence Hotels International (Pvt) Ltd	-	-	449,029	-
Aitken Spence Exports (Pvt) Ltd	160	184	-	-
Aitken Spence Cargo (Pvt) Ltd	-	309	-	-
Aitken Spence PLC	-	88	-	-
Negombo Beach Resorts (Pvt) Ltd	325	70	-	-
Turyaa (Pvt) Ltd	-	-	3,327	7,559
Turyaa Resorts (Pvt) Ltd	-	-	-	27
Meeraladuwa (Pvt) Ltd	-	-	273	232
Elevators (Pvt) Ltd	-	36	-	-
Ace International Express (Pvt) Ltd	-	30	-	-
Ace Containers (Pvt) Ltd	-	30	-	-
D B S Logistics Ltd	-	27	-	-
Aitken Spence Ports International (Pvt) Ltd	-	34	-	-
Ace Distriparks (Pvt) Ltd	-	72	-	-
Aitken Spence Shipping Ltd	-	34	-	-
Aitken Spence Property Developments (Pvt) Ltd	-	30	-	-
Paradise Resorts Passikudah (Pvt) Ltd	775	5,253	-	5,151
Total	620,304	231,334	609,567	47,386

27 Other financial assets

	Group		Company	
As at	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Other financial assets - current (Note 21.1.2)	747,109	139,794	747,109	139,794
Bank deposits	3,681,323	574,768	-	-
Total	4,428,432	714,562	747,109	139,794

28 Cash and cash equivalents

	Group		Company	
As at	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Short term deposits less than 90 days	1,796,110	559,461	357,421	435,077
Cash at bank and in hand	2,237,504	1,546,099	120,834	39,843
Cash and cash equivalents in the statement of financial position	4,033,614	2,105,560	478,255	474,920
Less: Bank Overdrafts and other short term borrowings	(5,235,410)	(4,732,653)	(143,802)	(107,181)
Cash and cash equivalents in the statement of cash flows	(1,201,796)	(2,627,093)	334,453	367,739

29 Assets classified as held for sale

The carrying value of the leasehold rights of Raafushi Island was classified under "Assets held for sale" during the year ended 31st March 2022, consequent to the decision made by Ace Resorts (Pvt) Ltd, to dispose its lease.

	Group		Company	
As at	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Net assets of Group companies classified as held for sale	1,586,969	1,079,094	-	-
	1,586,969	1,079,094	-	-

NOTES TO THE FINANCIAL STATEMENTS

30 Stated capital

	Company	
As at	31.03.2022	31.03.2021
	Rs. '000	Rs. '000
Issued and fully paid		
Ordinary share capital		
At the beginning of the year - 336,290,010 ordinary shares	3,389,587	3,389,587
Issued during the year	-	-
At the end of the year - 336,290,010 ordinary shares	3,389,587	3,389,587
Preference share capital - redeemable cumulative		
At the beginning of the year - 16,500,000 preference shares	165,000	165,000
Issued during the year	-	-
At the end of the year - 16,500,000 preference shares	165,000	165,000
Total	3,554,587	3,554,587

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per individual present at the meeting of shareholders or one vote per share in case of a poll.

Preference shares do not carry the right to vote. All shares rank equally with regard to residual assets, except that preference shareholder participate only to the extent of the face value of shares adjusted for dividends in arrears.

Preference share capital is classified as equity as redeemable only at the Company's option. Dividends thereon are recognised as distributions within equity upon approval by the company's shareholders.

Preference shareholder is entitled to dividends at 9% annually.(Cents 90 per share)

31 Reserves

	Notes	Group		Company	
		31.03.2022 Rs. '000	31.03.2021 Rs. '000	31.03.2022 Rs. '000	31.03.2021 Rs. '000
As at					
Revaluation reserve	31.1	3,073,205	2,596,179	683,032	683,032
General reserve	31.2	22,929	22,929	22,929	22,929
Cashflow hedge reserve	31.3	(2,858,488)	(1,229,211)	-	-
Fair value reserve	31.4	20,414	11,245	-	-
Foreign currency translation reserve	31.5	8,533,719	4,153,091	-	-
Total		8,791,779	5,554,233	705,961	705,961
Transaction movement					
Balance brought forward		5,554,233	5,419,419	705,961	705,961
Transfers to / (from) foreign currency translation reserve during the year		4,380,628	507,832	-	-
Transfer to / (from) cashflow hedge reserve		(1,629,277)	(427,578)	-	-
Movement in fair value reserve		9,169	26,123	-	-
Movement in revaluation reserve		477,026	28,437	-	-
Balance carried forward		8,791,779	5,554,233	705,961	705,961

31.1 Revaluation reserve

The revaluation reserve relates to property plant and equipment which has been revalued by the Group.

31.2 General reserve

The general reserve relates to retained earnings set aside by the Group.

31.3 Cashflow hedge reserve

This represents the reserve created to eliminate the exposure that arises from changes in cash flows of a financial liability due to exchange rate fluctuations.

31.4 Fair value reserve

This represents the cumulative net change in the fair value of equity securities designated at FVOCI until the investments are derecognised.

31.5 Foreign currency translation reserve

The foreign currency translation reserve comprise of all foreign exchange difference arising from the translation of the financial statements of foreign operations.

NOTES TO THE FINANCIAL STATEMENTS

32 Interest - bearing liabilities - banks

32.1 Loans analysed by lending institution

Lending Institution	Group		Company		Borrowing terms
	31.03.2022 Rs. '000	31.03.2021 Rs. '000	31.03.2022 Rs. '000	31.03.2021 Rs. '000	
Habib Bank Ltd	723,369	704,964	723,369	704,964	Consist of three LKR loans Loan 1 (LKR) - Repayable in quarterly installments commencing from July 2022. A Corporate Guarantee from Aitken Spence PLC has been provided as security. Interest linked to AWPLR. (Balance outstanding as at 31st March 2022 is Rs. 134.2 million)
					Loan 2 (LKR) - Repayable in quarterly installments commencing from July 2022 for which a Corporate Guarantee from Aitken Spence PLC has been provided as security. Interest linked to TB rates. (Balance outstanding as at 31st March 2022 is Rs. 8.1 million)
					Loan 3 (LKR) - Repayable in quarterly installments commencing from July 2022 for which a Corporate Guarantee from Aitken Spence PLC has been provided as security. Interest linked to TB rates. (Balance outstanding as at 31st March 2022 is Rs. 581.0 million)
Hongkong and Shanghai Banking Corporation Ltd	9,765,881	6,714,064	-	-	- Comprises of two USD loans, two Euro loans and one OMR loan Loan 1 (USD) - Repayable in monthly installments commencing July 2022 for which a Corporate Guarantee from Aitken Spence Hotel Holdings PLC has been provided as security. Interest Linked to LIBOR. (Balance outstanding as at 31st March 2022 is Rs. 233.0 million)
					Loan 2 (Euro) -54 monthly installments commencing July 2022 and a 52% final bullet payment at maturity. A Corporate Guarantee from Aitken Spence PLC for Euro 17.6 million and primary mortgage over the Hotel property for Euro 40 million has been provided as security Interest is fixed for the term. (Balance outstanding as at 31st March 2022 is Rs. 5,843.5 million)

	Group		Company		Borrowing terms
Lending Institution	31.03.2022 Rs. '000	31.03.2021 Rs. '000	31.03.2022 Rs. '000	31.03.2021 Rs. '000	
					Loan 3 (Euro) - Repayable in monthly installments commencing July 2022 for which a Corporate Guarantee from Aitken Spence PLC has been provided as security. Interest is fixed for the term. (Balance outstanding as at 31st March 2022 is Rs. 247.4 million)
					Loan 4 (USD) - Repayable in bullet at maturity. A Corporate Guarantee from Aitken Spence PLC for USD 4.8 Million and 1st ranking Legal Mortgage over the property for OMR 4,615,000 provided as security. Interest is linked to LIBOR. (Balance outstanding as at 31st March 2022 is Rs. 1,499.7 million)
					Loan 5 (OMR) - Repayable in quarterly installments and repayments already started. Primary mortgage over the property of Al Falaj amounting to OMR 4,615,000/- and Corporate Guarantee from Aitken Spence PLC for OMR 2.769 million have been provided as security. Interest is fixed subject to review annually. (Balance outstanding as at 31st March 2022 is Rs. 1,942.3 million)
Hatton National Bank PLC	13,933,026	9,715,415	92,000	92,000	Comprises of six loans in USD and five loans in LKR Loan 1 (USD) -Repayable in monthly installments and a 52% final bullet payment at maturity Repayments already started. A Corporate Guarantee of Aitken Spence Hotels International (Pvt) Ltd for USD 9 million and Mortgage over the sub-lease rights over Huduranfushi Island for USD 9 million have been provided as security. Interest link to LIBOR. (Balance outstanding as at 31st March 2022 is Rs. 1,887.9 million)
					Loan 2 (USD) - Repayable in monthly installments commencing from April 2022. A Mortgage agreement over the head lease of Aarah Island Resort and Meedhupparu Island Resort has been provided as security. Interest link to LIBOR. (Balance outstanding as at 31st March 2022 is Rs. 10,511.2 million)

NOTES TO THE FINANCIAL STATEMENTS

	Group		Company		Borrowing terms
Lending Institution	31.03.2022	31.03.2021	31.03.2022	31.03.2021	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	
					Loan 3 (USD) -Repayable in monthly installments and repayments already commenced. A Corporate Guarantee from Aitken Spence Hotels International (Pvt) Ltd has been provided as security. Interest link to LIBOR. (Balance outstanding as at 31st March 2022 is Rs. 477.5 million)
					Loan 4 (USD) - Repayable in monthly installments and repayments already commenced. A Corporate Guarantee from Aitken Spence Hotels International (Pvt) Ltd has been provided as security. Interest link to LIBOR. (Balance outstanding as at 31st March 2022 is Rs. 46.8 million)
					Loan 5 (USD) - Repayable in monthly installments and repayments already commenced. A Mortgage agreement over the head lease of Aarah Island Resort and Meedhupparu Island Resort has been provided as security. Interest is fixed. (Balance outstanding as at 31st March 2022 is Rs. 808.5 million)
					Loan 6 (USD) -Repayable in monthly installments and repayments already commenced. A Corporate Guarantee of Aitken Spence Hotels International (Pvt) Ltd for USD 9 million and Mortgage over the sub-lease rights over Huduranfushi Island for USD 9 million have been provided as security. Interest link to LIBOR. (Balance outstanding as at 31st March 2022 is Rs. 89.4 million)
					Loan 7 (LKR) -Loan obtained under Enterprise Sri Lanka loan scheme Repayable in monthly installments commencing from July 2022. No security has been provided. Interest fixed. (Balance outstanding as at 31st March 2022 is Rs. 67 million)

	Group		Company		Borrowing terms
Lending Institution	31.03.2022 Rs. '000	31.03.2021 Rs. '000	31.03.2022 Rs. '000	31.03.2021 Rs. '000	
					Loan 8 (LKR) - Loan obtained under Credit Guarantee and Interest Subsidy Loan Scheme Repayable in monthly installments commencing from July 2022. No security has been provided. Interest fixed. (Balance outstanding as at 31st March 2022 is Rs. 25 million)
					Loan 9 (LKR) - Loan obtained under Credit Guarantee and Interest Subsidy Loan Scheme Repayable in monthly installments commencing from January 2023. No security has been provided. Interest fixed. (Balance outstanding as at 31st March 2022 is Rs. 12.4 million)
					Loan 10 (LKR)- Repayable in monthly installments commencing July 2022. No security has been provided. Interest fixed. (Balance outstanding as at 31st March 2022 is Rs. 4.7 million)
					Loan 11 (LKR)- Repayable in monthly installments commencing July 2022. No security has been provided. Interest fixed. (Balance outstanding as at 31st March 2022 is Rs. 2.5 million)
Sampath Bank PLC	2,202	3,510	-		- Comprises of one LKR loan Loan 1 (LKR) - Repayable in monthly installments and repayments already commenced. A Corporate Guarantee from Aitken Spence Hotel Holdings PLC has been provided as security. Interest is fixed. (Balance outstanding as at 31st March 2022 is Rs. 2.2 million)
People's Bank	5,072,748	3,376,559	-		- Comprises of two USD loan Loan 1 (USD) - Repayable in quarterly installments commencing from July 2022. A Corporate Guarantee for USD 18 million from Aitken Spence Hotel Holdings PLC and negative pledge over the shares of Aitken Spence Hotels International (Pvt) Ltd. Interest link to LIBOR. (Balance outstanding as at 31st March 2022 is Rs. 4,911.5 million)

NOTES TO THE FINANCIAL STATEMENTS

	Group		Company		Borrowing terms
Lending Institution	31.03.2022 Rs. '000	31.03.2021 Rs. '000	31.03.2022 Rs. '000	31.03.2021 Rs. '000	
					Loan 2 (USD) - Repayable in quarterly installments commencing from July 2022. A Corporate Guarantee for USD 18 million from Aitken Spence Hotel Holdings PLC and negative pledge over the shares of Aitken Spence Hotels International (Pvt) Ltd. Interest link to LIBOR. (Balance outstanding as at 31st March 2022 is Rs. 161.2 million)
Abanca Bank - Spain	5,334,356	3,809,558	-		- Comprises of one Euro loan Loan 1 (Euro) - Repayable in quarterly installments and 72% final bullet repayment at maturity and repayments already commenced. A Corporate Guarantee from Ruisa II SA has been provided as security. Interest link to EURIBOR. (Balance outstanding as at 31st March 2022 is Rs. 5,334.3 million)
DFCC Bank PLC	9,120,802	6,392,155	-		- Comprises of three LKR loans and two USD loans Loan 1 (LKR) - Repayable in monthly installments commencing from July 2022. A Corporate Guarantee from Aitken Spence Hotel Holdings PLC has been provided as security. Interest linked to AWPLR. (Balance outstanding as at 31st March 2022 is Rs. 566.1 million)
					Loan 2 (LKR) - Loan obtained under Enterprise Sri Lanka loan scheme Repayable in monthly installments commencing from July 2022. A Corporate Guarantee from Aitken Spence Hotel Holdings PLC has been provided as security. Interest is fixed. (Balance outstanding as at 31st March 2022 is Rs. 14.6 million)
					Loan 3 (in LKR) - Repayable in monthly installments commencing from July 2022. A Corporate Guarantee from Aitken Spence Hotel Holdings PLC has been provided as security. Interest linked to TB rates. (Balance outstanding as at 31st March 2022 is Rs. 270.9 million)

	Group		Company		Borrowing terms
Lending Institution	31.03.2022 Rs. '000	31.03.2021 Rs. '000	31.03.2022 Rs. '000	31.03.2021 Rs. '000	
					Loan 4 (USD) - Repayable in monthly installments commencing from April 2022. A Corporate Guarantee from Aitken Spence Hotels International (Pvt) Ltd for USD 15.78 million and Mortgage agreement over the head lease of Aarah Island Resort have been provided as security. Interest linked to LIBOR. (Balance outstanding as at 31st March 2022 is Rs. 7,729.1 million)
					Loan 5 (USD) - Repayable in monthly installments and repayments already commenced. A Corporate Guarantee from Aitken Spence Hotels International (Pvt) Ltd for USD 15.78 million and Mortgage agreement over the head lease of Aarah Island Resort have been provided as security. Interest linked to LIBOR. (Balance outstanding as at 31st March 2022 is Rs. 540.1 million)
Total Loans	43,952,384	30,716,225	815,369	796,964	
Current portion of interest bearing liabilities - banks	(5,356,106)	(2,568,340)	(401,781)	(238,410)	
Non Current portion of interest bearing liabilities - banks	38,596,278	28,147,885	413,588	558,554	

32.2 Debt moratoriums

In light of the economic slowdown in the country due to the COVID-19 pandemic, the Government of Sri Lanka through the CBSL has implemented debt moratorium for interest and capital and two year working capital loan at a concessionary interest rate to impacted sectors. The Group has already received extensions on existing moratoriums under CBSL circular No 10 of 2021.

1. Debt moratorium for both capital and Interest for further period of nine months commencing from 01st October 2021 to June 2022.
2. Capital and Interest falling due during the moratorium will be converted to a new loan and is payable within 2 years.

NOTES TO THE FINANCIAL STATEMENTS

32.3 Movement in Interest - bearing liabilities - banks

	Group		Company	
As at	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Loan Capital				
Balance brought forward	30,649,610	27,539,360	796,964	727,661
Effect of movement in exchange rates	13,222,717	1,945,788	-	-
Loans received during the year	-	296,787	-	249,274
Interest capitalised during the year	652,989	1,303,284	18,405	44,303
Loan repayments during the year	(705,327)	(435,609)	-	(224,274)
	43,819,989	30,649,610	815,369	796,964
Loan Interest				
Balance brought forward	66,615	108,940	-	-
Effect of movement in exchange rates	42,827	4,949	-	-
Interest accrued during the period	1,314,251	1,348,547	21,658	46,612
Interest capitalised during the period	(652,989)	(1,303,284)	(18,405)	(44,303)
Interest paid during the period	(638,309)	(92,537)	(3,253)	(2,309)
	132,395	66,615	-	-
Total	43,952,384	30,716,225	815,369	796,964
Current portion of interest bearing liabilities - banks	(5,356,106)	(2,568,340)	(401,781)	(238,410)
Non current portion of interest bearing liabilities - banks	38,596,278	28,147,885	413,588	558,554

32.4 Analysed by currency equivalent in Rupees

	Group		Company	
As at	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Sri Lanka rupees	1,688,801	1,624,683	815,369	796,964
United States dollars	28,879,844	19,719,070	-	-
Euro	11,425,226	8,102,174	-	-
Oman riyal	1,958,513	1,270,298	-	-
Total	43,952,384	30,716,225	815,369	796,964

32.5 Analysed by repayment period

	Group		Company	
As at	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Payable within one year	5,356,106	2,568,340	401,781	238,410
Payable between one and two years	5,052,415	5,451,493	340,962	558,554
Payable between two and five years	20,962,867	15,517,385	72,626	-
Payable after five years	12,580,996	7,179,007	-	-
Total	43,952,384	30,716,225	815,369	796,964

33 Interest - bearing liabilities - leases

33.1 Movement of lease liabilities

	Group		Company	
As at	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 01.04.2021	11,033,234	9,133,386	-	-
New Leases during the period	6,122	-	-	-
Payment of lease liabilities	(1,810,919)	(260,971)	-	-
Present value adjustment on lease modification (Note 33.5)	-	964,206	-	-
Impact on exchange rate fluctuation	4,846,302	577,011	-	-
Interest expense charged to income statement	615,143	619,602	-	-
Balance as at 31.03.2022	14,689,882	11,033,234	-	-
Current portion of interest - bearing liabilities - leases	(1,206,831)	(1,042,409)	-	-
Non current portion of interest - bearing liabilities - leases	13,483,051	9,990,825	-	-

33.2 Details of lease liabilities recognised due to ROU assets

Company	Nature of the leasing activities	Remaining lease period as at 31.03.2022 (No of years)
Aitken Spence Hotels Ltd	Lease Land	21
	Lease building for Neptune Ayurvedic centre	2
Hethersett Hotels Ltd	Lease Land	73
Kandalama Hotels (Pvt) Ltd	Lease Land	21
Unique Resorts (Pvt) Ltd	Lease Land	23
Jetan Travel Services Company (Pvt) Ltd	Lease Land	19
ADS Resorts (Pvt) Ltd	Lease Land	4
Cowrie Investment (Pvt) Ltd	Meedhupparu island - Lease Land	26
	Heritance Aarah island - Lease Land	43

All above lease contracts entered on lands and buildings are for the business purpose only.

The Group has not earned any income from sub leasing of right of use assets for the year ended 31st March 2022.

Further, Group has not entered in to any sale and lease back transaction as at 31st March 2022.

There were no any restrictions imposed by lease arrangements, any variable lease payments, extension options or any leases not yet commenced to which the lessee was committed as at 31st March 2022.

NOTES TO THE FINANCIAL STATEMENTS

33.3 Amounts recognised in profit or loss

	Group	
For the year ended 31st March	2022	2021
	Rs. '000	Rs. '000
Amortisation charge of right-of-use assets (Note 17.1)	841,343	775,830
Interest on lease liabilities	615,143	619,602
Expenses relating to short term leases	103,408	13,966
Expenses relating to leases of low-value assets	115,519	81,759

33.4 Amounts recognised in the Statement of cash flows

	Group	
For the year ended 31st March	2022	2021
	Rs. '000	Rs. '000
Total cash out flow for leases	(1,810,919)	(260,971)

33.5 Lease modification not accounted as a separate lease

During the year ended 31st March 2021, based on the concessions and waive off of capital repayments, few Maldivian hotels in the Group have remeasured the existing lease liability by discounting the revised lease payments using a revised discount rate. Group has accounted these concessions and waive off of capital repayments as a lease modification that is not accounted as a separate lease during the year ended 31 st March 2021.

34 Deferred tax liabilities

34.1 Movement in deferred tax liabilities

	Group		Company	
As at	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance brought forward	1,019,424	991,305	37,426	41,433
Effect of movement of exchange rates	40,353	3,280	-	-
Origination of temporary differences				
- recognised in income statement	302,350	28,292	45,295	(3,216)
- recognised in other comprehensive income	2,295	(3,453)	233	(791)
Balance carried forward	1,364,422	1,019,424	82,954	37,426

34.2 Composition of deferred tax liabilities

	Group		Company	
As at	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Deferred tax liabilities attributable to;				
Property, plant and equipment	1,335,924	1,045,264	99,276	100,817
Revaluation surplus on freehold land	265,669	265,669	96,271	96,271
Unrealised exchange gain	54,881	-	42,352	-
Defined benefit obligations	(19,707)	(22,100)	(5,329)	(6,081)
Carried forward tax losses	(266,727)	(252,918)	(149,000)	(149,000)
Expected credit loss	(6,855)	(18,093)	(616)	(4,581)
Right-of-use assets	1,237	1,602	-	-
Net deferred tax liabilities	1,364,422	1,019,424	82,954	37,426

34.3 Movement in tax effect of temporary differences - Group - 2021/2022

	2021/2022				
	Balance as at 01st April 2021	Recognised in profit and (loss)	Recognised in Other Comprehensive Income	Exchange gain/(losses)	Balance as at 31 st March 2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Deferred tax - liabilities					
Accelerated depreciation for tax purposes on Property, plant and equipment	1,045,264	203,309	-	87,351	1,335,924
Revaluation surplus on freehold land	265,669	-	-	-	265,669
Unrealised exchange gain	-	54,881	-	-	54,881
Total liabilities	1,310,933	258,190	-	87,351	1,656,474
Deferred tax - assets					
Defined benefit obligations	(22,100)	98	2,295	-	(19,707)
Tax losses carried forward	(252,918)	32,321	-	(46,130)	(266,727)
Expected credit loss	(18,093)	12,106	-	(868)	(6,855)
Right-of-use assets	1,602	(365)	-	-	1,237
Total assets	(291,509)	44,160	2,295	(46,998)	(292,052)
Net deferred tax liabilities	1,019,424	302,350	2,295	40,353	1,364,422

NOTES TO THE FINANCIAL STATEMENTS

34.4 Movement in tax effect of temporary differences - Group - 2020/2021

	2020/2021				
	Balance as at 01st April '2020	Recognised in profit and (loss)	Recognised in Other Comprehensive Income	Exchange gain/(losses)	Balance as at 31 st March '2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Deferred tax - liabilities					
Accelerated depreciation for tax purposes on Property, plant and equipment	992,500	48,248	-	4,516	1,045,264
Revaluation surplus on freehold land	265,686	-	(17)	-	265,669
Total liabilities	1,258,186	48,248	(17)	4,516	1,310,933
Deferred tax - assets					
Defined benefit obligations	(16,645)	(2,019)	(3,436)	-	(22,100)
Tax losses carried forward	(235,407)	(16,275)	-	(1,236)	(252,918)
Expected credit loss	(5,431)	(12,662)	-	-	(18,093)
Right-of-use assets	(9,398)	11,000	-	-	1,602
Total assets	(266,881)	(19,956)	(3,436)	(1,236)	(291,509)
Net deferred tax liabilities	991,305	28,292	(3,453)	3,280	1,019,424

34.5 Movement in tax effect of temporary differences - Company

	2021/2022				2020/2021		
	Balance as at 31st March 2022	Recognised in profit and (loss)	Recognised in Other Comprehensive Income	Balance as at 31st March 2021	Recognised in profit and (loss)	Recognised in Other Comprehensive Income	Balance as at 01st April 2020
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Deferred tax - liabilities							
Accelerated depreciation for tax purposes on Property, plant and equipment	99,276	(1,541)	-	100,817	(2,188)	-	103,005
Revaluation surplus on freehold land	96,271	-	-	96,271	-	-	96,271
Unrealised exchange gain	42,352	42,352	-	-	-	-	-
Total liabilities	237,899	40,811	-	197,088	(2,188)	-	199,276
Deferred tax - assets							
Defined benefit obligations	(5,329)	519	233	(6,081)	(454)	(791)	(4,836)
Tax losses carried forward	(149,000)	-	-	(149,000)	1,046	-	(150,046)
Expected credit loss	(616)	3,965	-	(4,581)	(1,620)	-	(2,961)
Total assets	(154,945)	4,484	233	(159,662)	(1,028)	(791)	(157,843)
Net deferred tax liabilities	82,954	45,295	233	37,426	(3,216)	(791)	41,433

35 Employee benefits

35.1 Retirement benefit obligations

	Group		Company	
As at	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Retirement benefit obligations				
Present value of unfunded obligations	265,214	248,550	38,065	43,437
Recognised liability for defined benefit obligations	265,214	248,550	38,065	43,437

35.2 Movement in present value of the defined benefit obligations

	Group		Company	
As at	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Defined benefit obligations as at 01st April	248,550	209,714	43,437	34,545
Charge for the year (Note 35.3)	33,539	40,050	4,264	6,572
Actuarial losses/(gains) (Note 35.4)	(20,351)	28,661	(1,664)	5,650
Benefits paid	(35,696)	(35,473)	(7,972)	(3,330)
Effect of movement in exchange rates	39,172	5,598	-	-
Defined benefit obligations as at 31st March	265,214	248,550	38,065	43,437

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35.3 Expenses recognised in income statement

	Group		Company	
For the year ended 31 st March,	2022	2021	2022	2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
- Current service cost	24,171	20,971	2,364	3,454
- Past service cost *	(4,404)	-	(1,662)	-
- Interest cost	13,772	19,079	3,562	3,118
	33,539	40,050	4,264	6,572

* During the year 2021/2022, the defined benefit obligations were adjusted to reflect new legal requirements in the country regarding the retirement age based on the Minimum Retirement Age of Workers Act No. 28 of 2022. As a result of the plan amendment, the Group's actuarial gain arising from defined benefit obligation decreased by Rs. 4,403,695/- (2020/2021- nil) and Company's actuarial gain arising from defined benefit obligation decreased by Rs. 1,661,792/-(2020/2021-nil). A corresponding past service credit was recognised in the profit or loss during 2021/2022.

35.4 Gains/(losses) recognised in other comprehensive income

	Group		Company	
For the year ended 31 st March,	2022	2021	2022	2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Actuarial losses/(gains) on retirement benefit obligations;				
- Due to change in financial assumptions	(27,500)	32,697	(6,305)	6,914
- Due to change in demographic assumptions	36,711	-	9,013	-
- Due to experience adjustment	(29,562)	(4,036)	(4,372)	(1,264)
	(20,351)	28,661	(1,664)	5,650

35.5 The provision for retirement benefits obligations as at 31st March 2022 is based on the actuarial valuation carried out by professionally qualified actuaries, Mr. Poopalanathan of Messrs. Actuarial and Management Consultants (Pvt) Ltd, using "Projected Unit Credit" (PUC) method, the method recommended by the Sri Lanka Accounting Standard – LKAS 19 on "Employee Benefits".

The actuarial present value of the promised retirement benefits as at 31st March 2022 amounted to Rs. 265,214,287/-. (Company - Rs. 38,065,027/-)

The liability is not externally funded.

35.6 The principal actuarial assumptions

The principal actuarial assumptions used in determining the cost are given below;

	2021/2022	2020/2021
Financial assumptions		
Discount rate	13.5%	8.2%
Salary increment rate		
- Executive staff	11% p.a. with next increment due in July 2022	8% in July 2021 and 11% from 2022
- Non - executive staff	8% p.a. with next increment due in July 2022	7.5% p.a. with next increment due in April 2021

In the absence of a deep market in long-term bonds in Sri Lanka, a long-term interest rate of 13.5% p.a. (2020/2021 – 8.2% p.a.) has been used to discount future liabilities considering yield available on government bonds with a tenure equivalent to the average future working life of the employees.

Based on the actual salary increment rates of the Group over the past few years and the future economic outlook of the country, an increase in the long term salary increment rate is factored into the valuation for the current year.

Due to the prevailing economic conditions, the management has considered different scenarios for the possible changes in the assumptions used in valuing the retirement benefit obligation and concluded that the impact to the Group's liability on retirement benefit obligation from those possible changes is not material.

It is also assumed that the company will continue in business as a going concern.

	2021/2022	2020/2021		
Demographic assumptions				
- Mortality and Disability	A 1967/1970 mortality table, issued by the Institute of Actuaries, London			
- Retirement age	60 years	55 years		
- Staff turnover rate				
	2021/2022			2020/2021
	Executive staff	Non- Executive staff	Other Staff	For all staff
* 20 - 24 years	0.21	0.27	0.80	0.07
* 25 - 29 years	0.23	0.28	0.57	0.05
* 30 - 34 years	0.16	0.25	0.44	0.05
* 35 - 39 years	0.11	0.15	0.34	0.04
* 40 - 44 years	0.11	0.13	0.32	0.03
* 45 - 49 years	0.07	0.16	0.27	0.00
* Above 50 years	0.09	0.09	0.27	0.00

NOTES TO THE FINANCIAL STATEMENTS

35.7 Sensitivity analysis

The following table demonstrate the sensitivity to a reasonable possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measurement, in respect of the year 2021/2022.

The sensitivity of the comprehensive income and statement of financial position is the effect of the assumed changes in discount rate and salary increment rate on the profit or loss for the year and employment benefit obligations as at 31st March 2022 is as follows.

	Group		Company	
	Effect on comprehensive income (reduction)/increase	Effect on employment benefit liability (reduction)/increase	Effect on comprehensive income (reduction)/increase	Effect on employment benefit liability (reduction)/increase
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Increase /(decrease) in discount rate				
-1%	(9,361)	9,361	(1,232)	1,232
+1%	8,630	(8,630)	1,151	(1,151)
Increase /(decrease) in salary escalation rate				
-1%	10,010	(10,010)	1,360	(1,360)
+1%	(10,675)	10,675	(1,435)	1,435

35.8 Maturity analysis of the payment

The following payment are expected on defined benefit obligations in future years.

	Group		Company	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at				
Within next 12 months	73,937	9,176	9,869	2,386
Between 1-2 years	83,928	17,595	12,957	7,139
Between 2-5 years	48,539	36,103	7,047	14,952
Beyond five years	58,810	185,676	8,192	18,960
	265,214	248,550	38,065	43,437

35.9 Weighted average duration (years) of defined benefit obligation

The following payment are expected on defined benefit obligations in future years.

	Group		Company	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
As at				
Weighted average duration of defined benefit obligation (no of years)	3.82	9.37	3.52	7.60

36 Other provisions and payables

	Group		Company	
As at	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Accrued payables	1,583,202	1,499,536	31,859	9,159
Contract liabilities (note 7.6.2)	2,226,159	1,388,944	19,687	20,372
	3,809,361	2,888,480	51,546	29,531
Unclaimed dividends	16,268	13,369	11,227	11,227
Taxes and other miscellaneous payables and provisions	1,533,455	394,024	16,395	15,105
Total	5,359,084	3,295,873	79,168	55,863

37 Amounts due to parent's group entities

	Group		Company	
As at	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Aitken Spence Exports Ltd	717	324	-	-
Aitken Spence Travels (Pvt) Ltd	-	685	-	54
Elevators (Pvt) Ltd	-	1,032	-	-
Elpitiya Plantations PLC	324	-	-	-
Aitken Spence Printing and Packaging (Pvt) Ltd	89	82	-	3
Aitken Spence Hotel Managements (Pvt) Ltd	86,541	72,584	-	745
Jetan Travel Services Company (Pvt) Ltd	-	-	4	-
Hethersett Hotels Ltd	-	-	-	54
Aitken Spence PLC	270	270	-	-
Aitken Spence Cargo (Pvt) Ltd	130	145	-	-
Aitken Spence Agriculture (Pvt) Ltd	33	44	-	-
Aitken Spence Hotel Managements Asia (Pvt) Ltd	-	-	-	10
Negombo Beach Resorts (Pvt) Ltd	2	-	-	-
Kandalama Hotels (Pvt) Ltd	-	-	564,103	532,743
Turyaa (Pvt) Ltd	-	-	-	72
Global Parcel Delivery (Pvt) Ltd	-	-	-	26
Aitken Spence Engineering Solutions (Pvt) Ltd	-	141	-	-
Total	88,106	75,307	564,107	533,707

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38 Foreign currency translation

The principle exchange rates used for translation of assets and liabilities as at the reporting date are as follows:

As at	31.03.2022	31.03.2021
United States Dollar	293.88	199.83
Indian Rupee	3.88	2.73
UK Pound	385.81	275.25
Oman Riyal	763.13	519.31
Euro	326.38	234.34

39 Contingent liabilities

The contingent liability as at 31st March 2022 on guarantees given by Aitken Spence Hotel Holdings PLC to third parties on facilities obtained by subsidiaries amounted to Rs. 27,340,461,036/- (as at 31.03.2021 - Rs.13,838,049,081/-). Liability as at 31st March 2022 on guarantees given by subsidiaries to third parties amounted to Rs. 15,381,914,400/- (as at 31.03.2021 - 11,087,248,986/-).

40 Financial Instruments - Accounting classifications and fair values

The following tables shows the carrying amounts and fair values of financial assets and financial liabilities of the Group and the Company.

40.1 Accounting classifications of financial instruments

40.1.1 Accounting classifications of financial instruments - Group

As at 31st March 2022		Financial Assets at Fair value through OCI	Financial Assets at Amortised cost	Financial Liabilities at Amortised cost	Total Carrying amount
	Notes	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial assets					
Other financial assets					
- Unquoted equity securities	21.1.1	244,790	-	-	244,790
- Unquoted debt securities and unsecured loans	21.1.2 & 27	-	785,442	-	785,442
- Bank deposits	27	-	3,681,323	-	3,681,323
Trade and other receivables	24	-	2,142,690	-	2,142,690
Amount due from holding company	25	-	485,713	-	485,713
Amount due from parent's group entities	26	-	620,304	-	620,304
Cash and cash equivalents	28	-	4,033,614	-	4,033,614
Total financial assets		244,790	11,749,086	-	11,993,876
Financial liabilities					
Interest bearing liabilities - banks	32	-	-	43,952,384	43,952,384
Interest bearing liabilities - leases	33	-	-	14,689,882	14,689,882
Trade payables		-	-	1,291,949	1,291,949
Other provisions and payables	36	-	-	3,809,361	3,809,361
Amount due to holding company		-	-	1,201,857	1,201,857
Amount due to parent's group entities	37	-	-	88,106	88,106
Bank overdrafts and other short term borrowings	28	-	-	5,235,410	5,235,410
Total financial liabilities		-	-	70,268,949	70,268,949

As at 31st March 2021		Financial Assets at Fair value through OCI	Financial Assets at Amortised cost	Financial Liabilities at Amortised cost	Total Carrying amount
	Notes	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial assets					
Other financial assets					
- Unquoted equity securities	21.1.1	166,450	-	-	166,450
- Unquoted debt securities and unsecured loans	21.1.2 & 27	-	745,852	-	745,852
- Bank deposits	27	-	574,768	-	574,768
Trade and other receivables	24	-	597,621	-	597,621
Amount due from holding company	25	-	476,904	-	476,904
Amount due from parent's group entities	26	-	231,334	-	231,334
Cash and cash equivalents	28	-	2,105,560	-	2,105,560
Total financial assets		166,450	4,732,039	-	4,898,489
Financial liabilities					
Interest bearing liabilities - banks	32	-	-	30,716,225	30,716,225
Interest bearing liabilities - leases	33	-	-	11,033,234	11,033,234
Trade payables		-	-	913,389	913,389
Other provisions and payables	36	-	-	2,888,480	2,888,480
Amount due to holding company		-	-	168,765	168,765
Amount due to parent's group entities	37	-	-	75,307	75,307
Bank overdrafts and other short term borrowings	28	-	-	4,732,653	4,732,653
Total financial liabilities		-	-	50,528,053	50,528,053

NOTES TO THE FINANCIAL STATEMENTS

40.1.2 Accounting classifications of financial instruments - Company

As at 31st March 2022		Financial Assets at Fair value through OCI	Financial Assets at Amortised cost	Financial Liabilities at Amortised cost	Total Carrying amount
	Notes	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial assets					
Other financial assets					
- Unquoted debt securities and unsecured loans	21.1.2 & 27	-	785,442	-	785,442
Trade and other receivables	24	-	158,214	-	158,214
Amount due from parent's group entities	26	-	609,567	-	609,567
Cash and cash equivalents	28	-	478,255	-	478,255
Total financial assets		-	2,031,478	-	2,031,478
Financial liabilities					
Interest bearing liabilities - banks	32	-	-	815,369	815,369
Trade payables		-	-	25,277	25,277
Other provisions and payables	36	-	-	51,546	51,546
Amount due to holding company		-	-	409,987	409,987
Amount due to parent's group entities	37	-	-	564,107	564,107
Bank overdrafts and other short term borrowings	28	-	-	143,802	143,802
Total financial liabilities		-	-	2,010,088	2,010,088

As at 31st March 2021		Financial Assets at Fair value through OCI	Financial Assets at Amortised cost	Financial Liabilities at Amortised cost	Total Carrying amount
	Notes	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial assets					
Other financial assets					
- Unquoted debt securities and unsecured loans	21.1.2 & 27	-	745,852	-	745,852
Trade and other receivables	24	-	51,736	-	51,736
Amount due from holding company	25	-	82,929	-	82,929
Amount due from parent's group entities	26	-	47,386	-	47,386
Cash and cash equivalents	28	-	474,920	-	474,920
Total financial assets		-	1,402,823	-	1,402,823
Financial liabilities					
Interest bearing liabilities - banks	32	-	-	796,964	796,964
Trade payables		-	-	16,134	16,134
Other provisions and payables	36	-	-	29,531	29,531
Amount due to holding company		-	-	134,856	134,856
Amount due to parent's group entities	37	-	-	533,707	533,707
Bank overdrafts and other short term borrowings	28	-	-	107,181	107,181
Total financial liabilities		-	-	1,618,373	1,618,373

40.2 Fair value of financial instruments

The fair value of financial assets and financial liabilities, together with the carrying amounts shown in the statement of financial position as at the reporting dates are as follows:

As at 31st March 2022	Group		Company	
	Carrying amount	Fair value	Carrying amount	Fair value
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial assets				
Other financial assets				
- Unquoted equity securities	244,790	244,790	-	-
- Unquoted debt securities and unsecured loans	785,442	785,442	785,442	785,442
- Bank deposits	3,681,323	3,681,323	-	-
Trade and other receivables	2,142,690	2,142,690	158,214	158,214
Amount due from holding company	485,713	485,713	-	-
Amount due from parent's group entities	620,304	620,304	609,567	609,567
Cash and cash equivalents	4,033,614	4,033,614	478,255	478,255
Total financial assets	11,993,876	11,993,876	2,031,478	2,031,478
Financial liabilities				
Interest bearing liabilities - banks	43,952,384	43,952,384	815,369	815,369
Interest bearing liabilities - leases	14,689,882	14,689,882	-	-
Trade payables	1,291,949	1,291,949	25,277	25,277
Other provisions and payables	3,809,361	3,809,361	51,546	51,546
Amount due to holding company	1,201,857	1,201,857	409,987	409,987
Amount due to parent's group entities	88,106	88,106	564,107	564,107
Bank overdrafts and other short term borrowings	5,235,410	5,235,410	143,802	143,802
Total financial liabilities	70,268,949	70,268,949	2,010,088	2,010,088
As at 31st March 2021	Group		Company	
	Carrying amount	Fair value	Carrying amount	Fair value
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial assets				
Other financial assets				
- Unquoted equity securities	166,450	166,450	-	-
- Unquoted debt securities and unsecured loans	745,852	745,852	745,852	745,852
- Bank deposits	574,768	574,768	-	-
Trade and other receivables	597,621	597,621	51,736	51,736
Amount due from holding company	476,904	476,904	82,929	82,929
Amount due from parent's group entities	231,334	231,334	47,386	47,386
Cash and cash equivalents	2,105,560	2,105,560	474,920	474,920
Total financial assets	4,898,489	4,898,489	1,402,823	1,402,823
Financial liabilities				
Interest bearing liabilities - banks	30,716,225	30,716,225	796,964	796,964
Interest bearing liabilities - leases	11,033,234	11,033,234	-	-
Trade payables	913,389	913,389	16,134	16,134
Other provisions and payables	2,888,480	2,888,480	29,531	29,531
Amount due to holding company	168,765	168,765	134,856	134,856
Amount due to parent's group entities	75,307	75,307	533,707	533,707
Bank overdrafts and other short term borrowings	4,732,653	4,732,653	107,181	107,181
Total financial liabilities	50,528,053	50,528,053	1,618,373	1,618,373

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40.3 Methods and assumptions used to estimate the fair values

A number of Group's accounting policies and disclosures require the determination of fair value, for both financial and non financial assets and liabilities. Fair values have been determined for measurement and disclosure purposes based on the following valuation techniques.

Property plant and equipment

The fair value of freehold land is determined based on market values.

The market value of land is the estimated amount for which a property could be exchanged on the date of 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 and willingly. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for difference in size, nature and location of the property.

There is no impact to the estimated recoverable amount of the property, plant and equipment of the Group due to COVID 19 impact and the prevailing macro economic conditions as the majority of assets represents immovable property.

Financial Assets measured at fair value through other comprehensive income

Investments in equity instruments - quoted and unquoted

The fair value of investments in quoted equity shares for which there is an active share market is determined using the closing market prices. Investments in non quoted shares are determined based on present value of future cash flows discounted at the market interest rates at the reporting date.

Investments in debt instruments - unquoted

Investments in debt instrument- unquoted which consist of debentures is considered as a loan and impaired using Z score method. A template has been formulated for this purpose taking into consideration of probability of default based on last year audited accounts. However if a primary mortgage bond is being provided against the debentures, the loss given default (probability of default) would be considered as zero and impairment is made. For other forms of guarantees such as personal guarantees etc. the loss given default would vary between 45%-100%.

However the Group has taken into account the changes to macro economic factors and risk arose due to impact of COVID - 19 and the prevailing macro economic conditions and formulated necessary alterations to the impairment templates. The resultant increase in impairment provision due to this change is incorporated to the carrying value of investments in debt instruments - unquoted as at the year end.

Trade and other receivables

Fair value of trade receivables is determined at amount estimated to be realised after making provision for impairment based on expected credit loss model. For impairment purposes a loss rate has been established taking into consideration forward looking factors that affect customer default rates. Forward looking macro economic data such as GDP is incorporated in calculating the probability of default. The credit loss derived using the provision matrix is adjusted based on the future adjusted PD factors.

The Group uses an allowance matrix to measure ECLs of trade receivables, which comprise a very large number of small balances.

Fair value of other receivables are determined based on the amount estimated to be reasonably realised. If there are any receivables for more than one year, the balance over one year disclosed based on present value.

However the Group has taken into account the changes to macro economic factors and risk arose due to COVID -19 and the prevailing macro economic conditions and formulated necessary alterations to the impairment templates. The resultant increase in impairment provision due to this change is incorporated to the carrying value of the trade and other receivable as at the year end.

Bank Deposits

Fair value of bank deposits is determined at amount estimated to be realised after making provision for impairment based on the duration of the deposit and credit rating of the financial institution in which the deposit is held and the corresponding probability of default. Twelve months expected credit loss (ECL) basis is considered for impairment on bank deposits. External credit ratings of the counterparties and probability of default (PD) rates corresponding rating scale published by rating agencies are used in ECL calculation. PD rates are recalibrated using asset correlation formula and forward-looking adjustments are incorporated in arriving at final loss rates. Loss given default (LGD) of 45% is assumed for bank deposits. Credit ratings of counterparties are carefully monitored and subsequent deterioration of the credit quality would trigger remeasurement of loss allowances using Lifetime ECL method. All deposits for less than three months and invested in Financial Institutions rating BBB- and above are not impaired. Investment held with Parent Company also not impaired.

However the Group has taken into account the changes to macro economic factors and risk arose due to COVID -19 and the prevailing macro economic conditions and formulated necessary alterations to the impairment templates. The resultant increase in impairment provision due to this change is incorporated to the carrying value of the Bank deposits as at the year end.

Financial liabilities at amortised cost

Fair value of interest bearing borrowings, trade and other payable and short term bank borrowings are determined based on the amount estimated to be reasonably incurred in the foreseeable future less impairment.

41 Fair value measurement

41.1 Determination of fair value hierarchy

The Group and the Company use the following hierarchy for determining and disclosing the fair value of assets and liabilities by valuation techniques: The different levels have been defined as follows:

- (i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- (ii) Inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly or indirectly (Level 2)
- (iii) Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data [Inputs that are unobservable that reflect management own assumptions] (Level 3)

41.1.1 Fair value measurement hierarchy -2021/2022

		Group				Company			
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	Notes	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Recurring fair value measurements									
Assets measured at fair value:									
Property, plant and equipment									
- Freehold land	16.3.1	-	-	10,481,053	10,481,053	-	-	710,300	710,300
Other financial assets									
- Unquoted equity securities	21.1.1	-	-	244,790	244,790	-	-	-	-
		-	-	10,725,843	10,725,843	-	-	710,300	710,300
Assets for which fair values are disclosed									
Other Financial Assets									
- Unquoted debt securities and unsecured loans *	21.1.2	-	785,442	-	785,442	-	785,442	-	785,442
- Bank deposits *	27	-	3,681,323	-	3,681,323	-	-	-	-
Investment in equity accounted investees - quoted **	20.1.1	437,644	-	-	437,644	427,102	-	-	427,102
		437,644	4,466,765	-	4,904,409	427,102	785,442	-	1,212,544
Liabilities for which fair values are disclosed									
- Interest bearing liabilities - banks	32	-	43,952,384	-	43,952,384	-	815,369	-	815,369
- Interest bearing liabilities - leases	33		14,689,882		14,689,882	-	-	-	-
		-	58,642,266	-	58,642,266	-	815,369	-	815,369
Non-recurring fair value measurements									
- Assets classified as held for sale	29	-	-	1,586,969	1,586,969	-	-	-	-
		-	-	1,586,969	1,586,969	-	-	-	-

* The Group has taken into account the changes to macro economic factors due to current economic crisis and the circumstances surrounding volatility of the external environment together with COVID 19 impact and formulated necessary alterations to the templates which has been used to arrive at the impairment provisions.

** COVID 19 pandemic and current economic crisis has created a situation where the volume or level of activities for several assets and liabilities to be curtailed resulting their values to significantly decrease along with the reduced market activities in an active manner.

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41.1.2 Fair value measurement hierarchy -2020/2021

		Group				Company			
	Notes	Level 1 Rs. '000	Level 2 Rs. '000	Level 3 Rs. '000	Total Rs. '000	Level 1 Rs. '000	Level 2 Rs. '000	Level 3 Rs. '000	Total Rs. '000
Assets measured at fair value									
Property, plant and equipment									
- Freehold land	16.3.1	-	-	4,091,905	4,091,905	-	-	710,300	710,300
Other financial assets									
- Unquoted equity securities	21.1.1	-	-	166,450	166,450	-	-	-	-
		-	-	4,258,355	4,258,355	-	-	710,300	710,300
Assets for which fair values are disclosed									
Other financial assets									
- Unquoted debt securities and unsecured loans	21.1.2	-	745,852	-	745,852	-	745,852	-	745,852
- Bank deposits	27	-	574,768	-	574,768	-	-	-	-
Investment in equity accounted investees - quoted	20.1.1	495,996	-	-	495,996	484,049	-	-	484,049
		495,996	1,320,620	-	1,816,616	484,049	745,852	-	1,229,901
Liabilities for which fair values are disclosed									
- Interest bearing liabilities - banks	32	-	30,716,225	-	30,716,225	-	796,964	-	796,964
- Interest bearing liabilities - leases	33	-	11,033,234	-	11,033,234	-	-	-	-
		-	41,749,459	-	41,749,459	-	796,964	-	796,964
Non-recurring fair value measurements									
- Assets classified as held for sale	29	-	-	1,079,094	1,079,094	-	-	-	-
		-	-	1,079,094	1,079,094	-	-	-	-

41.2 Reconciliation of fair value measurement of "Level 3" Financial Instruments

Freehold land

The reconciliation of property, plant and equipment (land) is given in Note 16.1 and 16.2 to the financial statements.

Unquoted equity securities

	Group		Company	
	31.03.2022 Rs. '000	31.03.2021 Rs. '000	31.03.2022 Rs. '000	31.03.2021 Rs. '000
As at				
Balance brought forward	166,450	158,187	-	-
Effect of movement in exchange rates	78,340	8,263	-	-
Balance carried forward	244,790	166,450	-	-

Assets classified as held for sale

	Group		Company	
	31.03.2022 Rs. '000	31.03.2021 Rs. '000	31.03.2022 Rs. '000	31.03.2021 Rs. '000
As at				
Balance brought forward	1,079,094	1,025,525	-	-
Effect of movement in exchange rates	507,875	53,569	-	-
Balance carried forward	1,586,969	1,079,094	-	-

41.2.1 Transfers between levels of fair value hierarchy

There were no transfers between Level 1, Level 2 and Level 3 during the year.

41.3 Valuation techniques and significant unobservable inputs

41.3.1 Assets and liabilities measured at fair value - Recurring

Assets	Valuation Technique	Significant unobservable inputs	Sensitivity of the input to the fair value	Impact of COVID - 19 pandemic current economic crisis
Property plant and equipment				
- Freehold land	Market comparable method - This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of property being revalued. This involves evaluation of recent active market price of similar assets making appropriate adjustments for difference in size, nature and location of the property.	Price per perch of land (Refer Note 16.3.1)	Estimated fair value would increase (decrease) if price per perch increases / (decreases)	There is no impact to the estimated recoverable amount of the freehold land of the Group due to impact of COVID -19 pandemic and current economic crisis.
Other financial assets - Unquoted equity securities	Market return on a comparable investment	Valuation based on the recent and agreed sale price of shares (Refer Note 21.1.1)	Not applicable	No change to the agreed price due to COVID - 19 pandemic and current economic crisis.

41.3.2 Assets and liabilities for which fair values are disclosed - Recurring

Assets/Liabilities	Valuation Technique	Significant unobservable inputs
Other Financial Assets		
- Unquoted debt securities and unsecured loans - Bank deposits	Valuation determined based on present value of future cash flows discounted at the market interest rates.	cashflow projections/ discounted rate (current market interest rates linked to AWPLR)
Interest-bearing liabilities - banks	Discounted cash flows	current market interest rate (refer Note 32.1)
Interest-bearing liabilities - leases		

41.3.3 Assets and liabilities measured at fair value - Non-recurring

Assets	Valuation Technique	Significant unobservable inputs
Assets classified as held for sale	Valued at the carrying amount prior to assets classified as held for sale	Not applicable

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42 Financial Risk Management

42.1 Overview

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

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks, and the Group's management of capital.

42.2 Risk management framework

The Board of Directors have overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is supported by the Board of management and the Audit committee in managing all risks affecting the Group. The Group audit committee is assisted in its oversight role by Group's internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures the results of which is reported to the audit committee. Central Treasury Department of the Holding Company also implements and carries out specific risk management policies laid down and approved by the management. Central Treasury in close co-operation with the Group's operating units identifies, evaluates and formulates principle for risk management covering specific areas such as foreign exchange risk and interest rate risk.

42.3 Credit risk

Credit risk is the risk of finance loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments.

Credit risk exposure

The Group's maximum exposure to credit risk as at the year end based on the carrying value of financial assets in the statement of financial position is given below. There were no off balance sheet exposure as at the year end date. The maximum credit risk of the Group and the Company is limited to the carrying value of these financial assets as at the reporting date.

As at	Group				Company			
	31.03.2022		31.03.2021		31.03.2022		31.03.2021	
	Rs. '000	Allocation %	Rs. '000	Allocation %	Rs. '000	Allocation %	Rs. '000	Allocation %
Financial assets								
Financial assets at fair value through OCI								
Other financial assets - Unquoted equity shares	244,790	2%	166,450	3%	-	-	-	-
Financial assets at amortised cost								
Other financial assets - Unquoted debt securities								
and unsecured loans	785,442	7%	745,852	15%	785,442	39%	745,852	53%
Bank deposits	3,681,323	31%	574,768	12%	-	-	-	-
Trade and other receivables	2,142,690	18%	597,621	12%	158,214	8%	51,736	4%
Amount due from holding company	485,713	4%	476,904	10%	-	-	82,929	6%
Amount due from parent's group entities	620,304	5%	231,334	5%	609,567	30%	47,386	3%
Cash and cash equivalents	4,033,614	33%	2,105,560	43%	478,255	23%	474,920	34%
Total credit exposure	11,993,876	100%	4,898,489	100%	2,031,478	100%	1,402,823	100%

The Board of Directors has provided the policy direction for the Central Treasury Department of the Holding Company to manage the risk arising from investments made in financial institutions. The Group's transactions are carried out only with a limited number of institutions all of which have stable credit ratings from internationally recognised rating providers. The Group's exposures and credit ratings of counterparties are continuously monitored and the investment portfolio is diversified amongst several institutions to minimise the unsystematic risk.

Credit Exposure on receivables

Trade receivables

The Group's maximum exposure to credit risk on trade receivables as at the year end based on the carrying value in the statement of financial position is given below:

	Note	Group		Company	
		2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
As at 31st March					
Trade receivables	24	2,253,846	750,012	84,053	43,638
(-) Provision of impairment		(207,498)	(230,305)	(1,038)	(29,408)
Total		2,046,348	519,707	83,015	14,230

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers various statistics of the Group's customer base, including the default risk, business relationships with due attention given to past performances, stability in the industry and creditworthiness, as these factors may have an influence on credit risk.

In monitoring customer credit risk customers are grouped according to their business volumes and consider separately for granting credit limits. Some customers are graded as "high risk" based on the credit worthiness established through past experience. Such customers are monitored carefully and future sales are made on a prepayment basis.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness. The Group's review includes obtaining bank guarantees (collaterals) and references. As at the reporting date value of collaterals obtained from customers amounted to Rs. 1 million. Credit limits are established for each customer and these limits are reviewed frequently. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

Impairment losses

Impairment for trade receivables is established based on expected credit loss method. The main component of this allowance is a specific loss component that relates to individually significant exposures based on aging of the outstanding's. The loss rate calculated based on the historical provision matrix is adjusted based on the future calibrated probability of default and the loss given default. Forward looking factors that affect customer default rates and macro economic data such as GDP are considered in calculating the probability of default.

However the Group has taken into account the changes to macro economic factors with the current economic downturn and risk due to COVID -19 impact and formulated necessary alterations to the impairment templates. The resultant increase in impairment provision due to this change is incorporated to the carrying value of trade and other receivables as at the year end.

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The aging of trade receivables - out side the Group as at the reporting date was:

As at	Group		Company	
	31.03.2022 Rs.'000	31.03.2021 Rs.'000	31.03.2022 Rs.'000	31.03.2021 Rs.'000
Less than 30 days	1,546,026	350,635	41,874	9,097
30-60 days	354,626	28,853	33,978	9
60-90 days	84,244	13,146	4,994	2
90-180 days	58,209	15,662	1,807	-
180-365 days	8,211	158,034	257	958
more than 365 days	202,530	195,738	1,143	33,575
Advances received	-	(12,056)	-	(3)
Total gross trade receivables	2,253,846	750,012	84,053	43,638
Less: Impairment provision on trade receivables				
- Life time ECL - credit impaired	(202,530)	(195,738)	(1,143)	(33,575)
- Life time ECL - not credit impaired	(4,968)	(230,305)	105	4,167
Carrying value of trade receivables	2,046,348	323,969	83,015	14,230

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

As at	Group		Company	
	31.03.2022 Rs.'000	31.03.2021 Rs.'000	31.03.2022 Rs.'000	31.03.2021 Rs.'000
Balance at the beginning of the year	230,305	99,373	29,408	9,438
Impairment provision - recognised for the year	(73,314)	128,073	(28,370)	19,970
Effect of movement in exchange rate	50,508	2,859	-	-
Balance at the end of the year	207,498	230,305	1,038	29,408

Short term deposits

The Group has a number of bank deposits in Sri Lankan rupees and other currencies. These deposits have been placed in several banks in order to minimise the credit risk in accordance with the policy directions provided by the Board. In order to further minimise the credit risk, the Group's exposure and credit ratings of banks are regularly monitored and a diversified investment portfolio is maintained. In the event of any weakening of credit metrics of a bank the Group may decide to liquidate its investments and move to an institution with a higher credit rating.

The Group's maximum exposure to credit risk on term deposits as at the year end based on the carrying value in the statement of financial position is given below. The Company does not have short term deposits as at 31st March 2022. (31.03.2021 - nil)

As at	Group			
	31.03.2022		31.03.2021	
	Rs. '000	Allocation %	Rs. '000	Allocation %
Government owned Banking Institutions	495,508	13%	50	0%
Commercial Banks*	3,185,815	87%	574,718	100%
Total	3,681,323	100%	574,768	100%

* Commercial banks - Investments made with other commercial banks consist of fixed deposits and term deposits held with government owned banks and private commercial banks.

Short term bank deposits and credit ratings of the banks

As at	Group			
	31.03.2022		31.03.2021	
	Rs. '000	Allocation %	Rs. '000	Allocation %
Fitch ratings				
AAA	1,164,549	32%	291,638	51%
AA-	2,516,774	68%	283,130	49%
	3,681,323		574,768	100%

Cash and cash equivalents

The Group limits its exposure to credit risk by investing only in liquid instruments with reputed banking Institutions. The Group also use broad investment portfolio and limit investments with a single counterparty.

42.4 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group continuously prepare and monitors rolling cash flow forecasts and access the liquidity requirements of each operating unit to ensure it has sufficient cash to meet operational needs. Regular reviews are also carried out to check actual performance against budgeted targets.

Surplus cash held by the operating units over and above balance required for working capital management are invested in interest bearing time deposits or with Group Treasury. At the reporting date, the Group held term deposits that are expected to readily generate cash inflows for managing liquidity risk of liabilities as at the reporting date.

The Group considered that Cash flow scrutiny is paramount in the days and months ahead and has adopted a disciplined approach across the Group for preserving and increasing liquidity, particularly on account of the impact of COVID-19 and the prevailing macro economic conditions.

Maturity analysis - Group

The table below summarises the maturity profile of the Group's financial liabilities as at 31st March 2022 based on contractual undiscounted payments.

As at 31st March 2022	Contractual undiscounted cash flows							
	Carrying Amount	On demand	Less than 3 months	3 to 12 months	1 to 2 years	2 to 5 years	More than 5 years	Total
	Rs.'000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial liabilities								
Interest bearing liabilities- banks	43,952,384	-	1,694,508	5,556,468	6,704,796	24,110,716	13,208,796	51,275,284
Interest bearing liabilities- leases	14,689,882	-	502,285	1,052,117	2,006,952	4,417,021	19,045,870	27,024,245
Trade payables	1,291,949	1,291,949	-	-	-	-	-	1,291,949
Other provisions and payables	3,809,361	3,809,361	-	-	-	-	-	3,809,361
Amount due to holding company	1,201,857	1,201,857	-	-	-	-	-	1,201,857
Amount due to parent's group entities	88,106	88,106	-	-	-	-	-	88,106
Short term bank borrowings	5,235,410	5,235,410	-	-	-	-	-	5,235,410
Total	70,268,949	11,626,683	2,196,793	6,608,585	8,711,748	28,527,737	32,254,666	89,926,212

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The table below summarises the maturity profile of the Group's financial liabilities as at 31st March 2021 based on contractual undiscounted payments.

As at 31st March 2021	Contractual undiscounted cash flows							Total
	Carrying Amount	On demand	Less than 3 months	3 to 12 months	1 to 2 years	2 to 5 years	More than 5 years	
	Rs.'000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial liabilities								
Interest bearing liabilities- banks	30,716,225	-	522,207	3,314,108	6,532,631	17,412,609	7,469,953	35,251,508
Interest bearing liabilities- leases	11,033,234	-	420,521	1,262,516	1,292,315	3,853,605	13,698,866	20,527,823
Trade payables	913,389	913,389	-	-	-	-	-	913,389
Other provisions and payables	2,888,480	2,888,480	-	-	-	-	-	2,888,480
Amount due to holding company	168,765	168,765	-	-	-	-	-	168,765
Amount due to parent's group entities	75,307	75,307	-	-	-	-	-	75,307
Short term bank borrowings	4,732,653	4,732,653	-	-	-	-	-	4,732,653
Total	50,528,053	8,778,594	942,728	4,576,624	7,824,946	21,266,214	21,168,819	64,557,925

Maturity analysis - Company

The table below summarises the maturity profile of the Company's financial liabilities as at 31st March 2022 based on contractual undiscounted payments.

As at 31st March 2022	Contractual undiscounted cash flows							Total
	Carrying Amount	On demand	Less than 3 months	3 to 12 months	1 to 2 years	2 to 5 years	More than 5 years	
	Rs.'000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial liabilities								
Interest bearing liabilities- banks	815,369	-	75,481	354,623	351,509	72,766	-	854,379
Trade payables	25,277	25,277	-	-	-	-	-	25,277
Other provisions and payables	51,546	51,546	-	-	-	-	-	51,546
Amount due to holding company	409,987	409,987	-	-	-	-	-	409,987
Amount due to parent's group entities	564,107	564,107	-	-	-	-	-	564,107
Short term bank borrowings	143,802	143,802	-	-	-	-	-	143,802
Total	2,010,088	1,194,719	75,481	354,623	351,509	72,766	-	2,049,098

The table below summarises the maturity profile of the Company's financial liabilities as at 31st March 2021 based on contractual undiscounted payments.

As at 31st March 2021	Contractual undiscounted cash flows							Total
	Carrying Amount	On demand	Less than 3 months	3 to 12 months	1 to 2 years	2 to 5 years	More than 5 years	
	Rs.'000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	
	Rs.'000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	
Financial liabilities								
Interest bearing liabilities- banks	796,964	-	8,550	259,796	569,540	-	-	837,886
Trade payables	16,134	16,134	-	-	-	-	-	16,134
Other provisions and payables	29,531	29,531	-	-	-	-	-	29,531
Amount due to holding company	134,856	134,856	-	-	-	-	-	134,856
Amount due to parent's group entities	533,707	533,707	-	-	-	-	-	533,707
Short term bank borrowings	107,181	107,181	-	-	-	-	-	107,181
Total	1,618,373	821,409	8,550	259,796	569,540	-	-	1,659,295

42.5 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

Market prices comprise of the following risks:

- Currency risk (foreign exchange risk)
- Interest rate risk
- Equity price risk

42.5.1 Foreign exchange risk

The Group being involved in hoteliering operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect of the USD, EURO and GBP. Certain room contracts are entered into in foreign currencies and invoiced in LKR using the conversion rates established by the industry. Purchases such as import of capital goods for hotel operations are also transacted in foreign currency.

The Sri Lankan Rupee witnessed significant volatility, particularly during the latter part of the year. Whilst the exchange rate was maintained at stable levels during the year, as per the guidelines issued to the banks by the Central Bank of Sri Lanka (CBSL), the currency depreciated sharply in March 2022 once the CBSL allowed a free float of the currency which resulted in a steep depreciation of the Sri Lankan Rupee by 31st March 2022. In addition to the depreciation of the currency, there were significant challenges in the foreign currency market on the back of a marked reduction in liquidity amidst declining confidence and a depletion of foreign currency reserves in the country. This resulted in a series of measures such as the continuation of certain import controls and stipulations on foreign currency conversions and remittances.

The Group has investment in foreign operations, who's net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed, primarily through borrowings denominated in the relevant foreign currencies. The total interest bearing borrowings of the Group denominated in USD amounted to Rs. 28,879.8 million. (31-03-2021 - Rs. 19,719.1 million) All overseas investments is mostly financed through USD denominated borrowings. The translation exposure resulting from USD borrowings has been minimised to a high degree through these investments.

However for purposes of disclosure the exposure for currency risk is only provided on Group's foreign currency denominated financial instruments.

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The Group's exposure to foreign currency risk as at 31st March 2022 and sensitivity analysis to Profit and loss and Equity if exchange rate increased/(decreased) by 40% is as follows.

42.5.1.1 Profit and loss

		Group	Company
Foreign Currency exposure for 2021/2022 in '000			
Foreign currency denominated income	-USD	1,834	238
Foreign currency denominated expenses	-USD	(51)	(4)
Foreign currency denominated income	-Euro	499	168
Foreign currency denominated expenses	-Euro	(648)	-
Foreign currency denominated income	-GBP	147	54
Foreign currency denominated expenses	-GBP	-	-
Net exposure - in foreign currency in '000	-USD	1,783	234
Net exposure - in foreign currency in '000	-Euro	(149)	168
Net exposure - in foreign currency in '000	-GBP	147	54
Avg USD conversion rate used for the year 2021/2022 (Rs.)		205.10	205.10
Avg Euro conversion rate used for the year 2021/2022 (Rs.)		237.74	237.74
Avg GBP conversion rate used for the year 2021/2022 (Rs.)		279.46	279.46
Net USD exposure - in Rs'000		365,693	47,993
Net Euro exposure - in Rs'000		(35,423)	39,940
Net GBP exposure - in Rs'000		41,080	15,091
Sensitivity Analysis			
Avg USD conversion rate with 40% increase (Rs.)		287.14	287.14
Avg USD conversion rate with 40% decrease (Rs.)		123.06	123.06
Avg Euro conversion rate with 40% increase (Rs.)		332.83	332.83
Avg Euro conversion rate with 40% decrease (Rs.)		142.64	142.64
Avg GBP conversion rate with 40% increase (Rs.)		391.24	391.24
Avg GBP conversion rate with 40% decrease (Rs.)		167.67	167.67
Net exposure - in SLR with 40% increase in the average USD conversion rate - in Rs. '000		511,970	67,191
Net exposure - in SLR with 40% decrease in the average USD conversion rate - in Rs. '000		219,416	28,796
Net exposure - in SLR with 40% increase in the average Euro conversion rate - in Rs. '000		(49,592)	55,915
Net exposure - in SLR with 40% decrease in the average Euro conversion rate - in Rs. '000		(21,254)	23,964
Net exposure - in SLR with 40% increase in the average GBP conversion rate - in Rs. '000		57,512	21,127
Net exposure - in SLR with 40% decrease in the average GBP conversion rate - in Rs. '000		24,648	9,054

	Group	Company
Impact to Profit and Loss		
with 40% increase in the average USD conversion rate - in Rs. '000	146,277	19,197
with 40% decrease in the average USD conversion rate - in Rs. '000	(146,277)	(19,197)
with 40% increase in the average Euro conversion rate - in Rs. '000	14,169	15,976
with 40% decrease in the average Euro conversion rate - in Rs. '000	(14,169)	(15,976)
with 40% increase in the average GBP conversion rate - in Rs. '000	(16,432)	(6,036)
with 40% decrease in the average GBP conversion rate - in Rs. '000	16,432	6,036

42.5.1.2 Equity

	Group				Company		
	USD	GBP	EURO	OMR	USD	GPB	EURO
Foreign Currency denominated financial assets and financial liabilities as at 31st March 2022 in '000							
Trade and other receivables	1,110	86	186	105	315	24	51
Short Term deposits	1,144	-	-	-	1,144	-	-
Cash and cash equivalents	-	-	1,132	-	-	-	15
Trade payables	(1,089)	-	-	-	(134)	-	-
Interest bearing borrowings	-	-	(34,475)	-	-	-	-
Net exposure - in foreign currency in '000	1,165	86	(33,157)	105	1,325	24	66
Conversion rate used as at 31st March 2022 (Rs.)	293.88	385.81	326.38	763.13	293.88	385.81	326.38
Net exposure - in Rs. '000	342	33	(10,822)	80	389	9	22
Sensitivity Analysis							
Avg conversion rate with 40% increase	411.43	540.13	456.93	1,068.38	411.43	540.13	456.93
Avg conversion rate with 40% decrease	176.33	231.49	195.83	457.88	176.33	231.49	195.83
Net exposure - in SLR with 40% increase in the average conversion rate -Rs. '000	479	46	(15,150)	112	545	13	30
Net exposure - in SLR with 40% decrease in the average conversion rate -Rs. '000	205	20	(6,493)	48	234	6	13
Impact to equity							
with 40% increase in the average conversion rate - Rs. '000	137	13	(4,329)	32	156	4	9
with 40% decrease in the average conversion rate - Rs. '000	(137)	(13)	4,329	(32)	(156)	(4)	(9)

The above table demonstrates the sensitivity to a reasonably possible change in the foreign currency exchange rate by 40% with all other variables held constant.

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42.6 Cash Flow Hedge

A subsidiary company in the Group designated a hedge relationship between its highly probable EURO denominated sales and its foreign currency denominated borrowings.

The risk management objective of the cash flow hedge is to hedge the risk of variation in the foreign currency exchange rates associated with EURO currency denominated forecast sales. The risk management strategy is to use the foreign currency variability (gains /losses) arising from revaluation of the foreign currency borrowing attributable to change in the spot foreign exchange rates to off-set the variability, due to foreign exchange rate movements, on LKR conversion of EURO denominated forecast sales.

The effective portion of the gain or loss on the hedging instrument is recognised in the Other Comprehensive Income Statement (OCI) and any ineffective portion is recognised immediately in the Income Statement.

The amount recognised in Other Comprehensive Income is transferred to the Income Statement when the hedge transaction occurs (when the forecasted revenue is realised). If the forecast transaction is no longer expected to occur, the cumulative gain or loss previously recognised in Other Comprehensive Income is transferred to the Income Statement.

Cash flow hedge reserve reflects the effective portion of the gain or loss on the hedging instrument. The cash flow hedging reserve as at 31 March 2022 represents the foreign currency variability arising from revaluation of the foreign currency borrowings attributable to change in the spot LKR/EUR rate that is expected be set of from the variability of exchange rates form highly probable EURO denominated sales (Named "All Inclusive" apartment revenue) expected to occur from 1st quarter of 2017/18 upto the tenor of refinanced borrowings.

Hedging instrument - Foreign currency borrowing of EURO 40 Mn in January 2017 out of which EURO 34.1 Mn has been designated for the hedge from April 2017.

Further, outstanding balance of EURO 32.6 Mn as at 31 March 2018 has been refinanced effective from the 1st quarter of 2018/19 for an extended tenor.

Hedged item – Highly probable EURO denominated sales (Named "All Inclusive" apartment revenue) expected to occur from April 2017 to March 2029.

The effective portion of the gain or loss on the hedging instrument of Rs. 2,715 Mn (2020/2021 – Rs. 713 Mn) is recognised in the Other Comprehensive Income Statement (OCI) and ineffective portion of Rs. 29 Mn relating to both current financial year and future periods (2020/2021 – Rs. 37 Mn) was recognised immediately in the Income Statement under net foreign exchange gain/ (loss) in other operating income of the subsidiary financial statement for the year ended 31st March 2022.

In respect of the cash flow hedge instrument, Group recognised Rs. 2,858.4 Mn (2020/2021- Rs. 1,229.2 Mn) under cash flow hedge reserve being the Group's portion of the fair value loss recognised by the subsidiary.

Cash flow hedge reserve

	Group		Company	
As at 31st March	2022	2021	2022	2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance at the beginning of the year	(1,229,211)	(801,633)	-	-
Net movement in cash flow hedge reserve	(1,629,277)	(427,578)	-	-
Balance at the end of the year	(2,858,488)	(1,229,211)	-	-

42.7 Interest rate risks

Interest rate risk is the risk of fluctuation of the value or cash flows of an instrument due to changes in the market interest rates.

The Group has borrowings with variable interest rates such as AWPLR and LIBOR and would expose the Group to cashflow/ profits as the amount of interest paid would be changed depending on market interest rates.

The Group's exposure to interest rate risk as at 31st March 2022 and sensitivity analysis to Profit and loss if interest rate increased / decrease by 400 basis points for Rupee loans and 25 basis points for USD loans and Euro loans.

The Central Bank of Sri Lanka adopted a tightening monetary policy stance during the latter half of the financial year, resulting in an upward trend in interest rates. Elevated pressures on inflation on account of many factors including increases in global commodity prices, food supply and the sharp depreciation of the currency in March 2022 have resulted in strong policy actions by the CBSL on monetary policy post the end of the reporting period. Such actions have raised monetary policy rates significantly and helped bridge the gap between policy and market interest rates.

Financial year 2021/2022	Increase/decrease in basis points	Effect on Profit before Tax	
		Group Rs.000	Company Rs.000
Sri Lanka rupee loans	+400	67,552	32,615
USD loans	+25	72,200	-
Euro loans	+25	28,563	-
Sri Lanka rupee loans	-400	(67,552)	(32,615)
USD loans	-25	(72,200)	-
Euro loans	-25	(28,563)	-

Financial year 2020/2021	Increase/decrease in basis points	Effect on Profit before Tax	
		Group Rs.000	Company Rs.000
Sri Lanka rupee loans	+100	16,247	7,970
USD loans	+10	19,719	-
Euro loans	+10	4,226	-
Sri Lanka rupee loans	-100	(16,247)	(7,970)
USD loans	-10	(19,719)	-
Euro loans	-10	(4,226)	-

The above table demonstrates the sensitivity to a reasonably possible change in interest rates on loans where floating rates are applicable by 400 basis points (2020/2021 - 100 basis points) for Rupee loans and 25 basis points (2020/2021- 10 basis points) for USD loans and Euro loans with all other variables held constant.

Constant monitoring of market interest rates is carried out to ensure appropriate steps are taken to maximise the return on financial management and to minimise the cost of borrowings. Group very strongly negotiates with banks and obtains best possible interest rates for the Group's borrowings. Listed below are steps adopted by the Group to minimise the effect of interest rate risks:

- 1 Entering into loans with interest rate caps and fixed rates.
- 2 Re - negotiating with banks on interest rates when ever there are favourable fluctuations in the market rates.

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42.8 Equity prices

The Group's investment in equity - quoted are recorded at their market price. Group's investments in equity accounted investments is scoped out as stated above. Equity investments non quoted are carried in the Consolidated Statement of Financial Position as financial assets at fair value through OCI. Both quoted and non quoted investments are fair valued as at each reporting date.

42.9 Present economic crisis in Sri Lanka and its Implications to financial risk management

Sri Lanka currently facing its worst economic downturn since it gained independence in 1948, leading to severe macro economic, political, and social instability. This has resulted in a sharp devaluation of the Sri Lankan Rupee, very high levels of inflation, steep increase in interest rates, acute shortages in commodities, and imposition of power cuts, causing disruption to daily lives and economic activities. As a result of international credit rating agencies downgrading the sovereign rating the country is presently unable to access international financial markets. These adverse developments have exerted immense pressure on businesses to sustain their operations and elevated the business and financial risk to unprecedented levels. The current economic crisis has impacted all main sources of financial risk of the Group and carefully managing the financial risk is vital for the organisation to navigate the current economic instability.

42.9.1 Market Risk

Foreign currency liquidity shortage and increase in local money supply has resulted in sharp devaluation of the Sri Lankan Rupee during the financial year and thereafter. LKR depreciated by 46% against USD during the financial year and volatility of the pair remains very high resulting in significantly increase in currency risk. The Group has been closely monitoring the impact of the present economic crisis on exchange rates and its exposure to currency risk arising from unanticipated fluctuations whilst focussing on the measures taken by regulatory bodies to manage exchange rates and foreign currency liquidity. The Group is proactively evaluating the impact of foreign currency fluctuation on its financial instruments and deploying risk mitigating strategies taking into consideration revised foreign currency denominated cashflow forecasts. The Group has been focussing on preserving its foreign currency assets to negate the adverse effect of the devaluation of LKR.

With the aim of reigning in the inflationary pressures driven by the build-up of aggregate demand, domestic supply chain disruptions, devaluation of the currency, increase in global commodity prices and other supply chain developments the regulator tightened the monetary policy, resulting in sharp increase in interest rates. The Group has been closely monitoring the impact of these developments on its investment and borrowing portfolio. To minimise any unplanned outcomes of interest rate fluctuations, wherever possible, the Group tries to match the composition of investment and borrowing portfolio in terms of fixed and variable interest rate components. Interest rate swaps could be used to minimise any open exposure on variable rate debt instruments.

42.9.2 Liquidity Risk

Considering the current economic crisis, the Group has placed emphasis on maintaining sufficient liquidity as an integral part of business continuation strategy framework. Proactive approach has been adopted in forecasting and securing fund requirements, aligning with the dynamic nature of the operating environment. Group companies have initiated negotiations with banking sector institutions to secure additional working capital facilities to ensure availability of required funds on a timely and cost-effective manner. Special attention has been placed on debt recoveries, shortening of the working capital cycle and matching repayment and recovery tenures. In the backdrop of foreign currency liquidity shortage in the market, Group Treasury plays an active role in assisting group companies in managing foreign currency inflows and obligations. The management is confident that the Group has the sufficient financial resilience to navigate the recovery period and to sustain growth momentum.

42.9.3 Credit Risk

Following downgrades to the sovereign credit rating, international rating agencies have placed the country's domestically significant banks on a ratings watch. This rating action does not apply to LKR denominated debt instruments as the government and financial institutions have continued to service LKR obligations. Nevertheless, the Group is closely monitoring the credit quality of all its financial assets. The Board has reviewed the policy direction provided on acquiring new investments in line with the changing risk landscape. Special attention has also been placed on recovering trade receivables and credit policy has been amended with the aim of minimising defaults.

43 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of the capital.

The capital of the company consist of the following:

Equity Capital

- Ordinary share capital
- Preference share capital

Debt

- Long term borrowings

The Group monitors capital on the basis of the debt to equity ratio. This ratio is calculated based on the long term interest bearing debt and preference shares divided by total equity capital. Total debt consist of total non current borrowings and total equity consist of total equity less preference shares capital. The following factors are also objectively taken into consideration in managing capital of the Group.

1. Maintain sufficient capital to meet minimum regulatory requirements. (Companies Act)
2. Maintain strong equity base as opposed to debt capital
3. Group's future developments, investments and business strategies
4. Group cash flow projections and ability to pay higher returns to shareholders

44 Director's fees

The Directors of the Group for the year ended 31st March 2022 is nil. (2020/2021- Rs. Nil)

45 Related party transactions

Aitken Spence Hotels Holdings Group carries out transactions in the ordinary course of business with parties who are defined as related parties as per Sri Lanka Accounting Standard LKAS 24 - Related Party Disclosures, which are transacted at normal business terms. The pricing policy applicable to such transactions are comparable with those that would have been charged from unrelated companies.

Mr. D.H.S. Jayawardena, Chairman of the Company is also the Chairman of the parent company; Aitken Spence PLC and Aitken Spence Hotel Management Asia (Pvt) Ltd. He is also the Chairman of Browns Beach Hotels PLC, and Negombo Beach Resorts (Pvt) Ltd which are equity accounted investees of the Group and the Chairman of Distilleries Company of Sri Lanka PLC, Stassen Exports (Pvt) Ltd, Stassen Food (Pvt) Ltd, Lanka Milk Foods (CWE) PLC, Lanka Bell (Pvt) Ltd, Periceyl (Pvt) Ltd, Lanka Diaries (Pvt) Ltd, Pattipola Live Stock Company Ltd, Ambewela Products (Pvt) Ltd, Melsta Health (Pvt) Ltd, Melsta Laboratories Pvt) Ltd. Transactions carried out by the Group with these companies in the ordinary course of business are disclosed in Note. No. 45.1.1, 45.1.2, 45.1.3 and 45.1.5.

Mr. J.M.S. Brito, who was the Managing Director of the Company and the Parent Company Aitken Spence PLC resigned with effect from 15th March 2019 and continued to be a non Executive Director for both the companies effective from same date. Transactions carried out by the Group with Key Management Personnel (KMP) in the ordinary course of business are disclosed in Note. No. 45.1.6.

Dr. M.P. Dissanayake who is the Deputy Chairman and Managing Director of the Company and the parent company; Aitken Spence PLC. He is also a Director for Browns Beach Hotels PLC, Crest Star (BVI) Ltd, Cowrie Investment (Pvt) Ltd, Aitken Spence Travels (Pvt) Ltd, Ace Resorts (Pvt) Ltd, Aitken Spence Hotel Managements South India (Pvt) Ltd, Aitken Spence Resorts (Middle East) LLC, Aitken Spence Hotels International (Pvt) Ltd, Aitken Spence Global Operations (Pvt) Ltd, P.R Holiday Homes (Pvt) Ltd, Perumbalam Resorts (Pvt) Ltd, Aitken Spence Hotels Ltd, Heritance (Pvt) Ltd, Aitken Spence Hotel Managements (Pvt) Ltd, Kandalama Hotels (Pvt) Ltd, Ahungalla Resorts Ltd, Hethersett Hotels Ltd, Neptune Ayurvedic Village (Pvt) Ltd, Turyaa Resorts (Pvt) Ltd, Turyaa (Pvt) Ltd, Meeraladuwa (Pvt) Ltd, Browns Beach Hotels PLC, Aitken Spence Cargo (Pvt) Ltd, Aitken Spence Agriculture (Pvt) Ltd, Aitken Spence Engineering Solutions (Pvt) Ltd, Aitken Spence Printing and Packaging (Pvt) Ltd, Global Parcel Delivery (Pvt) Ltd, Elevators (Pvt) Ltd, AE Lanka (Pvt) Ltd, Western Power Company (Pvt) Ltd, Aitken Spence Property Developments (Pvt) Ltd, Interlifts International (Pvt) Ltd, Spence Maldives (Pvt) Ltd,

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Ace Aviation Services Maldives (Pvt) Ltd and Elpitiya Plantations PLC. Transactions carried out by the Group with these companies in the ordinary course of business are disclosed in Note No. 45.1.1, 45.1.2 and 45.1.4.

Ms. D.S.T Jayawardena a Director of the Company is also the Chairperson of Aitken Spence Hotel Managements (Pvt) Ltd which is an equity accounted investee of the Group, Aitken Spence Hotels Ltd, Turyaa (Pvt) Ltd, Turyaa Resorts (Pvt) Ltd, Kandalama Hotels (Pvt) Ltd, Hethersett Hotels Ltd, Heritance (Pvt) Ltd, Neptune Ayurvedic Village (Pvt) Ltd, Meeraladuwa (Pvt) Ltd, Jetan Travel Services Company (Pvt) Ltd, Cowrie Investment (Pvt) Ltd, ADS Resorts (Pvt) Ltd, Unique Resorts (Pvt) Ltd, Ace Resorts (Pvt) Ltd, Aitken Spence Hotels International (Pvt) Ltd, Aitken Spence Global Operations (Pvt) Ltd, Ahungalla Resorts Ltd, and Aitken Spence Hotel Managements Asia (Pvt) Ltd, which are subsidiaries of the Group. Transactions carried out by the Group with these companies in the ordinary course of business are disclosed in Note No. 45.1.2.

Ms. D.S.T Jayawardena is also a Director of the parent Company; Aitken Spence PLC and a Director of Amethyst Leisure Ltd, Paradise Resorts Passikudah (Pvt) Ltd, Browns Beach Hotels PLC, and Negombo Beach Resorts (Pvt) Ltd, which are equity accounted investees of the Group. She is also the Chairperson of Splendor Media (Pvt) Ltd, and a Director of Stassens Foods (Pvt) Ltd, Lanka Milk Foods (CWE) PLC, Lanka Dairies (Pvt) Ltd and Stassen Exports (Pvt) Ltd. Transactions carried out by the Group with these companies in the ordinary course of business are disclosed in Note No 45.1.1, 45.1.3 and 45.1.5.

Mr. C.H. Gomez a Director of the company is also a Director of the Parent Company; Aitken Spence PLC.

R. N.J. De S Deva Aditya, a Director of the Company is also a Director of the parent company; Aitken Spence PLC. He is also a Director of Distilleries Company of Sri Lanka PLC. Transactions carried out by the Group with these companies in the ordinary course of business are disclosed in Note No. 45.1.1 and 45.1.5.

Mr. R. N. Asirwatham, a Director of the Company is also a Director of the parent company; Aitken Spence PLC. He is also a Director of Browns Beach Hotels PLC, Royal Ceramics PLC and Ceylon Grain Elevators PLC. Transactions carried out by the Group with these companies in the ordinary course of business are disclosed in Note No. 45.1.1 and 45.1.5.

Mr. G.P.J Goonewardena who was a Director of the Company resigned with effect from 30th June 2017 and re-appointed as a non Executive Director with effect from 30.03.2018.

Mr. C.M.S Jayawickrama a Director of the Company is also the Managing Director of Aitken Spence Hotel Managements (Pvt) Ltd; which is an equity accounted investee of the Group, and a Director of Aitken Spence Hotels Ltd, Turyaa (Pvt) Ltd, Turyaa Resorts (Pvt) Ltd, Kandalama Hotels (Pvt) Ltd, Hethersett Hotels Ltd, Heritance (Pvt) Ltd, Neptune Ayurvedic Village (Pvt) Ltd, Meeraladuwa (Pvt) Ltd, Ahungalla Resorts Ltd, Crest Star (BVI) Ltd, Jetan Travel Services Company (Pvt) Ltd, Cowrie Investment (Pvt) Ltd, ADS Resorts (Pvt) Ltd, Unique Resorts (Pvt) Ltd, Ace Resorts (Pvt) Ltd, PR Holiday Homes (Pvt) Ltd, Perumbalam Resorts (Pvt) Ltd, Aitken Spence Hotel Managements South India (Pvt) Ltd, Aitken Spence Global Operations (Pvt) Ltd, and Aitken Spence Hotels International (Pvt) Ltd, which are subsidiaries of the Group. Transactions carried out by the Group with these companies in the ordinary course of business are disclosed in Note No. 45.1.2.

Mr. C.M.S Jayawickrama is also a Director of Negombo Beach Resorts (Pvt) Ltd, which is an equity accounted investees of the Group.

Details of transactions carried out by the Group with related parties and outstanding balances with the related parties are given in Note No. 45.1.1 to 45.1.6.

45.1 Details of transactions carried out with related companies

Name of the Related Party			Relationship	Nature of transaction	Terms of the transaction	Group		Company	
						Transaction Value	Outstanding As at 31.03.2022	Transaction Value	Outstanding As at 31.03.2022
						Rs. '000	Rs. '000	Rs. '000	Rs. '000
Transactions with Parent Company									
Aitken Spence PLC						30,708	-	1,580	-
Interest income earned						Market terms	-	-	-
Interest expense paid						Market terms	-	17,990	-
Lease rent paid						Contractual Payment	(270)	-	-
Corporate guarantee fees paid						Market terms	-	26,225	-
Fees paid for services						Market terms	(1,201,857)	18,943	(409,987)
Payment made on allocation of expenses						Market terms	974	94	-
Sale of goods and services						Market terms	1,714	342	-
Net borrowings/withdrawals/(investments)									
of short term funds						Market terms	1,008,772	352,292	-
Transactions with Subsidiaries									
Aitken Spence Hotels International Pvt Ltd						Market terms	-	437,617	449,029
Short term advances						Market terms	-	8,154	-
Interest on advances						Market terms	-	-	-
Allocation of Expenses						Market terms	-	4	(4)
Purchase of goods and services						Market terms	-	38	3,327
Interest on advances						Market terms	-	31,359	(564,103)
Purchase of goods and services						Short term	-	437	-
Short term advances						Short term	-	41	273

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Name of the Related Party		Relationship	Nature of transaction	Terms of the transaction	Group		Company	
					Transaction Value	Outstanding As at 31.03.2022	Transaction Value	Outstanding As at 31.03.2022
					Rs. '000	Rs. '000	Rs. '000	Rs. '000
Transactions with equity accounted Investees								
Paradise Resorts Passikudah (Pvt) Ltd	Associate	Purchase of goods and services	Market terms	26	775	12	-	
		Sale of goods and services	Market terms	63	-	-	-	
		Reimbursement of expenses received	Market terms	3365	-	-	-	
Amethyst Leisure Ltd	Associate	Sale of goods and services	Market terms	17	-	17	-	
Negombo Beach Resorts (Pvt) Ltd	Associate	Interest received for shareholder loan	Market terms	34,689	725,524	34,689	725,524	
		Sale of goods and services	Market terms	3,108	325	3,077	-	
		Purchase of goods and services	Market terms	338	(2)	-	-	
Browns Beach Hotels PLC	Associate	Sale of goods and services	Market terms	248	-	28	-	
		Reimbursement of expenses received	Market terms	18	-	-	-	
Aitken Spence Hotel Managements (Pvt) Ltd	Associate	Management fees paid for managing Sri Lankan hotels	Percentage of revenue and profits	78,855	-	20,167	-	
		Central purchasing and merchandising unit handling charges	Market terms	19,284	-	7,859	-	
		Online Reservations handling charges	Market terms	32,044	-	4,428	-	
		Allocation of Expenses	Market terms	55,404	(86,541)	11,944	-	
Purchase of hotel supplies to Maldivian hotels				368,680	374,068	-	66,308	

Name of the Related Party		Relationship	Nature of transaction	Terms of the transaction	Group		Company	
					Transaction Value	Outstanding As at 31.03.2022	Transaction Value	Outstanding As at 31.03.2022
					Rs. '000	Rs. '000	Rs. '000	Rs. '000
ansactions with parent's group entities								
Aitken Spence Travels (Pvt) Ltd	Subsidiary of the Parent Company	Sale of Hotel rooms in the ordinary course of business	Market terms		618,399	244,976	180,555	90,630
Aitken Spence Exports (Pvt) Ltd	Subsidiary of the Parent Company	Purchase of Air Tickets for overseas travel	Market terms		296	-	296	-
		Purchase of mineral water	Market terms		6,233	(717)	2,218	
Aitken Spence Printing and Packaging (Pvt) Ltd.	Subsidiary of the Parent Company	Reimbursement of expenses received	Market terms		1,942	160	-	-
		Printing and Typesetting hotel promotional literature and Annual Reports	Market terms		1,304	(89)	374	-
		Sale of goods and services	Market terms		27	-	-	-
Elevators (Pvt) Ltd	Subsidiary of the Parent Company	Repairs and Maintenance of Hotel Elevators	Market terms		7,160	-	1,010	-
AE Lanka (Pvt) Ltd	Subsidiary of the Parent Company	Repairs and Maintenance of hotel elevators	Market terms		285	-	-	-
Elpitiya Plantations PLC	Subsidiary of the Parent Company	Purchase of tea leaves	Market terms		1,095	(324)	270	-
		Sale of goods and services	Market terms		96	-	46	-
Global Parcel Delivery (Pvt) Ltd	Subsidiary of the Parent Company	Courier Services	Market terms		499	-	259	-
Ace Aviation Services Maldives (Pvt) Ltd	Subsidiary of the Parent Company	Purchase of services	Market terms		54,351	-	-	-
Spence Maldives (Pvt) Ltd	Subsidiary of the Parent Company	Purchase of services	Market terms		4,799	-	-	-
Interlifts International (Pvt) Ltd	Subsidiary of the Parent Company	Repairs and Maintenance of hotel elevators	Market terms		77,733	-	-	-
Aitken Spence Property Developments (Pvt) Ltd	Subsidiary of the Parent Company	Purchase of services	Market terms		1,893	-	-	-
Western Power Company (Pvt) Ltd	Subsidiary of the Parent Company	Rendering of services	Market terms		126	-	-	-
Aitken Spence Cargo (Pvt) Ltd	Subsidiary of the Parent Company	Clearing of imported items	Market terms		1,590	(130)	120	-
Aitken Spence Agriculture (Pvt) Ltd	Subsidiary of the Parent Company	Purchase of vegetables	Market terms		313	(33)	-	-

Name of the Related Party	Relationship	Nature of transaction	Terms of the transaction	Group		Company	
				Transaction Value	Outstanding Value As at 31.03.2022	Transaction Value	Outstanding Value As at 31.03.2022
				Rs. '000	Rs. '000	Rs. '000	Rs. '000
Transactions with other related companies							
Distilleries Company of Sri Lanka PLC	Other related Company	Purchase of beverages	Market terms	9,642	(2,754)	2,632	(340)
Stassen Exports (Pvt) Limited	Other related Company	Purchase of food items	Market terms	356,578	(70,016)	574	-
Lanka Milk Foods (CWE) PLC	Other related Company	Purchase of milk powder	Market terms	7,538	(884)	2,016	-
Lanka Diaries (Pvt) Ltd	Other related Company	Purchase of food items	Market terms	174	(8)	52	-
Lanka Bell (Pvt) Ltd	Other related Company	Provision of telecommunication services,	Market terms	446	(23)	201	(23)
Periceyl (Pvt) Ltd	Other related Company	Purchase of beverages	Market terms	10,021	(2,767)	5,573	(1,802)
Pattipola Live Stock Company Ltd	Other related Company	Purchase of food items	Market terms	1,431	(284)	-	-
Royal Ceramic PLC	Other related Company	Purchase of goods	Market terms	332	-	70	-
Continental Insurance Lanka Limited	Other related Company	Provision of insurance services	Market terms	225,156	(78)	18,549	-
Melsta Logistics (Pvt) Ltd	Other related Company	Provision of vehicle maintenance services	Market terms	28	-	-	-
Splendor Media (Pvt) Ltd	Other related Company	Purchase of services	Market terms	67	-	67	-
Stassens Foods (Pvt) Ltd	Other related Company	Purchase of food items	Market terms	45,545	(3,711)	14,171	(1,096)
Ambewela Products (Pvt) Ltd	Other related Company	Purchase of milk products	Market terms	6,063	(797)	1,208	(52)
Formula World (Pvt) Ltd	Other related Company	Provision of vehicle maintenance services	Market terms	2,553	(367)	-	-
Melsta Health (Pvt) Ltd	Other related Company	Sale of Hotel rooms in the ordinary course of business	Market terms	64	-	-	-
Melsta Laboratories (Pvt) Ltd	Other related Company	Purchase of services	Market terms	4,491	(211)	2,313	(97)
Ceylon Grain Elevators PLC	Other related Company	Purchase of food items	Market terms	4,305	-	-	-
Transactions with Key Management Personnel (KMP)							
Mr. J.M.S Brito	Key management personnel	Sale of Hotel rooms in the ordinary course of business	Market terms	39	-	39	-

45.1.6

45.1.7

The Company and the subsidiaries in the ordinary course of business have for the sale of hotel rooms, contracted with certain tour operators, for whom Aitken Spence Travels (Pvt) Ltd., has contracted with for provision of hotel services. The total revenue generated by such company and the balance outstanding as at 31st March 2022 is disclosed above.

45.1.8

The Company and the Subsidiaries in the ordinary course of business have generated revenues amounting to Rs. 4,664,450 (Company- Rs. 750,000) from sale of hotel packages to Aitken Spence PLC and its Subsidiaries (excluding Hotel Companies). Balances outstanding from these companies as at 31st March 2022 is reflected in Note No. 26 - Amounts due from parent's group entities.

45.2 Non recurrent transactions with related Parties

Name of the Related Party	Relationship	The rationale for entering into the transaction	Value of the related party transactions entered into during the financial year ending 31st March 2022	Value of the related party transactions as a % of equity	Value of the related party transactions as a % of total Assets.	Terms and conditions of the related party transaction
			Rs. '000			
45.2.1 Transaction with Equity Accounted Investees						
Negombo Beach Resorts (Pvt) Ltd	Associate	Interest earned from shareholder loan (Loan balance outstanding as at 31.03.2022 was Rs. 725.5 million (31.03.2021 - Rs. 691 million))	34,689	0.12%	0.03%	Loan is repayable in 10 years with grace period of 3years. Interest linked to AWPLR

There were no non recurrent transactions carried out with related parties during the year where the aggregate value of transaction exceeds 10% of equity or 5% of total assets which ever is lower.

45.3 Recurrent transactions with related parties

Name of the Related Party	Relationship	The rationale for entering into the transaction	Value of the related party transactions entered into during the financial year ending 31st March 2022	Value of the related party transactions as a % of revenue	Terms and conditions of the related party transaction
			Rs. '000		
Aitken Spence Travels (Pvt) Ltd.	Subsidiary of Parent Company	Sale of Hotel rooms in the ordinary course of business	618,399	2.52%	Market Terms
Stassen Exports (Pvt) Limited	Other related Company	Purchase of goods in the ordinary course of business	356,578	1.45%	Market Terms
Stassens Foods (Pvt) Ltd	Other related Company	Purchase of goods in the ordinary course of business	45,545	0.19%	Market Terms

There were no recurrent transactions carried out with related parties during the year where the aggregate value of transaction exceeds 10% of consolidated gross revenue of the Group.

NOTES TO THE FINANCIAL STATEMENTS

45.4 Transactions with Key Management Personnel (KMP)

Aitken Spence Hotel Holdings PLC, considers its Board of Directors as the key management personnel of the Company. The Board of Directors, Vice Presidents and Assistant Vice Presidents of subsidiary companies are considered as key management personnel of Group Companies.

There were no transactions other than employment benefits disclosed below carried out during the year with Key management personnel and their close family members which require disclosure per LKAS - 24 - Related Party Disclosures .

	Group		Company	
For the year ended 31 st March	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Short term employment benefits	10,068	15,899	10,068	6,878
Post employment benefits	-	-	-	-
Total	10,068	15,899	10,068	6,878

46 Acquisition of non controlling shares

The Company made an offer to the minority shareholders of Aitken Spence Hotels Ltd. on 8th June, 1999 to purchase their shares at Rs. 31/-per share.(subsequently revised to Rs. 20/- per share). The Company as at 31 st March 2022 held 98.01% of the equity share capital of Aitken Spence Hotels Ltd.

47 Events after reporting date

The board declared a preference dividend of cents 90 per share on the cumulative preference shares for the financial year ended 31st March 2022. Further the Company declared a preference dividend of cents 90 per share on the cumulative preference shares in respect of the financial year ended 31st March 2021 which was deferred due to low financial performance of the Company during the said financial year.

Further, Surcharge Tax Act No. 14 of 2022 was enacted on 8th April 2022. Financial impact arising from the same is discussed in Note 13.5.

There has been no other material events occurring after the reporting date that requires adjustment to or disclosure in the Financial Statements.

48 Capital expenditure commitments

The following commitments for capital expenditure approved by the Directors as at 31st March have not been provided for in the financial statements.

	Group	
For the year ended 31 st March	31.03.2022 Rs. '000	31.03.2021 Rs. '000
Approximate amount approved but not contracted for	4,304,252	-
Approximate amount contracted for but not accounted	747,318	184,403
Total	5,051,570	184,403

The above includes Rs. 4,998.1 million (2020/2021 - Rs. 184.4 million) for the acquisition of property, plant and equipment, Rs. 53.5 million (2020/2021 - nil) for the acquisition of intangible assets.

49 Average number of employees

The average number of employees of the Group (excluding equity-accounted investees) as at 31st March 2022 was 2,671 (2020/2021 - 2,563).

The number of employees of the Company at the end of the year was 232 (2020/2021 - 224).

50 Comparative information

No comparative information were changed during the year which require disclosure or adjustments in the financial statements.

Group has consistently applied the accounting policies with those adopted in the previous financial year. The presentation and classification of the financial statements of the previous period, have been adjusted, where relevant, for better presentation.

51 Directors Responsibility

The Board of Directors of the Company are responsible for the preparation of financial statements.

52 Group impact of COVID 19 and prevailing macro economic uncertainties

52.1 The impact of COVID - 19 pandemic and prevailing macro economic uncertainties on the business/ operations of the Group and responses to the impact

The Aitken Spence Hotel Holdings PLC and its subsidiaries operate in the tourism sector that has been significantly affected by the outbreak of COVID - 19 and prevailing macro economic uncertainties.

The impact of three consecutive years of seismic shocks to the industry was indeed a heavy blow. The Easter Sunday terror attacks in April 2019 impacted only Sri Lanka while the onset of the COVID-19 pandemic affected the global tourism industry in 2020 and 2021 with unprecedented border closures. Now in the fourth consecutive year, Sri Lanka is facing economic and political instability, plunging the country into its darkest period post-independence.

Operations of the hotels in the Group were carried out strictly under the guidelines issued by the respective Government with priority given for the safety of our guests and staff.

52.2 The Group's expectation of the future impact of COVID – 19 and prevailing macro economic uncertainties on the Group's future operations and financial conditions

The global economic situation is extremely volatile at present. The Group's business is directly linked to the situation in the countries we operate. However, Group will continue to monitor the developments both locally and globally and take timely action to mitigate losses and reduce risks to the financial stability of the Group.

The Group's businesses recorded strong improvement in profitability compared to the previous year on the back of a fast recovery momentum with most of the businesses reaching pre COVID-19 levels of operations post the easing of restrictions. The management has formed judgment that the Company, its subsidiaries, associates and joint ventures have adequate resources to continue in operational existence for the foreseeable future driven by the continuous operationalisation of risk mitigation initiatives and monitoring of business continuity and response plans at each business unit level along with the financial strength of the Group.

NOTES TO THE FINANCIAL STATEMENTS

52.3 Use of estimates, assumptions and judgements due to COVID 19 pandemic and prevailing macro economic uncertainties

The preparation of these financial statements requires the use of management judgement, estimates and assumptions that affect reported amounts and the application of accounting policies. Such estimates and judgements are reviewed on an ongoing basis.

The ongoing COVID-19 pandemic and economic downturn and volatility have increased the estimation uncertainty in the preparation of these Consolidated Financial Statements.

The estimation uncertainty is associated with:

- the extent and duration of the disruption to business arising from the actions by governments, businesses and consumers to contain the spread of the virus;
- the extent and duration of the expected economic downturn (and forecasts for key economic factors including GDP, employment and house prices). This includes the disruption to capital markets, deteriorating credit, liquidity concerns, increasing unemployment, declines in consumer discretionary spending, reductions in production because of decreased demand, and other restructuring activities; and
- the effectiveness of government and central bank measures that have and will be put in place to support businesses and consumers through this disruption and economic downturn.

The Group has developed various accounting estimates in these Financial Statements based on forecasts of economic conditions which reflect expectations and assumptions as at 31 March 2022 about future events that the Directors believe are reasonable in the circumstances. There is a considerable degree of judgement involved in preparing forecasts. The underlying assumptions are also subject to uncertainties which are often outside the control of the Group. Accordingly, actual economic conditions are likely to be different from those forecast since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in these financial statements.

The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to expected credit losses, fair value measurement, and recoverable amount assessments of non-financial assets.

In determining the above significant management judgements, estimates and assumptions, the impact of the macro economic uncertainties, including supply chain disruptions, power interruptions and distribution challenges on account of the prevailing foreign exchange market limitations, and the current economic conditions pandemic have been considered as of the reporting date and specific considerations have been disclosed under the notes, as relevant.

QUARTERLY STATISTICS

Income Statement - Group

	30th June	30th September	31st December	31st March
For the three months ended	2021 Rs. '000	2021 Rs. '000	2021 Rs. '000	2022 Rs. '000
Net Turnover	2,852,581	4,273,192	7,480,971	9,420,217
Other income	(25,625)	77,527	33,794	117,325
Staff costs	(926,619)	(959,132)	(1,072,590)	(1,284,359)
Depreciation	(631,981)	(636,239)	(598,891)	(701,891)
Amortisation	(210,991)	(211,711)	(211,351)	(230,531)
Other Operating Expenses - Direct	(898,670)	(1,335,331)	(1,843,664)	(2,090,615)
Other Operating Expenses - Indirect	(1,210,061)	(1,254,972)	(1,575,919)	(2,064,365)
Profit/ (loss) from operations	(1,051,366)	(46,666)	2,212,350	3,165,781
Finance income	33,930	35,028	40,511	62,408
Finance expenses	(544,924)	(588,204)	(549,989)	(595,716)
Share of profit/(loss) of equity accounted investees net of tax	(88,395)	(82,362)	(65,000)	9,273
Income tax expense	(49,124)	(113,622)	(271,594)	(478,014)
Net Profit/(loss) for the period	(1,699,879)	(795,826)	1,366,278	2,163,732
Profit attributable equity holders of the parent company	(1,110,790)	(562,936)	781,832	1,515,436
Non - controlling interests	(589,089)	(232,890)	584,446	648,296
	(1,699,879)	(795,826)	1,366,278	2,163,732

Statement of Financial Position - Group

	30th June	30th September	31st December	31st March
As at	2021 Rs. '000	2021 Rs. '000	2021 Rs. '000	2022 Rs. '000
Assets				
Non current assets	66,592,376	66,067,399	65,086,238	85,957,544
Current assets	5,270,370	6,037,847	8,683,307	14,095,217
Assets classified as held for sale	1,080,606	1,084,062	1,084,062	1,586,969
Total assets	72,943,352	73,189,308	74,853,607	101,639,730
Equity and liabilities				
Equity	14,801,014	14,392,887	15,249,524	19,871,251
Non - controlling interest	5,362,925	5,232,049	5,864,478	8,269,807
Total equity	20,163,939	19,624,936	21,114,002	28,141,058
Non current liabilities	38,401,601	38,348,787	38,848,320	53,708,965
Current liabilities	14,377,812	15,215,585	14,891,285	19,789,707
Total liabilities	52,779,413	53,564,372	53,739,605	73,498,672
Total equity and liabilities	72,943,352	73,189,308	74,853,607	101,639,730

Share Information - Group

As at	30th June	30th September	31st December	31st March
	2021 Rs. '000	2021 Rs. '000	2021 Rs. '000	2022 Rs. '000
Earnings / (loss) per ordinary share	(Rs) (3.30)	(1.67)	2.32	4.51
Net asset value per share	(Rs) 43.52	42.31	44.86	58.60
Market price per share				
- Highest	(Rs) 32.40	46.50	47.00	49.40
- Lowest	(Rs) 27.00	28.00	34.90	35.00
- Last traded price	(Rs) 28.80	43.50	42.80	35.00
- Closing price	(Rs) 28.80	43.40	42.30	35.50
Percentage of shares held by public	25.41%	25.41%	25.41%	25.41%
Number of public shareholders	3,611	3,589	3,779	3,813
Float adjusted market capitalisation	(Rs) 2,460,567,571	3,707,938,632	3,613,958,620	3,032,991,277

INDICATIVE US DOLLAR FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME IN USD

For the year ended 31 st March	2022	2021
	USD '000	USD '000
Revenue	83,608	28,666
Revenue tax	(1,850)	(684)
Net revenue	81,758	27,982
Other income/(expenses)	691	(230)
Staff costs	(14,437)	(12,168)
Depreciation	(8,742)	(12,682)
Amortisation	(2,942)	(4,024)
Other operating expenses - direct	(20,989)	(7,569)
Other operating expenses - indirect	(20,775)	(17,274)
Profit/(loss) from operations	14,564	(25,965)
Finance income	585	674
Finance expense	(7,754)	(10,879)
Net finance expense	(7,169)	(10,205)
Share of loss of equity accounted investees (net of tax)	(771)	(1,896)
Profit/(loss) before income tax	6,624	(38,066)
Income tax (expense)/refund	(3,105)	1,769
Profit/(loss) for the year	3,519	(36,297)
Attributable to:		
Equity holders of the parent	2,122	(23,365)
Non - controlling interest	1,397	(12,932)
	3,519	(36,297)
Profit/(loss) per ordinary share (USD)	0.01	(0.07)
Exchange rate used for translation	293.88	199.83

For the year ended 31 st March	2022	2021
	USD '000	USD '000
Profit/(loss) for the year	3,519	(36,297)
Other comprehensive income		
Items that will never be reclassified to profit or loss		
Revaluation of freehold land	3,234	-
Share of other comprehensive income of equity accounted investees	91	219
Actuarial gains/ (losses) on defined benefit plans	69	(143)
Income tax on other comprehensive income	(8)	17
	3,386	93
Items that are or may be reclassified to profit or loss		
Foreign currency translation differences of foreign operations	23,258	4,013
Net movement in cashflow hedging	(9,240)	(3,566)
	14,018	447
Other comprehensive income for the year net of tax	17,404	540
Total comprehensive income/(loss) for the period (net of tax)	20,923	(35,757)
Attributable to:		
Equity holders of the parent company	13,221	(22,840)
Non - controlling interests	7,702	(12,917)
	20,923	(35,757)
Exchange rate used for translation	293.88	199.83

INDICATIVE US DOLLAR FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN USD

As at 31st March	2022	2021
	USD '000	USD '000
ASSETS		
Non-current assets		
Property, plant and equipment	229,222	264,059
Right -of-use assets	55,735	59,872
Intangible assets	2,795	2,908
Investment in equity accounted investees	1,569	3,160
Other financial assets	963	3,866
Deferred tax assets	2,208	3,592
	292,492	337,457
Current assets		
Inventories	5,537	4,090
Trade and other receivables	7,860	4,472
Amounts due from holding company	1,653	2,387
Amount due from parent's group entities	2,111	1,158
Deposits and prepayments	1,883	1,844
Current tax receivable	124	236
Other financial assets	15,069	3,576
Cash and cash equivalents	13,725	10,537
	47,962	28,300
Assets classified as held for sale	5,400	5,400
TOTAL ASSETS	345,854	371,157
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the company		
Stated capital	12,095	17,788
Reserves	29,916	27,795
Retained earnings	25,605	34,267
	67,616	79,850
Non -controlling interests	28,140	30,057
Total Equity	95,756	109,907

As at 31st March	2022	2021
	USD '000	USD '000
Non-Current Liabilities		
Interest - bearing liabilities - banks	131,333	140,860
Interest - bearing liabilities - leases	45,879	49,997
Deferred tax liabilities	4,643	5,101
Employee benefits	902	1,244
	182,757	197,202
Current Liabilities		
Trade payables	4,396	4,571
Other provisions and payables	18,237	16,493
Amounts due to holding company	4,090	845
Amounts due to parent's group entities	300	377
Interest - bearing liabilities - banks	18,225	12,853
Interest - bearing liabilities - leases	4,107	5,216
Current tax payable	171	10
Bank overdrafts and other short term borrowings	17,815	23,683
	67,341	64,048
TOTAL LIABILITIES	250,098	261,250
TOTAL EQUITY AND LIABILITIES	345,854	371,157
Exchange rate used for translation	293.88	199.83

CONTINUITY REDEFINED

Supplementary Information

Reconsolidating our resources to achieve success

INVESTOR INFORMATION

1. Stock Exchange Listing

Aitken Spence Hotel Holdings PLC is a public quoted company, the issued ordinary shares of which have been listed with the Colombo Stock Exchange.

The Stock Exchange Code for Aitken Spence Hotel Holdings PLC shares is "AHUN.N0000"

2. Shareholders

There were 3,824 registered ordinary shareholders as at 31st March 2022 distributed as follows:

Range	31.03.2022			31.03.2021		
	No. of Shareholders	No. of Shareholding	%	No. of Shareholders	No. of Shareholding	%
1 to 1,000 shares	2,310	719,287	0.21	2,160	681,510	0.20
1,001 to 10,000 shares	1,117	3,962,198	1.18	1,125	3,894,438	1.16
10,001 to 100,000 shares	323	9,171,358	2.73	275	7,680,403	2.28
100,001 to 1,000,000 shares	59	16,773,564	4.99	60	17,869,122	5.31
1,000,001 & Above	15	305,663,603	90.89	16	306,164,537	91.04
	3,824	336,290,010	100.00	3,636	336,290,010	100.00

3. Analysis of Shareholders

Category	31.03.2022		31.03.2021	
	Shareholding	%	Shareholding	%
Nationals	334,181,341	98.01	335,039,503	99.63
Non - Nationals	2,108,669	1.99	1,250,507	0.37
	336,290,010	100.00	336,290,010	100.00
Category	31.03.2022		31.03.2021	
	Shareholding	%	Shareholding	%
Aitken Spence PLC & Subsidiaries	250,507,418	74.49	250,507,418	74.49
Other Institutions	60,668,468	18.04	61,382,671	18.25
Individuals	25,114,124	7.47	24,399,921	7.26
	336,290,010	100.00	336,290,010	100.00

* Percentage of shares held by the public as at 31st March 2022 was 25.41% and the number of public shareholders as at 31st March 2022 were 3,813.

4. Share Trading

	2021/22	2020/21	2019/20	2018/19	2017/18
Number of Shares Traded During the Year	14,095,777	14,455,930	6,998,161	3,736,586	4,738,492
Value of Shares Traded During the Year (Rs.)	557,995,506.90	381,490,589	171,349,406	95,540,393	150,129,013
Number of Transactions	9,983	8,216	4,440	2,068	2,833

5. Market Value

Financial Year	Highest Rs.	Lowest Rs.	Year End Rs.
2017/18	42.00	28.00	33.50
2018/19	33.50	21.00	23.50
2019/20	31.80	15.00	15.00
2020/21	37.00	12.00	31.20
2021/22	49.40	27.00	35.00

* Closing price of the share as at 31st March 2022 was Rs. 35.50.

6. Ratios

	2021/22	2020/21	2019/20	2018/19	2017/18
Earnings Per Share (Rs.)	1.85	(13.93)	(1.90)	2.37	3.43
Price Earnings Ratio (Times)	19.19	(2.17)	(7.94)	10.02	9.76
Net Asset per Share as at 31st March (Rs.)	58.60	46.96	60.66	62.96	58.30

7. Dividends

Year	Dividend Per Share Rs.	Dividend Yield %
2017/18	1.25	3.73
2018/19	1.00	4.26
2019/20	-	-
2020/21	-	-
2021/22	-	-

8. Market Capitalization (As at 31st March)

Year	Stated Capital & Reserves Rs.'000	Market Capitalization Rs.'000
2017/18	19,771,215	11,265,715
2018/19	21,338,821	7,970,073
2019/20	20,562,900	5,077,979
2020/21	15,956,456	10,155,958
2021/22	19,871,251	11,938,295

The float adjusted market capitalisation as at 31st March 2022 was Rs. 3,032,991,277.00 with reference to Section no. 7.6 (iv) of the listing rules of the Colombo Stock Exchange.

As the float adjusted market capitalization is more than Rs. 2.5 billion, Aitken Spence Hotel Holdings PLC complies under option 4 with the minimum public holding requirement.

9. Group Effective Holding in Subsidiary, Joint Ventures and Associate Companies

Company	31.03.2022	31.03.2021
Aitken Spence Hotel Managements Asia (Private) Limited	51.00%	51.00%
Aitken Spence Hotels Limited	98.01%	98.01%
Aitken Spence Hotel Managements (Private) Limited	49.00%	49.00%
Crest Star (B.V.I) Limited (British Virgin Islands)	100.00%	100.00%
Cowrie Investment Private Limited (Maldives)	60.00%	60.00%
Aitken Spence Global Operations (Private) Limited	51.00%	51.00%
Aitken Spence Hotels International (Private) Limited	51.00%	51.00%
PR Holiday Homes Private Limited (India)	43.13%	43.13%
Heritance (Private) Limited	98.01%	98.01%
Kandalama Hotels (Private) Limited	61.74%	61.74%
Jetan Travel Services Company Private Limited (Maldives)	95.00%	95.00%
Ace Resorts Private Limited (Maldives)	51.00%	51.00%
A.D.S Resorts Private Limited (Maldives)	51.00%	51.00%
Unique Resorts Private Limited (Maldives)	51.00%	51.00%
Aitken Spence Hotel Services Private Limited (India)	51.00%	51.00%
Aitken Spence Hotel Management (South India) Private Limited (India)	59.13%	59.13%
Aitken Spence Resorts (Middle East) LLC (Oman)	51.00%	51.00%
Perumbalam Resorts Private Limited (India)	43.12%	43.12%
Amethyst Leisure Limited	27.89%	32.17%
Turyaa Resorts (Private) Limited	100.00%	100.00%
Turyaa (Private) Limited	100.00%	100.00%
Browns Beach Hotels PLC	37.42%	37.42%
Hethersett Hotels Limited	94.44%	94.44%
Ahungalla Resorts Limited	60.00%	60.00%
Neptune Ayurvedic Village (Private) Limited	100.00%	100.00%
Nilaveli Holidays (Private) Limited	100.00%	100.00%
Nilaveli Resorts (Private) Limited	100.00%	100.00%
The Galle Heritage (Private) Limited	100.00%	100.00%
Meeraladuwa (Private) Limited	100.00%	100.00%
Paradise Resorts Passikudah (Private) Limited	27.89%	32.17%
Negombo Beach Resorts (Private) Limited	37.42%	37.42%
Aitken Spence Resources (Private) Limited	49.00%	49.00%

10. Shareholding of Directors together with their Spouses in Aitken Spence Hotel Holdings PLC

As at 31st March	2022	2021
Deshamanya D.H.S. Jayawardena	-	-
Dr. M.P. Dissanayake	-	-
Ms. D.S.T. Jayawardena	16,000	16,000
Mr. C.M.S. Jayawickrama	-	-
Mr. J.M.S. Brito	300,658	300,658
Mr. R.N. Asirwatham	1,000	1,000
Mr. N.J. de Silva Deva Aditya	-	-
Mr. C.H. Gomez	-	-
Mr. G.P.J. Goonewardena	5,460	5,460
Total	323,118	323,118

11. Twenty Largest Shareholders

Shareholder	31.03.2022		31.03.2021	
	No. of Shares	%	No. of Shares	%
1 Aitken Spence PLC	239,472,667	71.21	239,472,667	71.21
2 Employees Provident Fund	31,501,601	9.37	31,501,601	9.37
3 Sri Lanka Insurance Corporation Ltd-Life Fund	5,518,727	1.64	5,518,727	1.64
4 Ace Cargo (Private) Limited	4,423,601	1.32	4,423,601	1.32
5 Aitken Spence Hotel Managements (Private) Limited	3,530,639	1.05	3,530,639	1.05
6 Aitken Spence Aviation (Private) Limited	2,604,140	0.77	2,604,140	0.77
7 Ceylon Guardian Investment Trust PLC	2,557,315	0.76	2,245,982	0.67
8 Bank Of Ceylon	2,547,424	0.76	2,547,424	0.76
9 Employees Trust Fund Board	2,370,705	0.70	2,370,705	0.70
10 Ceylon Investment PLC	2,269,575	0.67	1,283,675	0.38
11 Mr. G.C. Wickremasinghe	2,082,241	0.62	2,082,241	0.62
12 National Savings Bank	2,035,726	0.61	2,102,133	0.63
13 Mr. K. Balendra	1,992,622	0.59	1,992,622	0.59
14 J.B. Cocoshell (Private) Ltd	1,511,616	0.45	2,164,403	0.64
15 Miss. A.T. Wickremasinghe	1,245,004	0.37	1,245,004	0.37
16 Mr. M.J. Fernando	1,000,000	0.30	1,000,000	0.30
17 MR. S.R. Perera	1,000,000	0.30	-	-
18 Mrs. K. Fernando	991,149	0.29	991,149	0.29
19 Citibank Newyork S/A Norges Bank Account 2	841,040	0.25	-	-
20 Seylan Bank PLC/ K.S. Balasuriya	800,000	0.24	-	-
Total	310,295,792	92.27	307,076,713	91.31

12. History of Movement In Ordinary Share Capital

Year	Issue	Number of Shares
	Shares in issue at the time of listing	1,281,612
1979/80	Initial Public Offer	500,000
1980/81	Private Placement	300,000
1980/81	Rights Issue	368,743
1981/82	Rights Issue	1,839,063
1982/83	Rights Issue	1,429,806
1983/84	Rights Issue	791,792
1984/85	Rights Issue	822,790
1994/95	Bonus Issue	2,444,602
1994/95	Share swap to acquire Aitken Spence Hotels Ltd	9,699,199
1994/95	Share swap to acquire Brown's Beach Hotels Ltd	638,020
1994/95	Share swap to acquire M. P. S. Hotels Ltd	473,557
1999/00	Bonus Issue	3,431,531
1999/00	Rights Issue	14,412,429
2010/11	Rights Issue (1 for 4)	9,608,286
	Share Split (7 for 1)	288,248,580
	Total as at 31st March 2022	336,290,010

13. History of Movement in Preference Share Capital

Year	Issue	Number of Shares
1981/82	12% Cum. Redeemable Preference Shares	200,000
1982/83	Redemption	(40,000)
1983/84	Redemption	(40,000)
1984/85	Redemption	(40,000)
1985/86	Redemption	(40,000)
1990/91	Redemption	(40,000)
1996/97	9% Cum Redeemable Preference Shares	16,500,000
	Total as at 31st March 2022	16,500,000

DECADE AT A GLANCE

Year ended 31st March	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
OPERATING RESULTS										
Revenue	24,570,780	5,728,379	19,019,241	19,570,589	18,250,581	16,055,386	13,378,071	13,270,918	12,947,076	12,035,870
Profit / (loss) before taxation	1,946,659	(7,606,620)	(433,023)	1,904,325	2,189,891	1,549,562	2,520,651	3,920,116	4,078,450	3,204,882
Taxation	(912,354)	353,405	(462,701)	(707,161)	(606,496)	(535,823)	(432,889)	(484,494)	(561,435)	(464,895)
Profit/(loss) after taxation	1,034,305	(7,253,215)	(895,724)	1,197,164	1,583,395	1,013,739	2,087,762	3,435,622	3,517,015	2,739,987
Profit/(loss) attributable to equity holders of the parent	623,542	(4,669,045)	(624,953)	810,581	1,169,314	675,873	1,403,766	2,234,804	2,340,934	1,785,154
SHAREHOLDERS' FUNDS										
Stated capital	3,554,587	3,554,587	3,554,587	3,554,587	3,554,587	3,554,587	3,554,587	3,554,587	3,554,587	3,554,587
Reserves and retained earnings	16,316,664	12,401,869	17,008,313	17,784,234	16,216,628	15,607,239	14,851,205	13,676,628	11,823,701	9,371,120
Shareholders' funds	19,871,251	15,956,456	20,562,900	21,338,821	19,771,215	19,161,826	18,405,792	17,231,215	15,378,288	12,925,707
LIABILITIES										
Non-current interest bearing liabilities	52,079,329	38,138,710	33,500,094	23,405,292	18,154,051	14,450,707	8,186,477	5,363,625	2,913,898	2,790,090
Amount due to ultimate holding company	1,201,857	168,765	134,293	110,020	834,985	348,329	155,804	37,518	92,315	109,340
Current liabilities	18,587,850	12,630,068	10,364,198	8,329,080	9,987,503	8,801,945	5,859,232	5,173,696	3,481,725	3,326,203
Other liabilities & charges	1,629,636	1,267,974	1,201,019	2,462,557	1,722,855	1,144,318	411,798	344,196	321,148	304,726
Non-controlling interest	8,269,807	6,006,264	8,587,530	9,256,614	8,122,788	8,270,862	5,429,111	4,638,017	3,789,554	2,903,733
Total Equity and Liabilities	101,639,730	74,168,237	74,350,034	64,902,384	58,593,397	52,177,987	38,448,214	32,788,267	25,976,928	22,359,799
ASSETS										
Property, plant & equipment	67,363,789	52,766,644	52,554,379	49,918,218	41,404,788	37,687,160	23,101,360	16,402,491	12,571,903	11,962,472
Right-of-use assets	16,379,328	11,964,320	11,172,389	-	-	-	-	-	-	-
Leasehold property	-	-	-	2,214,518	2,023,903	2,042,460	2,006,728	1,906,526	1,461,100	1,463,930
Prepaid operating leases	-	-	-	1,924,329	1,772,172	1,791,169	1,811,071	1,067,063	1,048,621	1,020,553
Intangible assets	821,411	581,137	580,627	472,879	416,053	404,612	380,166	2,842	13,390	26,929
Investments	461,073	631,527	910,478	1,249,902	1,158,581	1,294,427	4,982,212	3,098,474	1,336,814	1,302,694
Other financial assets	283,123	772,508	764,245	778,986	763,780	126,650	202,395	180,191	197,478	221,072
Deferred tax assets	648,820	717,802	295,849	160,942	143,906	157,760	147,969	119,017	115,977	132,722
Current assets	14,095,217	5,655,205	7,046,542	8,182,610	10,910,214	8,673,749	5,816,313	10,011,662	9,231,645	6,229,427
Assets classified as held for sale	1,586,969	1,079,094	1,025,525	-	-	-	-	-	-	-
Total Assets	101,639,730	74,168,237	74,350,034	64,902,384	58,593,397	52,177,987	38,448,214	32,788,267	25,976,928	22,359,799
CASH FLOW										
From operating activities	6,793,956	(807,340)	3,303,771	2,858,941	2,801,992	2,587,485	3,479,769	3,986,229	3,820,890	3,528,361
From investing activities	(3,736,595)	(1,287,929)	(3,214,760)	(6,272,236)	(3,050,809)	(2,279,588)	(6,507,608)	(6,137,472)	(3,446,368)	(1,686,804)
From financing activities	(2,516,246)	(414,643)	(1,437,348)	767,316	3,266,138	120,782	1,409,694	2,412,926	(607,312)	(389,776)
Net cash inflow/(outflow)	541,115	(2,509,912)	(1,348,337)	(2,645,979)	3,017,321	428,679	(1,618,145)	261,682	(232,790)	1,451,781
KEY INDICATORS										
Earnings per ordinary share (Rs.)	1.85	(13.93)	(1.90)	2.37	3.43	1.97	4.13	6.60	6.92	5.26
Net Assets value per ordinary share (Rs.)	58.60	46.96	60.66	62.96	58.30	56.49	54.24	50.75	45.24	37.95
Closing price per share (Rs.)	35.50	30.20	15.10	23.70	33.50	35.20	53.00	67.00	70.00	74.00
Dividend per share (Rs.)	-	-	-	1.00	1.25	0.75	1.25	1.50	1.50	1.00
Dividend cover (Times)	-	-	-	2.37	2.75	2.62	3.30	4.40	4.61	5.26
Price to earnings ratio (Times)	19.19	(2.17)	(7.94)	10.02	9.76	17.91	12.83	10.15	10.12	14.07
Gearing (debt/(debt+equity)) %	65.13	63.73	53.73	43.65	39.78	34.90	26.08	20.30	13.94	15.87
Interest cover (Times)	1.95	(2.32)	0.94	3.18	3.45	3.31	8.73	22.21	22.03	13.71
Return on average shareholders' funds (%)	3.51	(25.89)	(3.08)	3.90	5.98	3.55	7.87	13.75	16.63	14.90

REAL ESTATE HOLDINGS OF THE GROUP

Description of the Property	No of Rooms	Location	Building in Sq.Ft	No of Buildings	Land Extent Acres		Net Book Value as at 31/03/22 (Rs.'000)	
					Freehold	Leasehold	Land	Buildings
Aitken Spence Hotel Holdings PLC								
Heritage Ahungalla	152	Ahungalla	253,590	3	11.96	-	710,300	648,364
Meeraladuwa (Pvt) Ltd								
Meeraladuwa Island		Balapitiya	-	-	29.55	-	217,020	
Kandalama Hotels (Pvt) Ltd								
Heritage Kandalama	152	Dambulla	470,438	3	169.64	50.00	9,300	457,626
Hethersett Hotels Ltd								
Heritage Tea Factory	51	Nuwara Eliya	66,120	4	-	25.00	-	133,994
Aitken Spence Hotels Ltd								
Heritage Ayurveda	64	Beruwala	135,372	3	-	6.44	-	342,894
Heritage (Pvt) Ltd	-	Beruwala	-	-	5.79	-	324,250	-
Neptune Ayurvedic Village (Pvt) Ltd	-	Beruwala	12,500	-	0.12	-	4,500	44,028
Turyaa (Pvt) Ltd								
Turyaa Kalutara	109	Kalutara	192,686	20	5.93	-	407,160	611,888
Turyaa Resorts (Pvt) Ltd								
Turyaa Kalutara	90	Kalutara	113,060	3	2.42	-	170,336	1,019,783
Ahungalla Resorts Ltd								
Hotel RIU Sri Lanka	501	Ahungalla	601,751	11	12.97	-	942,650	7,563,169
Jetan Travel Services Co. (Pvt) Ltd								
Adaaran Club Rannalhi	122	Maldives	98,043	43	-	11.69	-	1,264,396
Cowrie Investments (Pvt) Ltd								
Adaaran Select Meedhuparu	215	Maldives	299,963	122	-	44.45	-	3,930,070
Heritage Aarah	150	Maldives	257,642	244	-	26.90	-	21,168,916
ADS Resorts (Pvt) Ltd								
Adaaran Select Hudhuranfushi	197	Maldives	306,718	210	-	78.00	-	659,300
Unique Resorts (Pvt) Ltd								
Adaaran Prestige Vadoo	50	Maldives	56,474	53	-	4.48	-	2,530,368
Ace Resorts (Pvt) Ltd								
Rafushi Island Maldives	-	Maldives	-	-	-	45.25	-	-
Aitken Spence Hotel Managements (South India) Pvt Ltd								
Turyaa Chennai	140	Chennai/India	126,825	1	0.84	-	1,295,912	3,636,435
Perumbalam Resorts (Pvt) Ltd	-	Chennai/India	-	-	4.05	-	110,192	-
P.R Holiday Homes (Pvt) Ltd	-	Chennai/India	-	-	14.04	-	375,176	575
Aitken Spence Resorts (Middle East) LLC								
Al Falaj Hotel	150	Oman	16,408	3	5.05	-	5,914,257	5,064,504

GROUP COMPANIES AND DIRECTORATE

SUBSIDIARIES

ACE RESORTS PRIVATE LIMITED *

Owns the Raafushi island earmarked for the construction and development of a Resort in the Republic of Maldives.

Directors:

Dr. M.P. Dissanayake,
C.M.S. Jayawickrama (Managing Director),
Ms. D.S.T. Jayawardena,
M. Mahdy.

A.D.S RESORTS PRIVATE LIMITED *

Owns the Adaaran Select Hudhuran Fushi resort in the Republic of Maldives.

Directors:

Ms. D.S.T. Jayawardena (Chairperson),
C.M.S. Jayawickrama (Managing Director),
M. Mahdy.

AITKEN SPENCE GLOBAL OPERATIONS (PRIVATE) LIMITED *

Provides international marketing services for the overseas hotels in the Group.

Directors:

Dr. M.P. Dissanayake,
Ms. D.S.T. Jayawardena,
C.M.S. Jayawickrama.

AITKEN SPENCE HOTEL MANagements (SOUTH INDIA) PRIVATE LIMITED

Owns the 140 roomed hotel property "Turyaa" in Chennai in the Republic of India.

Directors:

Dr. M.P. Dissanayake,
C.M.S. Jayawickrama,
T.K. Dewanarayana.

AITKEN SPENCE HOTEL MANagements ASIA (PRIVATE) LIMITED *

Manages resorts in the Sultanate of Oman and in the Republic of Maldives.

Directors:

Deshamanya D.H.S. Jayawardena,
Dr. R.M. Fernando,
Ms. D.S.T. Jayawardena,
Ms. N. Sivapragasam.

AITKEN SPENCE HOTELS INTERNATIONAL (PRIVATE) LIMITED *

Overseas investment company of the Hotels sector and provides international marketing services to the resorts in the Sultanate of Oman.

Directors:

Dr. M.P. Dissanayake,
Ms. D.S.T. Jayawardena,
C.M.S. Jayawickrama.

AITKEN SPENCE HOTEL SERVICES PRIVATE LIMITED

Local marketing company of hotels in the Republic of India.

Directors:

T.K. Dewanarayana,
C.M.S. Jayawickrama (Appointed w.e.f. 30.09.2021),
R.S. Rajaratne (Resigned w.e.f. 30.09.2021).

AITKEN SPENCE HOTELS LIMITED *

Holding company of Kandalama Hotels (Private) Limited and Heritance (Private) Limited. Owns the Heritance Ayurveda Resort in Beruwela.

Directors:

Ms. D.S.T. Jayawardena (Chairperson),
Dr. M.P. Dissanayake,
C.M.S. Jayawickrama.

AITKEN SPENCE RESORTS (MIDDLE EAST) LLC

Owning company of the Al Falaj Hotel in Muscat, Sultanate of Oman.

Authorized Managers:

Dr. M.P. Dissanayake,
Ms. D.S.T. Jayawardena,
Dr. R.M. Fernando,
C.M.S. Jayawickrama,
A. Perera,
S.N. de Silva,
Ms. N. Sivapragasam.

AHUNGALLA RESORTS LIMITED *

A joint venture company between Aitken Spence Hotel Holdings PLC and RIUSA NED BV and owns the RIU Hotel Sri Lanka at Ahungalla.

Directors:

Dr. M.P. Dissanayake,
Ms. D.S.T. Jayawardena,
C.M.S. Jayawickrama,
J.T. Riu (Managing Director),
L. Riu Guell.

COWRIE INVESTMENT PRIVATE LIMITED *

Owns the Heritance Aarah and Adaaran Select Meedhupparu Resorts in the Republic of Maldives.

Directors:

Dr. M.P. Dissanayake (Chairman and Managing Director),
Ms. D.S.T. Jayawardena,
C.M.S. Jayawickrama,
I.M. Didi,
M. Salih.

CREST STAR (B.V.I.) LIMITED

The holding company and managing agent of Jetan Travel Services Company Private Limited.

Directors:

Dr. M.P. Dissanayake,
C.M.S. Jayawickrama.

HERITANCE (PRIVATE) LIMITED *

Owns a land in Beruwela for a proposed hotel project.

Directors:

Ms. D.S.T. Jayawardena (Chairperson),
Dr. M.P. Dissanayake,
C.M.S. Jayawickrama.

HETHERSETT HOTELS LIMITED *

Owns the Heritance Tea Factory - Kandapola.

Directors:

Ms. D.S.T. Jayawardena (Chairperson),
Dr. M.P. Dissanayake,
C.M.S. Jayawickrama.

**JETAN TRAVEL SERVICES COMPANY
PRIVATE LIMITED ***

Owns the Adaaran Club Rannalhi resort in the Republic of Maldives.

Directors:

Ms. D.S.T. Jayawardena (Chairperson),
C.M.S. Jayawickrama (Managing Director),
H. Mohamed,
M. Mahdy.

KANDALAMA HOTELS (PRIVATE) LIMITED *

Owns the Heritance Kandalama Hotel.

Directors:

Ms. D.S.T. Jayawardena (Chairperson),
Dr. M.P. Dissanayake,
C.M.S. Jayawickrama.

MEERALADUWA (PRIVATE) LIMITED *

Owns the island of Meeraladuwa in Balapitiya.

Directors:

Ms. D.S.T. Jayawardena (Chairperson),
Dr. M.P. Dissanayake,
C.M.S. Jayawickrama.

**NEPTUNE AYURVEDIC VILLAGE (PRIVATE)
LIMITED ***

Leases the Company owned land and building to Aitken Spence Hotels Limited.

Directors:

Ms. D.S.T. Jayawardena (Chairperson),
Dr. M.P. Dissanayake,
C.M.S. Jayawickrama.

NILAVELI HOLIDAYS (PRIVATE) LIMITED *

To operate a future hotel project.

Directors:

Ms. D.S.T. Jayawardena (Chairperson),
Dr. M.P. Dissanayake,
C.M.S. Jayawickrama.

NILAVELI RESORTS (PRIVATE) LIMITED *

To operate a future hotel project.

Directors:

Ms. D.S.T. Jayawardena (Chairperson),
Dr. M.P. Dissanayake,
C.M.S. Jayawickrama.

PERUMBALAM RESORTS PRIVATE LIMITED

A fully owned subsidiary of PR Holiday Homes Private Limited.

Directors:

Dr. M.P. Dissanayake,
C.M.S. Jayawickrama,
K.K.M. Rawther,
T.K. Dewanarayana,
K.K. Kabeer.

PR HOLIDAY HOMES PRIVATE LIMITED

Owns a land in Cochin, in the Republic of India for a future hotel project.

Directors:

Dr. M.P. Dissanayake,
C.M.S. Jayawickrama,
K.K.M. Rawther,
T.K. Dewanarayana,
K.K. Kabeer.

THE GALLE HERITAGE (PRIVATE) LIMITED *

In the process of being struck off.

Directors:

Ms. D.S.T. Jayawardena (Chairperson),
Dr. M.P. Dissanayake,
C.M.S. Jayawickrama.

TURYAA (PRIVATE) LIMITED *

Owns the 100 roomed hotel property "Turyaa" in Kalutara.

Directors:

Ms. D.S.T. Jayawardena (Chairperson),
Dr. M.P. Dissanayake,
C.M.S. Jayawickrama.

TURYAA RESORTS (PRIVATE) LIMITED *

Owns the 90 roomed hotel property "Turyaa" in Kalutara.

Directors:

Ms. D.S.T. Jayawardena (Chairperson),
Dr. M.P. Dissanayake,
C.M.S. Jayawickrama.

UNIQUE RESORTS PRIVATE LIMITED *

Owns the Adaaran Prestige Vadhuu resort in the Republic of Maldives.

Directors:

Ms. D.S.T. Jayawardena (Chairperson),
C.M.S. Jayawickrama (Managing Director),
M.D.B.J. Gunatilake.

GROUP COMPANIES AND DIRECTORATE

JOINT VENTURES & ASSOCIATES

AITKEN SPENCE HOTEL MANAGEMENTS (PRIVATE) LIMITED *

Manages resorts in Sri Lanka.

Directors:

Ms. D.S.T. Jayawardena (Chairperson and Joint Managing Director),
Dr. M.P. Dissanayake,
C.M.S. Jayawickrama (Joint Managing Director).

AITKEN SPENCE RESOURCES (PRIVATE) LIMITED *

The Company did not carry out any operations during the year.

Directors:

Ms. D.S.T. Jayawardena (Chairperson),
C.M.S. Jayawickrama,
G.P.J. Goonewardena.

AMETHYST LEISURE LIMITED *

The Holding Company of Paradise Resort Pasikudah (Private) Limited.

Directors:

Ms. D.S.T. Jayawardena (Chairperson),
Ms. V.J. Senaratne,
J.C. Weerakone.

BROWNS BEACH HOTELS PLC *

Owns the property leased out to Negombo Beach Resorts (Private) Limited.

Directors:

Deshamanya D.H.S. Jayawardena (Chairman),
Dr. M.P. Dissanayake,
Ms. D.S.T. Jayawardena,
C.R. Stanislaus,
A.L. Gooneratne,
R.N. Asirwatham,
N.J. de Silva Deva Aditya.

NEGOMBO BEACH RESORTS (PRIVATE) LIMITED *

Owns the Heritance Negombo Hotel.

Directors:

Deshamanya D.H.S. Jayawardena (Chairman),
Ms. D.S.T. Jayawardena,
C.M.S. Jayawickrama,
C.R. Stanislaus.

PARADISE RESORT PASIKUDAH (PRIVATE) LIMITED *

Owning Company of Amethyst Resort, Pasikudah.

Directors:

Ms. D.S.T. Jayawardena (Chairperson),
Ms. V.J. Senaratne,
J.C. Weerakone.

* The companies' financial statements are audited by KPMG

NAME

Aitken Spence Hotel Holdings PLC

LEGAL FORM

A Public Quoted Company with limited liability, incorporated in Sri Lanka on 14th March 1978

COMPANY REGISTRATION NUMBER

PQ 97

REGISTERED OFFICE

No. 315, Vauxhall Street Colombo 2, Sri Lanka.

DIRECTORS

Deshamanya D.H.S. Jayawardena - *Chairman*

Dr. M.P. Dissanayake - *Managing Director*

Ms. D.S.T. Jayawardena

Mr. C.M.S. Jayawickrama

Mr. J.M.S. Brito

Mr. R.N. Asirwatham

Mr. N.J. de Silva Deva Aditya

Mr. C.H. Gomez

Mr. G.P.J. Goonewardena

GROUP AUDIT COMMITTEE

Mr. R.N. Asirwatham - *Chairman*

Mr. J.M.S. Brito

Mr. G.C. Wickremasinghe

Mr. C.H. Gomez

Mr. N.J. de Silva Deva Aditya/Mr. A.L. Gooneratne (Alternate Director to Mr. N.J. de Silva Deva Aditya in the parent company's directorate)

GROUP REMUNERATION COMMITTEE

Mr. G.C. Wickremasinghe - *Chairman*

Mr. R.N. Asirwatham

Mr. C.H. Gomez

GROUP NOMINATION COMMITTEE

Mr. G.C. Wickremasinghe - *Chairman*

Deshamanya D.H.S. Jayawardena

Mr. R.N. Asirwatham

GROUP RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Mr. R.N. Asirwatham - *Chairman*

Mr. J.M.S. Brito

Mr. G.C. Wickremasinghe

Mr. C.H. Gomez

Mr. N.J. de Silva Deva Aditya/ Mr. A. L. Gooneratne (Alternate Director to Mr. N.J. de Silva Deva Aditya in the parent company's directorate)

SECRETARIES

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T: (+94 11) 2356456

F: (+94 11) 2440396

E: hemal@cse.lk

Web: www.cds.lk

AUDITORS

KPMG

Chartered Accountants

32A, Sir Mohamed Macan Markar Mawatha,
P.O Box 186,
Colombo 03,
Sri Lanka.

BANKERS

Hatton National Bank PLC

People's Bank

Bank of Ceylon

Hongkong and Shanghai Banking Corporation Limited

Union Bank of Colombo PLC

Nations Trust Bank PLC

DFCC Bank PLC

Deutsche Bank AG

Commercial Bank of Ceylon PLC

Sampath Bank PLC

Seylan Bank PLC

Habib Bank Limited

ABANCA Corporación Bancaria, S.A.

HOLDING COMPANY

Aitken Spence PLC

CONTACT DETAILS

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Web: www.aitkenspencehotels.com

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GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	Social & Relationship Capital - Suppliers	85
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GLOSSARY OF FINANCIAL TERMS

A

Accounting Policies - The specific principles, bases, conventions, rules and practices adopted by an enterprise in preparing and presenting Financial Statements.

Accrual Basis - Recording Revenues and Expenses in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period.

Actuarial Gains and Losses - Gain or loss arising from the difference between estimates and actual experience in a company's pension plan.

Amortization - The systematic allocation of the depreciable amount of an intangible asset over its useful life.

Asset Held for Sale - The carrying amount of the asset value which will be recovered through a sale transaction rather than through continuing use.

Average Weighted Prime Lending Rate (AWPLR) - Reflects rates applicable on loans and advances granted by commercial banks to their most credit-worthy customers.

C

Capital Employed - Total shareholders' funds plus debt.

Capital Reserves - Reserves identified for specific purposes and considered not of the entity, directly or indirectly, including any director (whether executive or otherwise) of the entity available for distribution.

Cash Equivalents - High liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Collateral - Monetary or non-monetary asset pledged or received as security in lieu of a loan or credit terms obtained or provided.

Contingent Liabilities - A condition or situation at the Reporting date of which the financial effect will be determined only on the occurrence, or non-occurrence of one or more uncertain future events.

Contract Liability - An entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amounts due) from the customer.

Credit Risk - Risk that the counterparty to a transaction fails to meet its contractual obligations in accordance to the agreed terms and conditions.

Current Ratio - Current assets divided by current liabilities.

D

Debt/Equity Ratio - Ratio between long-term interest-bearing liabilities and total equity. It shows the extent to which the firm is financed by debt.

Dividend Cover - Net profit attributable to the ordinary shareholders divided by the total dividend.

Derivatives - Financial contracts whose values are derived from the values of underlying assets.

Deferred Income Tax - The net tax effect on items which have been included in the Income Statement, which would only qualify for inclusion on a tax return at a future date.

Dividend Pay Out Ratio - The percentage of earnings paid to shareholders in dividends.

Dividend Yield Ratio - Dividend per share as a percentage of the market price. A measure of return on investment.

Dividends per Share (DPS) - Dividends paid and proposed, divided by the number of issued shares, which ranked for those dividends.

E

Earnings Per Share (EPS) - Net profit for the period attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the period.

Equity - The value of an asset after all the liabilities or debts have been paid.

EBIT - Earnings before interest and tax.

EBITDA - Earnings before interest, taxes, depreciation and amortization.

Effective Rate of Taxation - Income tax over profit before tax.

EPS Growth - Percentage of increase in the EPS over the previous year.

F

Fair Value - The price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date.

Fair Value Through Profit and Loss - A financial asset/liability acquired/incurred principally for the purpose selling or repurchasing it in the near term.

Fair Value Through OCI (FVOCI) - Financial instruments that are held for trading and measured at fair value through other comprehensive income.

Financial Assets - Any asset that is cash, an equity instrument of another entity or a contractual right to receive cash or another financial asset from another entity.

Financial Instruments - Any contract that gives rise to financial assets of one entity and financial liability or equity instrument of another entity.

Financial Liability - Any liability that is a contractual obligation to deliver cash or another financial asset to another entity.

GLOSSARY OF FINANCIAL TERMS

G

Gearing - Proportion of total interest-bearing liabilities to capital employed. Refer Debt to equity.

I

Impairment - This occurs when recoverable amount of an asset is less than it is carrying amount.

Interest Cover - This indicates the ability of an entity to cover long term and short-term interest expenses with EBIT.

(Profit before Interest & Taxation + Share of Equity Accounted investees divided by total Interest charged for the year).

Intangible Assets - An identifiable non-monetary asset without physical substance held for use in the production or supply of goods or services for rental to others or for administrative purposes.

K

Key Management Personnel (KMP) - KMP are those persons having authority and responsibility for planning directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity.

L

Liquidity Risk - The risk of an entity having constraints to settle its financial liabilities.

M

Market Capitalization - The number of ordinary shares in issue multiplied by the market price per share.

Materiality - The relative significance of a transaction or an event, the omission or misstatement of which could influence the decisions of users of Financial Statements.

N

Net Assets Per Share - Shareholders' funds divided by the number of ordinary shares in issue as at the Reporting date.

Non-Controlling Interest - Part of the net results of operations and of net assets of a subsidiary attributable to interests which are not owned, directly or indirectly, through Subsidiaries, by the Parent company.

O

Other Comprehensive Income - An entry that is generally found in the shareholders' equity section of the Statement of Financial Position.

P

Price Earnings Ratio (PER) - Market price per share divided by the earnings per share.

Price to Book Value Ratio (PBV) - Market price per share divided by net assets per share.

Probability of Default (PD) - Estimate of likelihood that a borrower will be unable to meet debt obligations.

R

Return on Capital Employed (ROCE) - Profit before finance expense and tax as a percentage of average capital employed.

Return on Equity - Profit attributable to shareholders as a percentage of average shareholders' funds.

Related Parties - A person or entity that is related to the entity that is preparing its Financial Statements.

Revenue Reserves - Reserves considered as being available for distributions and investments.

Right-of-use Asset (ROU) - ROU asset is an asset that represents a lessee's right to use an underlying asset over the lease term.

S

Segmental Analysis - Analysis of financial information by segments of an entity specifically, the different geographical areas in which it operates.

Shareholder's Funds - The sum of Share capital, Capital Reserves and Revenue Reserves.

T

Total Equity - Total of share capital, reserves, retained earnings and non-controlling interest.

V

Value Added - The wealth created by the operation of the company. The value is distributed among the stakeholders and the balance retained within the business.

W

Working Capital - Capital required to finance day-to-day operations, computed as the excess of current assets cover current liabilities.

NOTICE OF MEETING

Notice is hereby given that the Forty Fifth (45th) Annual General Meeting of Aitken Spence Hotel Holdings PLC will be held at No. 315, Vauxhall Street, Colombo 02 on Thursday, 30th June 2022 at 11.00 a.m., as a virtual meeting using a digital platform for the following purposes:-

1. To receive and consider the Annual Report of the Board of Directors together with the Financial Statements for the year ended 31st March 2022 and the Report of the Auditors thereon.

2. To re-appoint Deshamanya D.H.S. Jayawardena who is over the age of 70 years, as a Director by passing the following Resolution as an Ordinary Resolution:

"IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act No. 7 of 2007 shall not apply to Deshamanya D.H.S. Jayawardena who is 79 years of age and that he be re-appointed a Director of the Company."

3. To re-appoint Mr. R.N. Asirwatham who is over the age of 70 years, as a Director by passing the following Resolution as an Ordinary Resolution:

"IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. R.N. Asirwatham who is 79 years of age and that he be re-appointed a Director of the Company."

4. To re-appoint Mr. J.M.S. Brito who is over the age of 70 years, as a Director by passing the following Resolution as an Ordinary Resolution:

"IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. J.M.S. Brito who is 75 years of age and that he be re-appointed a Director of the Company."

5. To re-appoint Mr. N.J. de Silva Deva Aditya who is over the age of 70 years, as a Director by passing the following Resolution as an Ordinary Resolution:

"IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. N.J. de Silva Deva Aditya who is 74 years of age and that he be re-appointed a Director of the Company."

6. To re-elect Mr. C.M.S. Jayawickrama who retires in terms of Article 83 of the Articles of Association, as a Director.
7. To authorise the Directors to determine contributions to charities.
8. To re-appoint the retiring External Auditors, Messrs. KPMG, Chartered Accountants and authorise the Directors to determine their remuneration.
9. To consider any other business of which due notice has been given.

By order of the Board,
Aitken Spence Hotel Holdings PLC



**Aitken Spence Corporate Finance
(Private) Limited**
Secretaries

31st May 2022
Colombo

Note: Further instructions on the virtual AGM are noted on the reverse hereof.

NOTICE OF MEETING

Note:

1. In view of the prevailing pandemic conditions, this year too the Annual General Meeting of Aitken Spence Hotel Holdings PLC will be held as a virtual meeting by participants joining in person or by proxy, through audio or audio visual means in the manner specified below:

i. Shareholder participation

a) The shareholders are encouraged to appoint a Director of the Company as their proxy to represent them at the meeting.

b) The shareholders may also appoint any other persons other than a Director of the Company as their proxy and the proxy so appointed shall participate at the meeting through **audio or audio visual means only**.

c) The shareholders who wish to participate at the meeting will be able to join the meeting through **audio or audio visual means only**. To facilitate this process, the shareholders are required to furnish their details by perfecting Annexure II to the circular to shareholders and forward same to reach the Company Secretaries via e-mail to nurani@aitkenspence.lk or facsimile on +94 11 2445406 or by post to the registered address of the Company No. 315, Vauxhall Street, Colombo 02 **not less than five (05) days before the date of the meeting so that the meeting login information** could be forwarded to the e-mail addresses so provided. The circular to the shareholders will be posted to all the shareholders along with the Notice of Meeting and the Form of Proxy.

d) To facilitate the appointment of proxies, the Form of Proxy is attached hereto and the duly filled Forms of Proxy should be sent to reach the Company Secretaries via e-mail to nurani@aitkenspence.lk or facsimile on +94 11 2445406 or by post to the registered address of the Company No. 315, Vauxhall Street, Colombo 02, **not less than forty eight (48) hours before the time fixed for the meeting**.

ii. Shareholders' queries

The shareholders are hereby advised that if they wish to raise any queries, such queries should be sent to reach the Company Secretaries, via e-mail to nurani@aitkenspence.lk or facsimile on +94 11 2445406 or by post to the registered address of the Company No. 315, Vauxhall Street, Colombo 2, **not less than five (5) days before the date of the meeting**. This is in order to enable the Company Secretaries to compile the queries and forward same to the attention of the Board of Directors so that such queries could be addressed at the meeting.

2. The Annual Report of the Company for the year 2021/2022 will be available for perusal on the Company website on www.aitkenspencehotels.com, the Colombo Stock Exchange website on www.cse.lk and the social media sites of the Company.

FORM OF PROXY

I/Weof
 being a member/members of
 Aitken Spence Hotel Holdings PLC hereby appoint
of

..... (whom failing),
 Don Harold Stassen Jayawardena (whom failing),
 Mahinda Parakrama Dissanayake (whom failing),
 Don Stasshani Therese Jayawardena (whom failing),
 Chrisanthus Mohan Susith Jayawickrama (whom failing),
 Joseph Michael Suresh Brito (whom failing),
 Rajanayagam Nalliah Asirwatham (whom failing),
 Charles Humbert Gomez (whom failing),
 Niranjana Joseph de Silva Deva Aditya (whom failing),
 Gamunu Prasanna Jayasundera Goonewardena,

as my/our proxy to represent me/us, to speak and to vote on my/our behalf at the Annual General Meeting of the Company to be held on 30th June 2022, and at any adjournment thereof and at every poll which may be taken in consequence thereof.

I/We the undersigned hereby authorize my/our proxy to vote on my/our behalf in accordance with the preference indicated below:

No.	Resolution	For	Against
1	To re-appoint Deshamanya D.H.S. Jayawardena who is over the age of 70 years		
2	To re-appoint Mr. R.N. Asirwatham who is over the age of 70 years		
3	To re-appoint Mr. J.M.S. Brito who is over the age of 70 years		
4	To re-appoint Mr. N.J. de Silva Deva Aditya who is over the age of 70 years		
5	To re-elect Mr. C.M.S. Jayawickrama who retires in terms of Article 83 of the Articles of Association of the Company		
6	To authorise the Directors to determine contributions to charities		
7	To re-appoint the retiring External Auditors, Messrs. KPMG, Chartered Accountants and authorise the Directors to determine their remuneration		

Signed this day of June Two Thousand and Twenty Two.

.....
 Shareholder's Signature/(s)

.....
 Shareholder's NIC / Folio No.

.....
 Proxy holder's NIC No.

Note: Instructions as to completion are noted on the reverse hereof

FORM OF PROXY

INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the Form of Proxy by filling in the mandatory details required above, signing in the space provided and filling in the date of signature.
2. If the Form of Proxy is signed by an Attorney, the relative power of attorney should also accompany the proxy form for registration, if such power of attorney has not already been registered with the Company.
3. In the case of a Company/Corporation, the Form of Proxy shall be executed in the manner specified in its Articles of Association.
4. In the absence of any specific instructions as to voting, the proxy may use his/her discretion in exercising the vote on behalf of his/her appointor.
5. Duly filled Forms of Proxy should be sent to reach the Company Secretaries via e-mail to nurani@aitkenspence.lk or facsimile on +94 11 2445406 or by post to the registered address of the Company No. 315, Vauxhall Street, Colombo 2, **not less than forty eight (48) hours before the time fixed for the meeting.**

Please provide the following details (mandatory):

NIC/PP/Company Registration No. of the Shareholder/s :

Folio No. :

E-mail address of the Shareholder/(s) or
proxyholder (other than a Director appointed as proxy) :

Mobile No. :

Fixed line :

INVESTOR FEEDBACK FORM

102-21 102-33

Name (Optional) :

Address (Optional) :

Number of shares held (Optional) :

Please rate the following areas (where applicable) on a scale of 1 to 5 where 1 is the lowest to 5 being the highest

	Lowest		Highest		
	1	2	3	4	5
1. Business Development					
a) Quality and presentation of the Annual Report	☐	☐	☐	☐	☐
b) Usefulness of the information in the interim Financial Statements	☐	☐	☐	☐	☐
c) Likelihood of the financial information in the Annual Report to influence investment decisions	☐	☐	☐	☐	☐
d) Likelihood of the environmental information in the Annual Report to influence investment decisions	☐	☐	☐	☐	☐
e) Likelihood of the social information in the Annual Report to influence investment decisions	☐	☐	☐	☐	☐
f) Satisfaction with the risk management strategies of the Company	☐	☐	☐	☐	☐
2. Corporate Communication					
a) Quality of Group communications appearing in traditional media (newspapers, radio, television)	☐	☐	☐	☐	☐
b) Quality of Group communications appearing in emerging and new media (social media, web)	☐	☐	☐	☐	☐
c) Satisfaction with the frequency and volume of Group communications appearing in mass media channels (newspapers, radio, television)	☐	☐	☐	☐	☐
d) Accessibility and availability of information related to the Group in mass media channels	☐	☐	☐	☐	☐
e) Quality of service and information provided at stakeholder contact channels (web, general line, front office/ reception)	☐	☐	☐	☐	☐
f) Satisfaction with the contact channels available for queries and feedback	☐	☐	☐	☐	☐
3. Human Resources					
a) Satisfaction with the conduct of employees	☐	☐	☐	☐	☐
b) Competency of employees based on your recent interactions	☐	☐	☐	☐	☐
c) Access to HR related information	☐	☐	☐	☐	☐
4. Sustainability					
a) Satisfaction with the strategies developed for economic sustainability	☐	☐	☐	☐	☐
b) Satisfaction with the commitment of the Group towards environmental conservation	☐	☐	☐	☐	☐
c) Satisfaction with the commitment of the Group towards social empowerment and community development	☐	☐	☐	☐	☐
d) Ethical conduct of the Group in business activities	☐	☐	☐	☐	☐

INVESTOR FEEDBACK FORM

Please tick more than one where applicable:

5. What areas of the following business activities are you interested in receiving more information regarding via Group communications?

- | | |
|-------------------------------|--------------------------|
| a) Sustainability initiatives | ☐ |
| b) Reporting processes | ☐ |
| c) Internal operations | ☐ |
| d) New business initiatives | ☐ |

6. What channels of communication are preferred when receiving Group related information?

- | | |
|---------------------|--------------------------|
| a) Web | ☐ |
| b) Newspapers | ☐ |
| c) Electronic media | ☐ |
| d) Social media | ☐ |
| e) Mobile | ☐ |

7. Out of the following, what areas of sustainability do you feel Aitken Spence Hotels should focus more on?

- | | |
|-------------------------------|--------------------------|
| a) Energy | ☐ |
| b) Water | ☐ |
| c) Biodiversity | ☐ |
| d) Waste management | ☐ |
| e) Resource efficiency | ☐ |
| f) GHG emission reduction | ☐ |
| g) Social empowerment | ☐ |
| h) Infrastructure development | ☐ |
| i) Education | ☐ |

The completed Feedback Form could be e-mailed to info@aitkenspence.lk or posted to the registered address of the Company at No. 315, Vauxhall Street, Colombo 02, Sri Lanka.

