

MULTIPLICITY

DESTINATIONS. EXPERIENCES. VALUE.



Aitken Spence Hotels

AITKEN SPENCE HOTEL HOLDINGS PLC | ANNUAL REPORT 2022/23



MULTIPLICITY

DESTINATIONS. EXPERIENCES. VALUE.

Over the years, Aitken Spence Hotels has crafted and honed a spirit of multiplicity - delivering multiple destinations and multifaceted experiences that far transcend our stakeholders' needs and expectations. Our strong presence across diverse geographies, our dynamic people, our visionary strategies and a relentless passion for excellence have long strengthened our journey - empowering us to remain resilient even amid extremely turbulent times in our history.

The report you now hold outlines how your company continued to extend augmented value to its stakeholders - thereby enabling them to advance against all odds during the year under review.

Today, as we embark into the future, we're harnessing the knowledge we have gained over the years to open windows to a world of opportunity, and help you experience the best that the world has to offer.

A Spirit of Multiplicity.

Aitken Spence Hotels

Sri Lanka



Heritage Kandalama



Heritage Tea Factory



Heritage Negombo



Heritage Ahungalla



Total Assets*

LKR 22.5 Bn

100%

YoY Revenue Increase*

Total Employees*

1,334



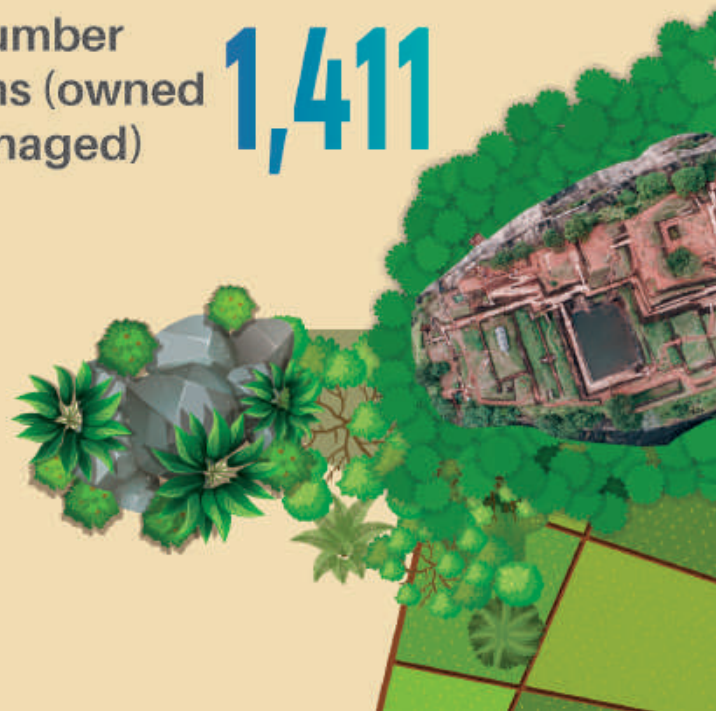
210



Total Number
of Rooms (owned
and managed)

1,411

* Owned properties only

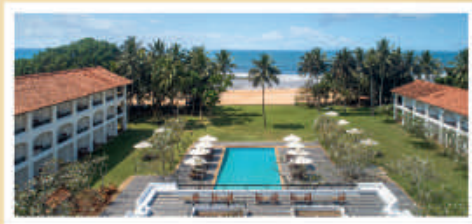




Turyaa Kalutara



Heritage Ayurveda



Amethyst Resort



Hotel RIU Sri Lanka



Earl's Regency



Maldives



Heritance Aarah



Adaaran Club Rannalhi



Total Assets

LKR 63.9 Bn

82%

YoY Revenue Increase



Adaaran Select Meedhupparu



Adaaran Select Hudhuran Fushi



Total Number of Rooms

735

Total Employees

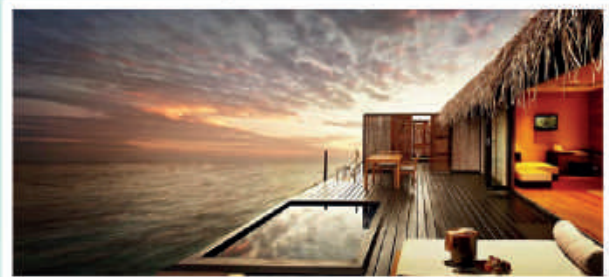
1,188



62



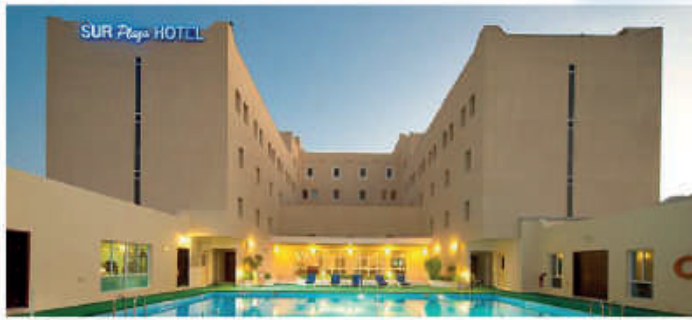
Adaaran Prestige Vadoo



Al Fala] Hotel



Sur Plaza Hotel



Total Assets*

LKR 14.1 Bn

95%

YoY Revenue Increase*



Desert Nights Camp



Total Employees*



* Owned properties only



Total Number
of Rooms
(owned and
managed)

341

India



Total Assets

LKR 7.4 Bn

YoY Revenue Increase

232%

Turyaa Chennai



Total Employees

97 **10**

Total Number
of Rooms

140

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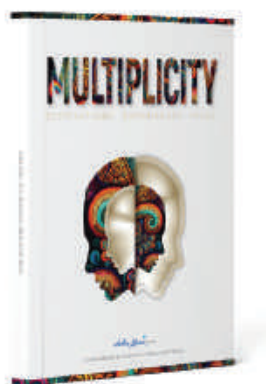
A WORLD OF OPPORTUNITY

OVERVIEW

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ABOUT THIS REPORT

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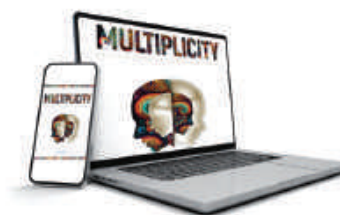


This is the 12th Integrated Annual Report of Aitken Spence Hotel Holdings PLC (ASHH), which provides a comprehensive and balanced review of the Group's performance for the financial year ended 31st March 2023. Care has been taken to make the report concise while covering all material aspects relating to the Group's performance including the operating landscape, strategy, performance, governance, risk management and outlook. This Report is primarily intended for the Group's shareholders but also includes information that is relevant to other internal and external stakeholders as well. We adopt an annual reporting cycle, and this Report builds on the Group's previous report for the financial year ended 31st March 2022.

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 2022 to 31st March 2023. The reporting boundaries for both financial and non-financial information are aligned and extends to include developments in the external environment and along the Group's value chain.

Accordingly, the financial statements and non-financial 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.



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

Our Annual Report is also available online, Please visit our website at <https://www.aitkenspencehotels.com> to access the report

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 Companies Act No. 7 of 2007	Integrated Reporting <IR> Framework of the International Integrated Reporting Council (including revisions published in January 2021)	"In Accordance" with GRI Standards published by the Global Reporting Initiative ESG Reporting Guidelines issued by the Colombo Stock Exchange	Listing Rules of the Colombo Stock Exchange and subsequent revisions to date 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 have been provided by Messrs. KPMG and is available on pages 146 to 149 of this Report. The Group has obtained external assurance on sustainability reporting from Messrs. Ernst & Young. The opinion of the above is given on pages 272 to 275.

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 287 to 288. Our contact details are,

Email: info@aitkenspence.lk

Group Business Development Unit - Aitken Spence PLC

BOARD RESPONSIBILITY

The Board of Directors of Aitken Spence Hotel Holdings PLC has reviewed and approved the publication of this Annual Integrated Report for the financial year ended 31st March 2023. We confirm that the Report addresses all relevant material matters and fairly represents the Group's integrated performance. We also confirm that the Report has been prepared in accordance with the guidelines of the <IR> Framework.

Navigation Icons					
CAPITALS					
Financial Capital	Manufactured Capital	Human Capital	Social and Relationship Capital	Intellectual Capital	Natural Capital
STAKEHOLDERS					
Investors	Business Partners	Customers	Employees	Government & Regulators	Communities

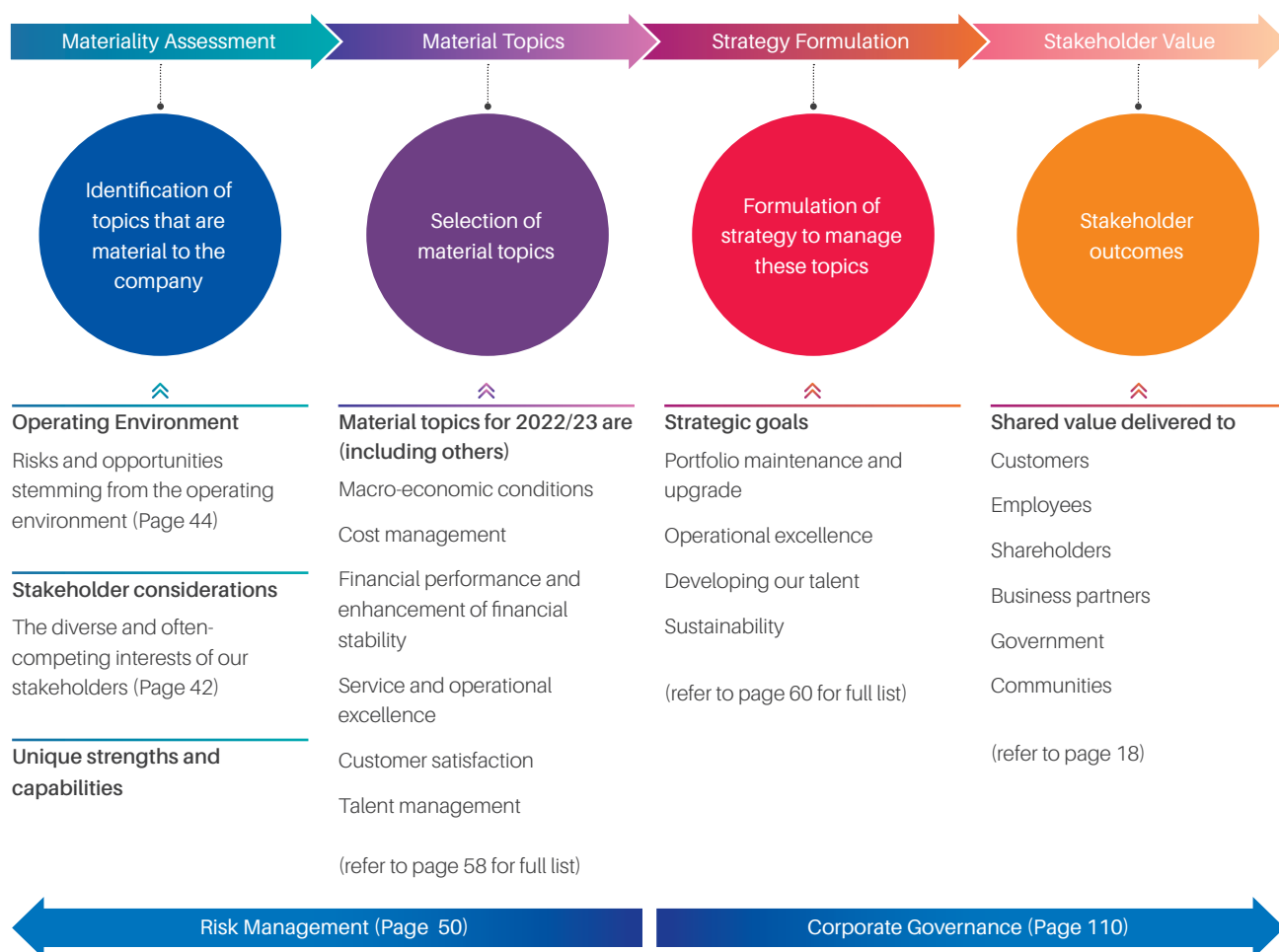
ABOUT THIS REPORT

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APPROACH TO INTEGRATED REPORTING

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

INTEGRATED APPROACH



REPORTING IMPROVEMENTS

- Independent Assurance from M/S. Ernst & Young was obtained for nonfinancial information presented in this report
- There are no restatements of information reported from the previous annual report.

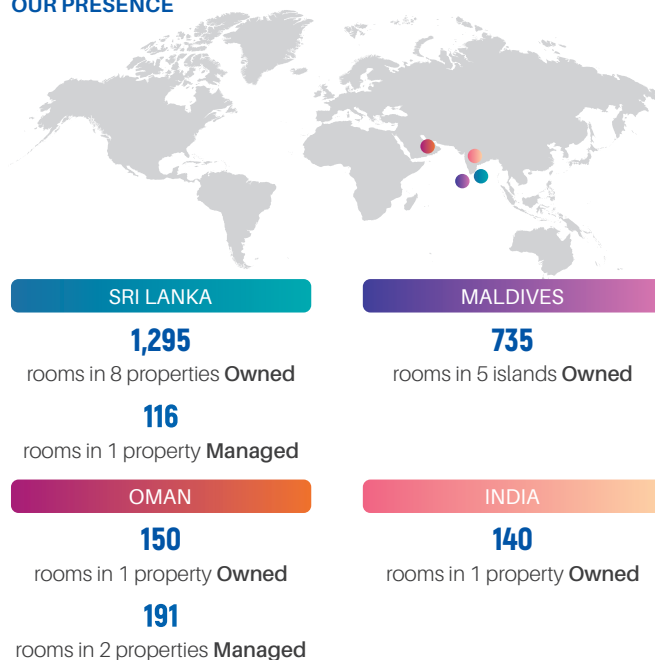
ABOUT US

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Aitken Spence Hotel Holdings PLC is one of the Sri Lanka's largest hotel operators with 15 owned properties and 3 managed properties spread over 4 countries with 9 iconic hotels in Sri Lanka and 5 island resorts in Maldives and one of the earliest hoteliers to move into Oman, the Group now has 3 properties in this emerging tourist destination. The Group also owns a business hotel in Chennai, India creating a presence in a rapidly growing destination. Properties owned and managed by the Group are iconic, situated in stunning locations that offer an array of diverse experiences to discerning travellers. All properties within the Group are renowned for their high standards of hospitality, service, cuisine, customer care and sustainability.

Our hotels in Sri Lanka, the Maldives, Oman, and India embody a multidimensional nature. They embrace the culture, environment, and people of each location. Environmental harmony is paramount, as our hotels strive to minimize their impact and preserve the natural beauty. We offer immersive experiences while leaving a positive footprint through environment and community initiatives.

OUR PRESENCE



Sri Lanka

Heritage Kandalama
Heritage Ahungalla
Heritage Tea Factory
Heritage Ayurveda
Heritage Negombo

Maldives

Heritage Aarah



Maldives

Adaaran Prestige Vadoo
Adaaran Select Meedhupparu
Adaaran Select Hudhuran Fushi
Adaaran Club Rannalhi



VISION

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.



VALUES

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

STRATEGIC ALIGNMENT TO SUSTAINABLE DEVELOPMENT GOALS



Carbon Footprint - **37,437** tCO₂e

Water Footprint - **717,252** m³

Waste Footprint - **1,209** MT

Conservation Area - **211** acres



Sri Lanka

Turyaa Kalutara

India

Turyaa Chennai



Sri Lanka

Amethyst Resort
Earl's Regency*



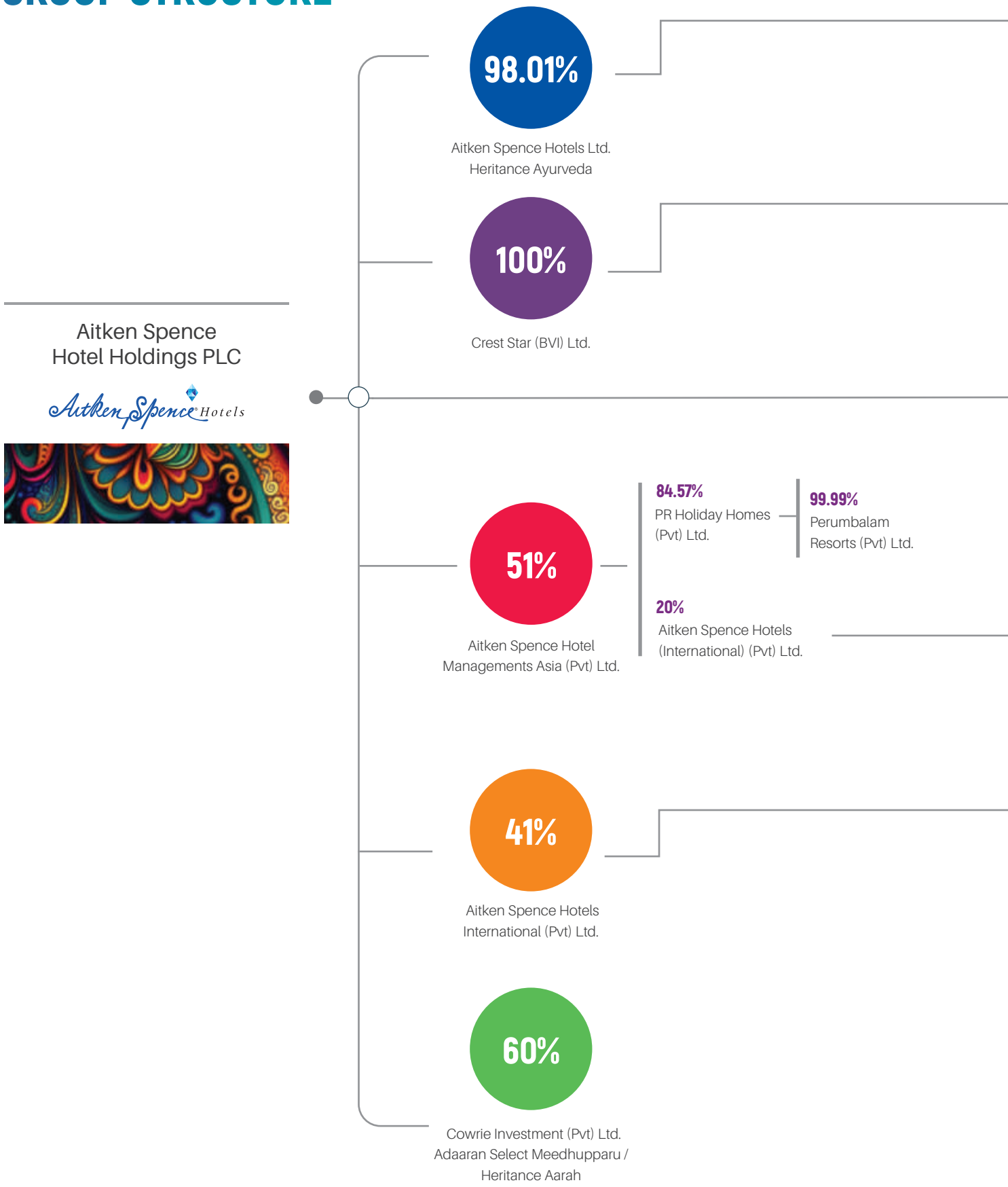
Hotel RIU Sri Lanka

Oman

Al Falaj Hotel
Desert Nights Camp*
Sur Plaza Hotel*

* Managed Properties

GROUP STRUCTURE



100%

Heritance (Pvt) Ltd.

63%Kandalama Hotels (Pvt) Ltd.
Heritance 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**0%**(One share)
Ace Resorts (Pvt) Ltd.
Raafushi Island**99.99%**Aitken Spence Hotel
Services (Pvt) Ltd.**0.01%**(One Share)
Aitken Spence Hotel
Managements South
India (Pvt) Ltd.
Turyaa Chennai**83.40%**Aitken Spence Hotel
Managements South India
(Pvt) Ltd.
Turyaa Chennai**0%**(One share)
Perumbalam Resorts
(Pvt) Ltd.**100%**Aitken Spence Resorts (Middle East) LLC
Al Falaj Hotel**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.
Heritance Negombo**16.60%**

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

94.44%

Hethersett Hotels Ltd. - Heritance 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)

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

0%

(One Share)

Unique Resorts (Pvt) Ltd. - Adaaran Prestige Vadoo

KEY MILESTONES

1996



**1973
INCORPORATES
AITKEN SPENCE
HOTELS LTD.**

2005



**1978
INCORPORATES
AHUNGALLA
HOTELS LTD.,
AS A PUBLIC
QUOTED
COMPANY.**

2016



**1981
COMMENCES
COMMERCIAL
OPERATIONS
OF TRITON
HOTEL WITH
126 ROOMS.**

2020



**1986
TRITON HOTEL
IS AWARDED
5-STAR STATUS.**

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 its 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.

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.

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

- Heritage 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 - 'Heritage 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 Heritage 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 'Heritage 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 'Heritage' property overseas, with the introduction of Heritage Aarah.

2020

- Heritage Aarah, the newest jewel in the Group's portfolio, commences commercial operations.
- Heritage 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.

2022

- LKR 48 Mn investment in a 6.5% increase for the expansion of the conservation area surrounding Heritage Kandalama

GROUP PERFORMANCE HIGHLIGHTS

FINANCIAL HIGHLIGHTS

Performance for the Year ended 31st March		2023	2022	Change
Gross Revenue	Rs. '000	46,059,884	24,570,780	87%
Earnings Before Interest, Tax, Depreciation & Amortization (EBITDA)	Rs. '000	12,696,685	7,713,631	65%
Group Profit Before Tax	Rs. '000	1,644,950	1,946,659	-15%
Group Profit After Tax	Rs. '000	46,809	1,034,305	-95%
Group Profit/(Loss) Attributable to Equity Holders of the Parent Company	Rs. '000	(287,893)	623,542	-146%
Earnings Per Share (EPS)	Rs.	(0.94)	1.85	-151%
Depreciation, Amortization & Impairment	Rs. '000	5,385,799	3,433,486	57%
Cost of Finance - On Financial Liabilities	Rs. '000	4,834,909	1,663,690	191%
- On Lease Liabilities	Rs. '000	975,064	615,143	59%
Interest Cover	Times	1.35	1.95	31%
Return on Equity	%	(1.57)	3.51	145%
Position as at the Year ended 31st March				
Total Assets	Rs. '000	107,951,564	101,639,730	8%
Long Term Interest Bearing Liabilities**	Rs. '000	50,341,589	52,244,329	-4%
Total Equity**	Rs. '000	30,015,271	27,976,058	7%
Number of shares in issue	Number	336,290,010	336,290,010	0%
Net Assets Per Share	Rs.	62.08	58.60	6%
Gearing - Debt/(Debt+Equity)	%	62.65	65.13	-4%
Debt/Total Assets	%	46.63	51.56	-10%
Current Ratio*		0.66:1	0.79:1	-16%
Quick Asset Ratio		0.59:1	0.63:1	-6%
Market / Shareholder Information as at year ended 31st March				
Market Price Per Share (Closing Price)	Rs.	59.90	35.50	69%
Market Capitalization	Rs. '000	20,143,772	11,938,295	69%
Price Earnings Ratio	Times	(63.72)	19.19	-432%
Value Added for the year ended 31st March				
To Government	Rs. '000	6,506,273	2,734,795	138%
To Employees	Rs. '000	7,957,453	4,242,700	88%
To Providers of Capital	Rs. '000	6,144,675	2,689,596	128%
To Shareholders	Rs. '000	-	-	-
Retained for Reinvestment and Future Growth	Rs. '000	5,097,906	4,057,074	26%
Total Value Added	Rs. '000	25,706,307	13,724,165	87%

* Current Assets 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.

OPERATIONAL HIGHLIGHTS

		2022/23	2021/22	Change
 Human Capital	Total Employees	2,989	2,943	46
	Sri Lanka	1,544	1,496	48
	Maldives	1,250	1,239	11
	India	107	122	(15)
	Oman	88	86	2
	Value Added Per Employee (LKR Mn)	2.66	1.44	1.22
	Training Hours	88,662	52,933	35,729
	Retention Rate (%)	58	68	(10)
 Manufactured Capital	Room Inventory (No)			
	Owned	2,320	2,324	(4)
	Managed	307	502	(195)
	Capital Expenditure (LKR Mn)			
	Capacity Enhancement	205	-	205
	Product Enhancement	640	76	564
 Social and Relationship Capital	Business Partners (No)			
	Tour Operators	842	789	53
	Registered Travel Agents	1,623	1,687	(64)
	Registered Corporate Clients	1,130	970	160
	Country Representations	17	14	3
	No. of Suppliers	1,010	900	110
	Payment to Local Suppliers (LKR Mn)	21,639	9,486	12,153
	Employees from Local Community (%)	41	32	9
 Intellectual Capital	Guest Satisfaction Rate (%) (Owned properties)	91.66	90.03	1.63
	Certifications (No)	27	36	(9)
	Average Length of Service of an Employee (Years)	5.51	6.65	(1.14)
	Awards Received (No)	87	67	20
 Natural Capital	Carbon Footprint (tCO ₂ e) - Scope 1 & 2	37,437	32,905	4,532
	Carbon Footprint Per Guest Night (kgCO ₂ e)	45	47	(2)
	Energy Consumption (GJ)	388,599	344,350	44,249
	Energy Consumption Per Guest Night (MJ)	471	488	(17)
	Water Consumption (m ³)	717,252	639,029	78,223
	Water Consumption Per Guest Night (litres)	870	905	(35)

CHAIRMAN'S REVIEW

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Dear Shareholder,

The Group, recorded 87.5% growth in turnover (Rs. 46.1 Bn in 2022/23 vs. Rs. 24.6 Bn in 2021/22) and a 70.8% growth in profits from operations (Rs. 7.3 Bn in 2022/23 vs. Rs. 4.3 Bn in 2021/22), during the financial year ending on the 31st March 2023. Our Group managed to achieve these creditable results despite the challenges posed by global macro factors, as well as the economic and social crisis that prevailed domestically during the first half of the year.

As the Hotels sector is a capital-intensive industry, the steep rise in interest rates had an adverse impact, as AWPLR increased from 9.47% in March 2022 to 27.89% in November 2022, declining thereafter to

22.42% by March 2023. The sound Profit from operations made by the Group's strategically diversified hotels portfolio managed to withstand the higher finance cost. The Group reported a profit before tax of Rs. 1.6 Bn for the year (vs. Rs. 1.9 Bn in 2020/21) and a post-tax profit of Rs.46.8 Mn (vs. Rs. 1.0 Bn 2021/22).

The Finance costs increased by 155% although borrowings were managed at a mere 3% increase above the previous year, indicating the impact of the interest rate spike on businesses. Impact of increase in Interest rates, during the year, combined with the impacts of travel advisories, increased taxation, wage pressures and inflation was severe. The impact of

tightening monetary policy and fiscal policy is evident as increased interest rates and taxation eroded EBIT of Rs.7.3 Bn to a mere Rs.46.8 Mn.

The South Asia and Middle East sector improved profitability by 47% but the losses of the Sri Lankan sector almost doubled due to increased interest rates and taxation, offsetting the gains in other markets.

We are now attracting tourists back to Sri Lanka with online and other promotions and the results have been encouraging. The effectiveness of policy measures to curb inflation and interest rates are encouraging and need to maintain course to support recovery of business performance and economic growth.

A GLOBAL VIEW

The global tourism industry has made significant progress in its recovery since the height of the COVID-19 pandemic. According to the UNWTO, during 2021, the industry was operating at 30% (International tourist arrivals), improving thereafter to 65% by 2022, in comparison to pre-pandemic numbers.

Strong recovery is indicated for 2023, with arrivals reaching 80% of pre-pandemic levels as of quarter one. South-Asia shows an improved resurgence in the first quarter of 2023, reflecting an 83% recovery vis a vis the quarter one of pre-pandemic volumes.

Despite divergent recoveries in regions, the growth in the Middle East is one to note as it is the only region that recorded a positive growth vs the pre-pandemic numbers improving by 17% in the first quarter of 2023.

The Airline seat capacity and passenger demands, have recovered to 80% of the pre-pandemic numbers, in the first quarter of 2023. Both indicators being very crucial to outline the comeback of international travel.

SPEARHEADING RECOVERY IN SRI LANKA

Sri Lanka's tourism industry growth momentum picked up in the first quarter of 2022 but halted soon after as social unrest gave way to political instability by the end of March 2022. The country's depleting foreign exchange reserves led to a shortage of essentials, energy and fuel in the first quarter of the financial year. The ensuing protests led to the resignations of the Prime Minister and the President and the appointment of a new President to serve the remainder of the term. The negative media exposure and travel advisories negatively impacted the tourism industry, resulting in another setback for the industry. Domestic tourism was also affected during this time as fuel shortages and rising inflation deterred travel as purchasing power of people declined. Increasing inflation, interest rates and taxation made for extremely difficult operating conditions exerting pressure on profitability. Recruitment of skilled

employees has been a significant challenge due to economic migration compromising the retention of staff.

Whilst noting the strains faced by the industry, the recovery in the first four months of 2023 is encouraging as tourist arrivals picked up by 26% over the same period in 2022. Inflation and interest rates also commenced a slow but downward trend, however the rates are well above normal levels.

OVERSEAS SECTOR

India and Maldives sectors recorded a strong recovery for tourist arrivals with an annual increase of four-fold and 27% respectively in 2022. Turyaa Chennai is positioned as a business hotel and benefits from both the increase in international and domestic tourism. This hotel was able to record its first profit during the year under review. Excellence in cuisine and warm hospitality make it an ideal stay for business and leisure travelers alike.

ASHH is one of the largest resort operators in the Maldives and is active in promoting the destination through its marketing channels. Heritance Aarah, positioned as the premier product of the Group in the Maldives, and other hotels operating under the Adaaran brand performed well, despite the increasing bed capacity as guest houses ramped up inventory. The sectors' culinary teams have excelled, winning multiple awards at national and international levels, ensuring visibility of the strong customer value proposition.

Oman is seeking to enhance its tourism industry having articulated its Oman Vision-2040. The Group remains strategically invested in Oman, owing to its early presence in the region and strong networks to leverage on the development poised to take place in the Omani hospitality industry.

DEVELOPING SOURCE MARKETS

Our multi-channel promotional strategies, harnessing the power of data, are yielding promising results with a visible increase in

the patronization of our properties across the destinations we operate in.

The Source markets for Sri Lanka and Maldives are aligned and there are synergies in promoting the two destinations. The top four markets for both countries in 2022 have been Russia, India, UK, and Germany which account for 49.3% of tourist arrivals in Sri Lanka and 45.1% in the Maldives. China opened in the first quarter of 2023 and represents a significant opportunity for both countries. ASHH stands to reap the benefits of the significant opportunities for joint promotions across destinations in partnership with Aitken Spence Group's Destination Management Company, simultaneously offering a seamless guest experience to our valued clientele.

COMMITTED TO ESG (ENVIRONMENTAL, SOCIAL AND GOVERNANCE)

ASHH is an early champion of sustainability and has remained committed to broadening the scope of the agenda even during the past 4 years which were difficult ones for the industry. Every property has done multiple projects to enhance the sustainability of our offering even during the year under review, managing our impacts even as we picked up the pace in activity. I am encouraged by the innovative efforts of our chefs to incorporate local cuisine made from local produce into our menus, further enhancing the experience for guests while affirming the integration of sustainability into our operations.

Governance has gained increasing attention the world over with the growing realization that ESG must be driven by the Board with accountability for managing impacts and resource allocation. The ASHH Board has already taken significant steps in the right direction. Governance is further emphasized with the "Spensonian" Employee Code of Conduct which covers its stance on anti-bribery and corruption setting out its whistleblowing and grievance reporting mechanisms for employees. Introduced at orientation and reinforced with action and

CHAIRMAN'S REVIEW

awareness, the Code serves to shape the culture at the ASHH Group. A framework of ESG policies strengthens the environmental and social aspects ensuring that we manage our impacts on people and the planet as we pursue sustainable profits and returns to stakeholders.

LOOKING AHEAD

Recovery in the first 4 months of 2023 has been encouraging although the country's debt restructuring remains to be finalized. The approval of the IMF Extended Fund Facility and the first disbursement has eased foreign exchange pressures along with the narrowing of the external account deficit as import restrictions remained in place. While declining exports are a concern, the uptick in worker remittances and the tourism industry have supported foreign exchange liquidity.

There is more to be done to unlock the true potential of Sri Lanka as a desired destination for travel. The diversity of experiences offered on this small island are yet to be explored and commercialized in a sustainable manner. The combination of a rich natural, cultural and spiritual heritage offers any traveller a myriad of options.

It is worth noting that the private sector has been the backbone of tourism in the country and that it has contributed significantly to foreign exchange inflows in the country. It also provides direct and indirect employment to over 350,000 Sri Lankans. Accordingly, it is only fitting that key private sector stakeholders are engaged and consulted in matters of policy affecting the industry. As the industry is emerging from 4 years of extreme adverse impacts, the government must consider the business case of supporting the industry with meaningful change in policy and other interventions with due process, engaging the key stakeholders.

Retaining trained employees has been the main challenge for the industry in Sri Lanka as the economic crisis exacerbated interest in employees seeking overseas employment. Attracting youth and training them to create talent pools is a key imperative for the sector, particularly as many have a negative view of the sector due to the recent industry stress. Nevertheless, efforts must be taken to attract talented people into the sector, supporting growth aspirations.

Sustainable tourism must be the baseline for building experiences and managing operations as the world cannot afford to ignore the climate challenges any longer. The industry has long supply chains with large carbon footprints and every effort must be made to reduce further impacts. Two decades of integrating sustainability into our business model has demonstrated that there is more to be done as we uncover the waste and inefficiencies in existing processes, focusing both on the big picture as well as the intricate detail.

The Group will continue its evolution by diversifying through identified opportunities and managing its exposure to strengthen the resilience of our business.

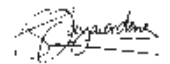
APPRECIATIONS

Operating in a people centric business, our associates are the frontline and make the difference between a positive or negative guest experience. I extend my profound appreciation to each team member for their tireless efforts to ensure that they uphold the highest standards of hospitality, whilst enhancing the guest experience through service excellence, to ensure our rankings remain high. I commend and thank the Board of Directors, Deputy Chairman, the Senior and Corporate Management teams of the hotel sector for their agile and able leadership, commitment and prudence

as we managed the many obstacles and challenges that came our way. Our business partners have supported us to develop source markets and elevate our guest experiences and we are appreciative of their valuable insights and support. Finally, I thank our shareholders for your unwavering trust and support extended through the volatile years and I look forward to your continued support.



Deshamanya D.H.S. Jayawardena
Chairman



Ms. D.S.T. Jayawardena
Executive Director

06th June 2023

MANAGING DIRECTOR'S REVIEW



REVENUE

LKR 46.1 Bn

87.5% YOY 

EBIT

LKR 7.3 Bn

70.8% YOY 

MANAGING DIRECTOR'S REVIEW

Dear Stakeholders,

Aitken Spence Hotel Holdings PLC recorded a mixed performance across the Sri Lanka and Overseas segments reflecting the astute foresight underlying the Group's diversification across countries and regions. ASHH Group recorded top line growth of 87.5% to LKR 46.1 Bn, with both sectors contributing proportionately to growth over the previous year. Earnings before interest and taxation (EBIT) also improved by 70.8% to LKR 7.3 Bn reflecting the progress made during the year. This enabled the Group to deliver a profit before tax of LKR1.6 Bn for the financial year 2022/23 as we navigated an extremely challenging year in Sri Lanka, which is also our largest sector in terms of capacity. The impact of taxation was keenly felt as the charge for the year of LKR1.6 Bn reflects the increase in rates for the current year as well as the impact on deferred tax balances. This reduced profit after tax to LKR 46.8 Mn, significantly below the LKR 1,034 Mn recorded in 2021/22.

ON RECOVERY MODE

Recovery of the global tourism industry picked up pace during the year as nearly all countries relaxed travel restrictions in 2022 with China being a notable exception as it maintained its zero-COVID policy till December 2022. Alongside this recovery, the industry faced challenges in terms of a shortage of skilled personnel to support its expansion post-pandemic, resulting in increased pressure on employee costs and benefits. Moreover, there has been a notable expansion in room inventory observed in countries like India, Maldives, and Oman, signalling a positive long-term outlook for the industry. With the global economy and inflation showing moderation, competition is intensifying both globally and within each country, as tourists become more price-sensitive. As always, there are captivating travel trends to explore, particularly in markets with diverse options, which will provide opportunities for differentiation and positioning across various source markets and customer segments based on their profiles.

Airline seating capacity increased, providing the vital link for growth of the industry. As airlines return to profitability, we expect seating capacity to increase further, improving connectivity with source markets as this is a key factor in travel decisions.

Growth of the informal sector is a concern, particularly as there is widening range on offer. While there may be some benefits that accrue to the formal sector from its growth, the potential to threaten the sustainability of the destinations through uncontrolled growth and overcrowding is a significant threat. It is necessary to manage this threat with foresight rather than after irreversible damage is done to fragile ecosystems, endangering endemic species of flora and fauna.

MAKING IT HAPPEN

Stakeholder engagement is key to accelerating recovery. True understanding of segmented customer needs will enable strengthening the value proposition for customers. Gaining a deep understanding of the distinct needs of segmented customers will help to enhance the value proposition offered to them. By understanding the concerns and priorities of supply chain partners, the true value of these relationships can be unlocked, facilitating increased market penetration in existing source markets and the exploration of new source markets.

I am pleased to report that ASHH has worked on both aspects to grow the top line in offering multidimensional propositions within its portfolio catering to the specific demands of diverse source markets working with leading operators in the country and the world.

We are witnessing a noticeable trend of increased online bookings, with this channel emerging as a rapidly growing avenue. Moreover, travel agents are actively employing online marketing strategies to attract and engage customers. Another noteworthy observation is the heightened reliance on tour operators and travel agents, driven by the prevailing high levels of

uncertainty. Interestingly, tourists are now more inclined to travel without adhering strictly to traditional seasonal patterns, thereby disrupting the industry's seasonality, potentially leading to positive outcomes.

A new segment has surfaced in the form of "workation," where individuals combine work and vacation. This segment has emerged in the post-pandemic era, capitalizing on the adoption of hybrid work models. Workation travelers prioritize excellent internet connectivity and well-equipped workspaces to seamlessly continue their work while enjoying their vacation. Notably, they tend to be long-term guests. To cater to this growing trend, all ASHH hotels have introduced a one-month package, to support and accommodate workation travelers.

The revenue optimization strategies outlined in the report were implemented throughout the year to optimize yield and websites were enhanced to provide information on our offering to potential travellers. Additionally, the Group actively engaged in international travel and tourism fairs and exhibitions, establishing new connections, and enhancing our visibility within the industry.

SECTOR INSIGHTS

Sri Lanka Sector

As highlighted in the Chairman's message The tourism sector in the country experienced significant challenges due to the social unrest that prevailed in the first half of the financial year. However, these challenges presented an opportunity for Sri Lanka to become an affordable destination, as the devaluation of the rupee extended vacation budgets. As mentioned earlier, ASHH collaborated with supply chain partners to create innovative offerings tailored to specific market segments, which contributed to top-line growth. Domestic tourism played a significant role in occupancy, with 41% attributed to promotions conducted in the local market. The second half of the financial year saw a resurgence in international tourism as

stability was restored. Russia emerged as a key market, supported by scheduled flights and charters, while India, UK, and Germany also showed growth. Operationally, the sector faced various challenges throughout the year, with talent retention being particularly difficult due to economic migration triggered by the crisis.

The sector doubled its top line to LKR 5.5 Bn in 2022/23 with strong support from domestic tourism, the devaluation of the rupee and improved international tourist arrivals towards the latter half of the year. The sector was able to reduce its losses at EBIT level to LKR 447 Mn. However, finance costs increased by over 200% to LKR 1.78 Bn compared to LKR 538 Mn in the previous year. Additionally, losses from equity investees also increased by more than 75% to LKR 398 Mn. Consequently, the sector made a loss of LKR 2.4 Bn pre-tax and LKR 3.7 Bn post tax reflecting the severity of impact of rising interest rates and taxation.

OVERSEAS SECTOR

Maldives

Tourist arrivals in Maldives increased by 27% in 2022, consolidating its recovery. Competition intensified in the country as the bed capacity increased by 20% as the number of operational resorts and guesthouses increased. Guest Houses account for 24% of total bed capacity in the Maldives compared to 16% in 2021 reflecting strong growth of this category while the share of operational beds in the resort category declined from 75% to 68% reflecting structural changes in the market. The average occupancy improved despite the increase in capacity. The top 4 source markets were the same as Sri Lanka, Russia, India, UK and Germany. Overcrowding is emerging as a potential issue in the Maldives and the government may wish to consider strict regulations to promote sustainable tourism.

ASHH is one of the largest operators in the Maldives with a portfolio of 5 properties. Occupancy picked up with average occupancy rates improving from 69% to 73% during the year despite increasing competition. Operational costs increased due to inflation, energy, and wages as economic growth moderated.

Oman

The Middle East is the only region to record growth above pre-pandemic levels by the end of the year as other regions still lag and are forecast to be slightly behind even by the close of 2023. The country's Vision 2040 statement sets out the government's intention to grow the tourism industry from US\$ 3 Bn in 2019 to US\$ 22.5 Bn by 2040, equivalent to between 5-10% of the country's GDP. As a result, international players have entered the market with new infrastructure, intensifying competition, particularly on price. Renowned for superior cuisine, the food & beverage offering has been a key strength for this sector. The main source markets for Oman were UAE, India and Germany.

India

India, being the world's 5th largest economy and the most populous country, boasts a robust economic outlook that positions it among the fastest-growing nations globally. Its active participation in numerous global forums has garnered increased interest in its market. With a rich cultural heritage and diverse climate, India offers a plethora of experiences for discerning travelers to explore and enjoy.

India recorded 6.2 Mn international tourist arrivals, a four-fold growth over 1.5 Mn arrivals in 2021. A vibrant domestic tourism industry also drives growth in the sector. The growth scenario saw an influx of business visitors supporting improved occupancy at Turyaa Chennai which recorded a high year-round occupancy and delivered a profit for the very first time since inception.

OVERSEAS SECTOR PERFORMANCE

The Overseas sector recorded turnover growth of 86% to LKR 40.5 Bn in 2022/23 buoyed by the growth in Maldives and India. EBIT increased by 62% to LKR 7.76 Bn reflecting pressure on margins, particularly in Maldives. Interest costs increased by 131% to LKR 4.03 Bn as LIBOR moved up on foreign currency borrowings. The sector recorded pre-tax earnings of LKR 4.06 Bn in 2022/23 due to improved occupancy rates. The Maldives portfolio was reviewed and the Raafushi Island was disposed to manage exposure in the Maldives. The sector recorded post tax earnings of LKR 3.75 Bn which cushioned the impact of losses from the Sri Lankan sector.

PEOPLE

The industry is currently grappling with a scarcity of skilled talent, primarily caused by the opening of new markets and the expansion of resort and room inventory. Although the Hotel sector has traditionally offered opportunities for globally mobile careers, the rapid outflow of talent to other markets poses a significant challenge, particularly in Sri Lanka.

ASHH operates two hotel schools supported by Heritage Ahungalla and Heritage Kandalama and these graduated 70 students during the year, many of whom were absorbed in to the group hotels. While this supplemented the talent pools, it was insufficient to meet the demand, exerting pressure on employee costs and retention. Both sectors carried out 88,662 hours of training supported by online and face-to-face learning. Additionally, the Aitken Spence School of Management (ASSM) played a key role assessing the training needs for roles above executive level and arranged for appropriate training. ASHH will continue to invest in strengthening training to ensure that high standards are maintained throughout the Group.

MANAGING DIRECTOR'S REVIEW

OUTLOOK

The outlook for 2023 is challenging despite a forecast growth of 30% in international tourist arrivals. The pickup in Sri Lanka over the past 4 months has been encouraging although with depressed pricing, Maldives continues to be a strong sector, however challenged with pricing due to competition from the region, high airline passage cost and the global recession. India's turnaround needs to be consolidated and improved. Our dedicated team is currently implementing plans to enhance our online marketing efforts. We need to redouble our attempts to develop new source markets, leveraging our strong networks to consolidate the fragile growth in Sri Lanka and sustain momentum in the overseas sectors. Catering to travel trends will be key and we are planning to host bloggers and social media influencers to showcase the potential of Sri Lanka as a destination.

Ensuring the sustainability of tourism is a key consideration as we serve as custodians of the surrounding environment. It is crucial to avoid overcrowding, as we have witnessed in numerous locations and ensure that nature is preserved. Striking a harmonious balance is essential for the future of the tourism sector, and all stakeholders should heed this urgent call and unite in its pursuit.

Political and social stability play a pivotal role in the advancement of destinations. Favourable policies have the potential to foster substantial growth within the industry. As we expand our markets and drive development, it is crucial to implement necessary checks and balances. A concerted effort is required to ensure that sustainable principles are embraced and enforced across all sectors of the industry.

Acknowledgements

I applaud the relentless efforts of our Management Company led by the Chairperson and the MD who guided the team to a strong finish. I am grateful to the Chairman Deshamanya D.H.S. Jayawardena for his astute leadership, visionary guidance, policy direction and strategic inputs, afforded. Our business partners have collaborated with us in various ways to enhance our offering and we appreciate their insights in exploring new markets and reinvigorating traditional markets. I thank our investors for their unwavering support and look to their continued confidence in our ability to deliver performance.



Dr. M. P. Dissanayake
Managing Director

6th June 2023

BOARD OF DIRECTORS



DESHAMANYA D.H.S. JAYAWARDENA
Chairman



MS. D.S.T. JAYAWARDENA
Executive Director



DR. M.P. DISSANAYAKE
Managing Director



MR. C. M. S. JAYAWICKRAMA
Executive Director



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

BOARD OF DIRECTORS



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



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



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



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



MR. M. A. N. S. PERERA
Non-Independent, Non-Executive Director



DESHAMANYA D.H.S. JAYAWARDENA

Chairman



Appointed in May 2003

Deshamanya D.H.S. Jayawardena, recognised as an outstanding citizen for the service to the motherland, 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 and has been the Chairman of the Company since 25th April 2003.

As a visionary entrepreneur, he leads many enterprises in diverse fields to achieve great success. 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 the Chairman of the Distilleries Company of Sri Lanka PLC. He is also a director of several other listed and privately held companies in Sri Lanka and is a former Director of Hatton National Bank PLC, the largest listed bank in Sri Lanka.

Mr. Jayawardena has been appointed to lead large public sector institutions and is a former Chairman of Ceylon Petroleum Corporation and Sri Lankan Airlines (two stints).

In 2005 Mr. Jayawardena was awarded the prestigious title, "Deshamanya" in recognition of his services to the Motherland.

He is presently the Honorary Consul for Denmark and on 9th February 2010, was knighted by Her Majesty the Queen of Denmark with the prestigious honour of "Knight Cross of Dannebrog".



MS. D.S.T. JAYAWARDENA

Executive Director



Appointed in July 2014

Ms. Stasshani Jayawardena marks several milestones for Aitken Spence PLC and Aitken Spence Hotel Holdings PLC as the youngest Board Member, and the first female member on the Board. 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., 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, Western Power Company (Pvt) Ltd. She was appointed to the Board of Directors of Melstacorp PLC and Distilleries Company of Sri Lanka in September 2022.

A graduate of St. James' & Lucie Clayton College and Keele University in the United Kingdom, and Emeritus Institute of Management, Singapore - Ms. Jayawardena made waves from a young age. Ms. Jayawardena was the youngest intern to work under US Senator Hilary 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 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 recognized 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.

Ms. Jayawardena became the award recipient of the Expatriate Contribution Award - Gold category by Women in Management Maldives. The Professional and Career Women Awards Maldives 2022 presented this award to Ms. Jayawardena for her exceptional contributions and achievements in the field of Hotel & Hospitality.

Her passion remains in designing the next generation of business with the core values of integrity, sustainability, empowerment, and equal opportunities. She believes driving her business decisions by using data and technology.

BOARD OF DIRECTORS



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 U.K. 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 - Ceylon Shipping Corporation Limited.

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

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 USA (EEP) and University of Cambridge UK (EEP).

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



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-Independent, Non-Executive Director



Appointed in July 2001

Mr. Rajan Brito joined the Board of Aitken Spence PLC in April 2000, with a multi-discipline academic background and a wealth of experience from a career counting 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, an MBA 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 Holdings PLC and the Chairman of Win-Stone Group of Companies. He was the Chairman of the Tourist Hotels Classification Committee from 2018 - 2021, having sat on the committee as a member since 1998, and was a key member of the team which drafted the Tourist Hotels' Classification Criteria/Guideline Standards for hotels in Sri Lanka. As the head of the Tourist Hotels Classification Committee, he was involved in drafting guidelines for land and ocean-based tourist diversions covering experiential and nautical tourism as well as for Heritage hotels and Eco Lodging accommodations. He also introduced qualitative aspects of considering hotel branding as an important element that ensures a certified level of quality to the guest thereby, creating value and enhancing the overall image of the property and destination.

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, which was 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 Republic of 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 food that have evolved over the past 2,500 years and has founded "Ceylon Food Trails", which is his newest culinary travel venture where he promotes remote villages and unique Sri Lankan food that are found in villages along the untrodden paths of the country.

**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 the 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 and the Lakshman Kadirgamar Institute of Strategic Studies.

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

BOARD OF DIRECTORS



MR. N.J. DE SILVA DEVA ADITYA

Independent Non-Executive Director



Appointed in July 2010

The Honourable N. J. de Silva Deva Aditya (Nirj Deva) DL FRSA, Presidential Envoy of Sri Lanka to the EU and the Commonwealth of 56 Nations and Senior Advisor to the President of Sri Lanka, former Member of Parliament in the British House of Commons and Member of the European Parliament, joined the Board of Directors of Aitken Spence 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 million, 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 billion 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 <http://www.commonwealthunion.com> the global media platform, the first Commonwealth wide news and TV media reaching out to 2.4 billion people and seen regularly by 12 million. He was appointed Presidential Envoy and Senior Advisor in August 2022.



MR. C.H. GOMEZ

Independent Non-Executive Director



Appointed in July 2010

Mr. Charles Gomez is a former Banker with over 40 years of 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 regard to international financial markets, financial services regulations, compliance and controls and 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.



MR. M. A. N. S. PERERA

Non-Independent Non-Executive Director

**Appointed in April 2023**

Mr. Perera is an experienced professional with a diverse background in finance, investment, and strategic leadership. He joined the Board of Aitken Spence Hotel Holdings PLC in April 2023 and holds the position of Managing Director at Melstacorp PLC. He also serves as a Board member for Aitken Spence PLC, Distilleries Company of Sri Lanka PLC, and Browns Beach Hotels PLC.

Mr. Perera holds an MBA from the University of Cambridge and is a Fellow of the Institute of Chartered Accountants, Sri Lanka. He is also a Certified Management Accountant and has other qualifications and exposure to investment and financial strategy, risk management and international tax planning.

Having started his UK career with PWC-London he spent close to two decades in London's financial and technology hub. During this time, he led and contributed to strategic projects with global top tier banks such as JP Morgan, ING, Bank of Montreal, National Australia Bank, and BNP Paribas. Notably, he played a crucial role in establishing two international investment banks and a FinTech banking institution in London. During his tenure, he assumed various leadership positions including Finance Director, Chief Financial Officer, Head of Strategy, and part-time Chief Risk Officer.

Mr. Perera possesses extensive experience in financial and investment strategy, specializing in restructuring, turnaround, mergers and acquisitions, and leading strategic and economic research initiatives. His professional endeavours have taken him across Europe, Asia, the Americas, the Middle East, and Southern Africa, accumulating over 25 years of international expertise.

CORPORATE MANAGEMENT TEAM



MS. D.S.T. JAYAWARDENA
Chairperson



MR. C. M. S. JAYAWICKRAMA
Jt. Managing Director



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. D. R. ALEXANDER
Asst. Vice President - Supply Chain



MR. D. KUMARASINGHE
Asst. Vice President - Food & Beverage



MR. C. ATHAPATTU
Asst. Vice President - Engineering



MRS. N. M. PELPOLA
Asst. Vice President - Corporate Affairs & Compliance



MRS. L. DIAZ
Asst. Vice President - Branding & PR

CORPORATE MANAGEMENT TEAM

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 27 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/ Vice President of Aitken Spence Hotels' Maldives Sector, operating Heritage Aarah, and the Adaaran Resorts. He also 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, the Sultanate of Oman, and the Republic of 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 Limited initially in 1989, thereafter transferring to set up Ace Travels & Conventions in 1993. He continued his career at Aitken Spence Travels Limited till 2018 and re-joined the company in 2019 as the Vice President - Sales & Marketing for Aitken Spence Hotel Managements (Private) Limited. With over 34 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. D. R. ALEXANDER

Ms. Dinali Alexander is the Assistant Vice President of Supply Chain for operations in Sri Lanka, the Republic of Maldives, India and the Sultanate of 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.

MR. D. KUMARASINGHE

Mr. Dimuthu Kumarasinghe has been with the Company for over 21 years and is the Assistant Vice President for Food & Beverage of Aitken Spence Hotels in Sri Lanka, India, the Republic of Maldives and the Sultanate of Oman. He is a world record holder at the Culinary World Olympic Championship held in 2004 and the Culinary World Cup held 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 2023 and has lead more than 77 participants to secure 68 Gold medals along with many Silver and Bronze medals at the Culinary Olympics 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 Chefs' Association, Turkey Chefs' Association, Emirates Culinary Guild and Ukraine Culinary Union.

MR. C. ATHAPATTU

Mr. Chula Athapattu is the Assistant Vice President of Engineering for Aitken Spence Hotel Managements with responsibilities in local and overseas properties of the Group. He has over two decades of experience in the hotels' engineering sector.

Mr. Athapattu is a Chartered Engineer and a Member of the Institution of Engineers, Sri Lanka. He holds a B.Sc. Engineering Degree from the University of Peradeniya and an MBA in Infrastructure from the University of Moratuwa.

MRS. N. M. PELPOLA

Mrs. Namalee Pelpola is the Assistant Vice President Corporate Affairs & Compliance of Aitken Spence Hotels. She joined the Company Secretarial division of Aitken Spence Corporate Finance (Private) Limited in 2003 and has handled the company secretarial function and corporate compliance for the companies in the Hotels, Travels and Shipping sectors within the Aitken Spence Group. Thereafter in 2008, she transferred to Aitken Spence Hotel Managements (Private) Limited and handled the HR and Legal functions for all the hotels in the Group. Mrs. Pelpola is an Attorney-at-Law by profession and a Graduate of the Institute of Chartered Secretaries and Administrators (UK), with experience in Property Acquisitions and Sales, Joint Ventures and Shareholder Agreements, Human Resource Functions and Company Secretarial Practice.

MRS. L. DIAZ

Mrs. Lucille Diaz is the Assistant Vice President for Branding and PR at Aitken Spence Hotels, where she draws upon her extensive experience of over two decades in travel & hospitality, financial services, advertising, and publishing. She holds an MBA in Marketing with a specialization in Project Management from the Cardiff Metropolitan University, a Postgraduate Diploma in Marketing from the Sri Lanka Institute of Marketing and has achieved the Passed Finalist status with the Chartered Institute of Management Accountants. Additionally, Mrs. Diaz holds a Certificate in Design Thinking from the Massachusetts Institute of Technology (MIT) and is a Certified Practitioner of Design Thinking, which she employs as a framework for creative problem-solving.

SPIRIT OF MULTIPLICITY

MANAGEMENT DISCUSSION & ANALYSIS

38	How We Create Value
42	Stakeholder Engagement
44	Operating Environment in 2022
50	Managing Risks and Opportunities
58	Material Topics
60	Strategy and Resource Allocation
65	Sustainability at Aitken Spence Hotels
66	Sustainable Tourism Dashboard
67	Performance Analysis

Performance and Capital Management

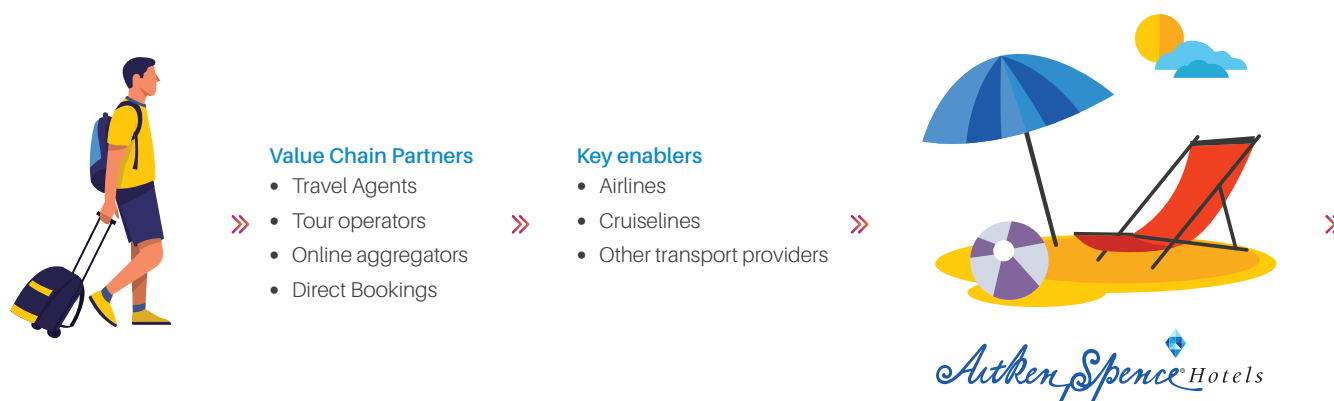
70	Financial Capital
75	Manufactured Capital
82	Human Capital
90	Intellectual Capital
95	Social and Relationship Capital
102	Natural Capital

HOW WE CREATE VALUE

< 2 - 6

To understand how we create value for stakeholders, it is necessary to understand our supply chain given below.

OUR VALUE CHAIN



Aitken Spence Hotels has strategic relationships with business partners who promote our properties to tourists in addition to our own direct channels. The ability to attract tourists depends on the infrastructure (manufactured capital), the ratings and certifications (intellectual capital) and recommendations by our business partners (social and relationship capital). We use our financial capital to purchase goods and services required to make their stay a pleasant experience.

Value is generated by transforming these capital inputs in line with our strategy which 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.

Our actions nurture, preserve or erode the capitals 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 we operate in.

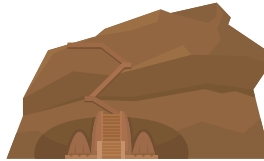
COMMUNITIES



Tour guides and operators



Transport providers



Nature parks & cultural sites



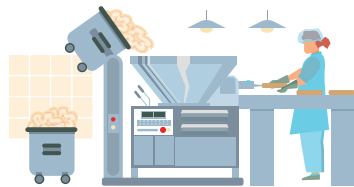
Cafes and restaurants



Local craftsmen



Farmers



Food manufacturers



Service providers

VALUE CREATION MODEL

Capital Inputs



Financial Capital

(Page 70)

Shareholders' funds

LKR 30.18 Bn

Interest bearing liabilities

LKR 50.34 Bn



Manufactured Capital

(Page 75)

Property, plant and equipment

LKR 72.6 Bn

Over

**2,320 ROOMS ACROSS
15 OWNED PROPERTIES**



Human Capital

(Page 82)

Skills, attitudes and worth ethic of

2,989 EMPLOYEES in
4 COUNTRIES



Intellectual Capital

(Page 90)

- Organisational tacit knowledge and industry capabilities
- Our brands
- Processes and systems



Social and Relationship Capital

(Page 95)

over

447,041 Room Nights

from markets across the world

1,623 TRAVEL AGENTS

842 TOUR OPERATORS

1,010 SUPPLIERS

**17 COUNTRY
REPRESENTATIVES**



Natural Capital

(Page 102)

388,599 GJ
energy consumption

717,252 m³

water consumption Ecological system

Value Transformation



HOTEL OPERATIONS



Front Office

HOTEL SUPPORT SERVICES



Maintenance

GROUP SUPPORT SERVICES



Reservations



Housekeeping



Finance



Sales & Marketing



Food and Beverage



Administration & HR



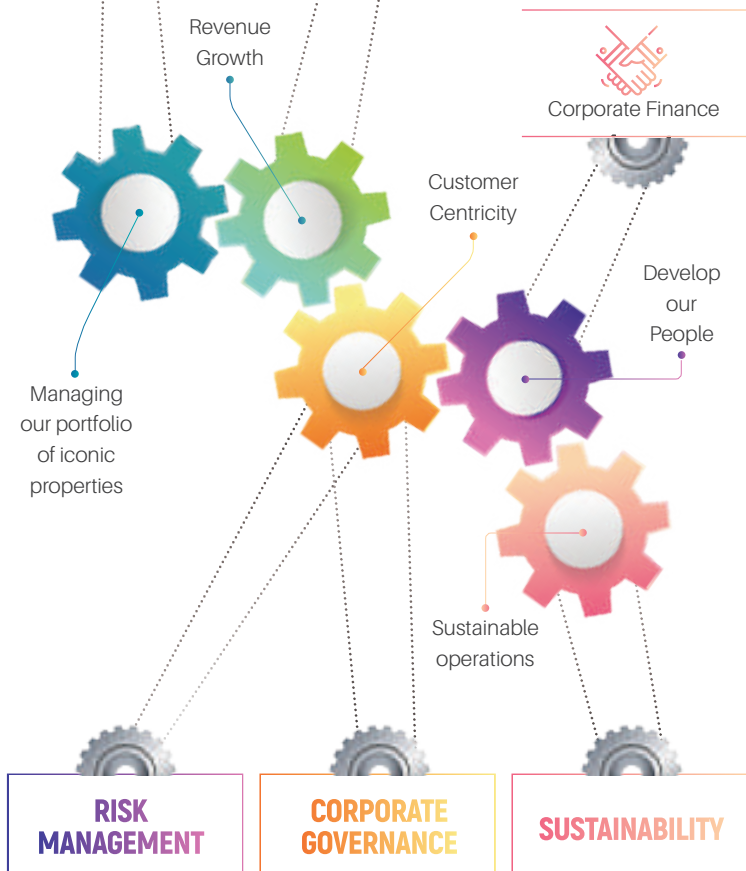
Central Purchasing



Engineering & Projects



Corporate Finance



Outputs/Impacts



Revenue generated

LKR 46.1 Bn



Average guest satisfaction score

91.66%



Investment in training

LKR 35 Mn



Training hours

88,662



Payments to suppliers

LKR 27 Bn



Payments to employees

LKR 7.96 Bn



Community investment

LKR 26 Mn



Investment in environmental initiatives

LKR 10.9 Mn

Impacts



Solid waste generated

1,209 Tons



Effluents generated

593,343 m³



Carbon footprint

37,437 tCO₂e

Outcomes Linked to Stakeholder Value



Shareholders

Shareholders saw an erosion of value due to loss after tax

(Page 150)



Customers

Sustainable tourism

Unique guest experiences
(Social & Relationship Capitals)

(Page 98)



Employees

Safe, conducive and enabling working environment with opportunities for skills and career development

(Page 86)



Government

Increased contribution to the Government's tax revenue and valuable foreign exchange inflows into countries of operation



Business Partners

Sustainable business growth through rewarding, mutually-beneficial relationships

(Page 100)



Communities

Sustainable tourism, support for livelihoods and community projects (Page 100)

Zero adverse environmental impacts of our operations (Page 102)

STAKEHOLDER ENGAGEMENT

< 404 - 3

Against a backdrop of economic and political uncertainties deeper and more meaningful engagement with our stakeholders became a priority. Collaboration with stakeholders were strengthened through continuous and open ended engagement through multiple platforms. In selecting and prioritising stakeholders, we engage with parties who potentially have the most significant impact on our value creation process and those who are affected most by our activities.



Customers

447,041

Room Nights

IMPORTANCE

High influence/High interest

Topics and concerns in 2022/23

- Implications of fuel and electricity shortage on the travel experience
- Political turbulence
- Rising prices and costs
- Service delivery
- Employee awareness on health and safety
- Value for money
- Environmental and social sustainability

How we engage

- Through channel partners (Ongoing)
- Feedback form (Upon Departure)
- Satisfaction surveys (Periodic)
- Through front line staff (Ongoing)
- Website and social media (Ongoing)
- Online reviews (Ongoing)

Response

Addressing consumer confidence and providing assurances to our customers was a key focus.

Quality of relationship:
Strong



Employees

2,989

Employees

IMPORTANCE

High influence/High interest

Topics and concerns in 2022/23

- 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
- Ethical business conduct

How we engage

- All employees (100% employees) receive performance appraisal (Bi-Annual & Annual)
- Multi-level meetings (Ongoing)
- Trade unions (Ongoing)
- Satisfaction surveys (Periodic)
- Grievance mechanism (Ongoing)
- Intranet and social media

Response

Ensuring job security of employees and enabling career progression through both on and off the job training.

Quality of relationship:
Strong



Business Partners and Suppliers

842 Tour operators

1,623 Travel agents

1,010 suppliers

17 Country Representatives

IMPORTANCE

High influence/High interest

Topics and concerns in 2022/23

- 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

Quality of relationship:
Strong



Shareholders

Aitken Spence PLC and subsidiaries 74.49%
Institutional investors 18.11%
Retail shareholders 7.4%

IMPORTANCE

High influence/High interest

Topics and concerns in 2022/23

- Implications of the macro-economic 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 & Regulators

LKR 6.5 Bn paid to governments and regulators

IMPORTANCE

High influence/High interest

Topics and concerns in 2022/23

- 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
- Ethical business conduct

How we engage

- Performance appraisal (Bi-Annual & Annual)
- Multi-level meetings (Ongoing)
- Trade unions (Ongoing)
- Satisfaction surveys (Periodic)
- Grievance mechanism (Ongoing)
- Intranet and social media

Response

Ensuring job security of employees and enabling career progression through both on and off the job training.

- All operations assessed for risks related to corruption and non identified

Quality of relationship:
Good



Communities

Community development spending LKR 26 Mn.

IMPORTANCE

High influence/High interest

Topics and concerns in 2022/23

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

How we engage

- CSR programs (Ongoing)
- Dialogue with community representatives (ongoing)
- seminars to share best practices (Periodic)

Response

Continuous engagement with community partners and integration into operations where possible.

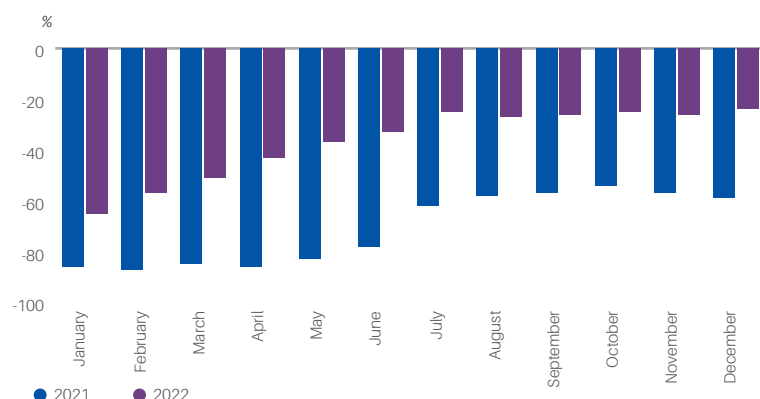
Quality of relationship:
Strong

OPERATING ENVIRONMENT IN 2022

OPERATING ENVIRONMENT IN 2022

Global tourism: Global international arrivals in 2022 has seen a notable increase over 2021 arrivals with numbers doubling up to 900 Mn tourists, although reaching only up to 63% of the pre-pandemic arrivals. A month-on-month comparison between the two years demonstrates this strong recovery with significant improvements towards the second half of 2022.

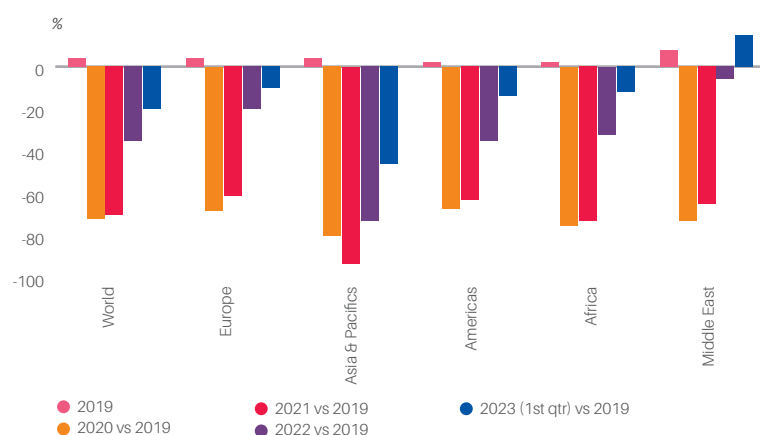
International Tourist Arrivals 2021 and 2022 over 2019



Source: UNWTO

A comparison of region-wise tourism recovery indicates the slowest recovery in the Asia & Pacific region. The opening up of destinations post COVID was piecemeal at best with Southeast Asia fully reopening borders towards the 2nd quarter of 2022 and Northeast Asian markets such as Japan, Hong Kong and Taiwan reopening only towards the last quarter of the year. However, the reopening of travel restrictions in China along with the removal of compulsory COVID testing for returning passengers is expected to be a significant move towards the recovery of tourism in Asia with China being the world's largest outbound market. Contrastingly, the Middle East region demonstrated the strongest rebound of 2022 followed by Europe.

International Tourist Arrivals World and Regions



Source: UNWTO

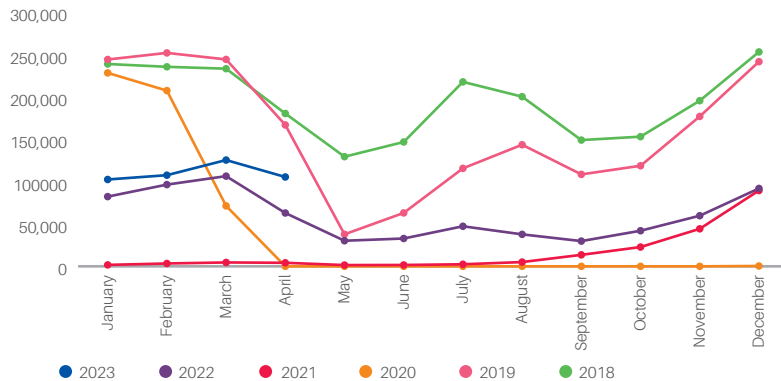
As per the UNWTO, most destinations have recorded an increase in international tourism receipts supported by an increase in average spending per trip due to long periods of stay, willingness of travellers to spend more and higher travel costs due to inflation. Encouragingly, despite the ongoing global economic and geo-political challenges the UNWTO foresees that tourism recovery will continue through 2023 and the tourism industry is well on the road to recovery.

SRI LANKA TOURISM SECTOR

Despite facing a number of unprecedented challenges since 2019 the tourism industry of Sri Lanka has demonstrated a resilient recovery in 2022. International arrivals in 2022 stood at 719,978 in comparison to 194,495 arrivals in 2021 which is a 270% increase year-on-year. The arrivals during the first quarter of 2023 sees a continuation of this momentum with numbers at 335,679 well above the levels of 2021 and 2022 at 6,265 and 285,334 respectively.

The CY 2022 was not without its challenges as growth was hampered by the spread of the Omicron variant, geo-political tensions between Russia and Ukraine and local economic and political turbulence during the second and third quarters of the year. However, the last quarter recorded an uptick in tourist arrivals with the increase in airline capacity increase and international consumer confidence.

Tourist Arrivals in Sri Lanka



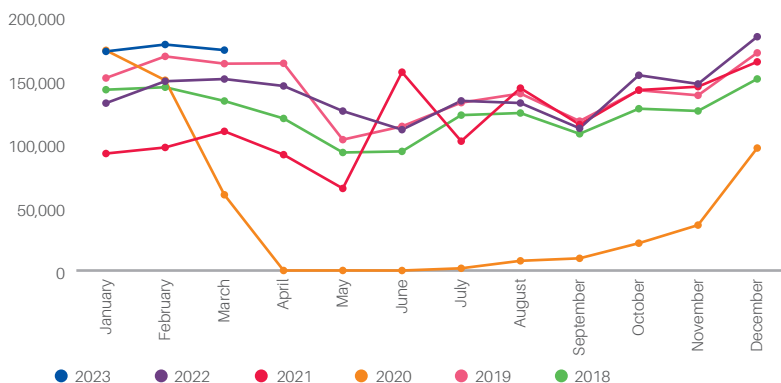
	2021/22	2022/23
Total Number of Rooms Available	47,337	48,120
Annual Room Occupancy	18.9%	30.4%
Average Length of Stay	15.1	9.3
Receipt per Tourist day	US\$ 172.6	US\$ 164.4

The top five source markets continued to be India at 17.1%, Russia at 12.7%, United Kingdom at 11.8%, Germany at 7.7% and France at 4.9% during 2022.

MALDIVIAN TOURISM SECTOR

Maldives continues to be one of the best performing tourist destinations in Asia with tourism conducive government policies, efforts to capture new source markets despite the loss of revenue from extended post pandemic restrictions in China as well as investments in digital infrastructure such as high speed internet to facilitate remote working and contactless service options. Hence, Maldives experienced a 26.7% increase in tourist arrivals increasing from 1.3 Mn in 2021 to 1.6 Mn in 2022. The arrivals between January to March 2023 surpassed the arrivals between January to March 2022 by 21% at 523,925 and 431,524 respectively. The largest source markets to Maldives continued to be India (19.1%), Russia (15.7%) and United Kingdom (15.1%).

Tourist Arrivals in Maldives

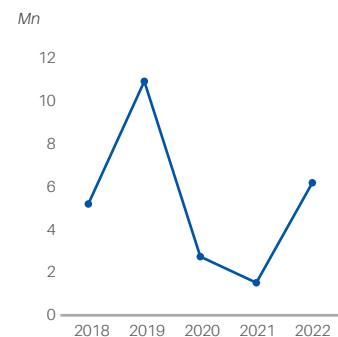


	2021/22	2022/23
Tourist Establishments	780	1,114
Occupancy Rates	56.1%	58.9%

INDIAN TOURISM SECTOR

The Tourism industry of India has shown strong signs of revival with tourist numbers increasing from 1.52 Mn in 2021 to 6.19 Mn in 2022, a significant increase of 305%. Resultantly, the foreign exchange earnings from tourism also saw an increase of 92.4% up to US\$ 16.92 Mn in 2022. Chennai, Uttar Pradesh and Andhra Pradesh were the top markets for domestic tourism. The leading source markets were the United States of America, Bangladesh, and United Kingdom.

Tourist Arrivals in India



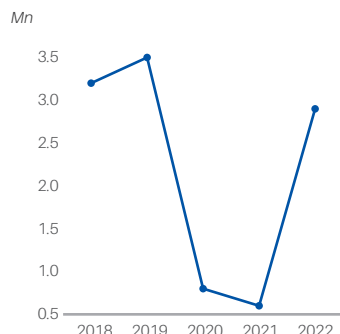
OMAN TOURISM SECTOR

The tourism sector of Oman has been supported by investments and tourism friendly policies in line with the Government's Oman 2040 vision. Hence, Oman recorded 2.9 Mn arrivals in 2022 in comparison to 0.6 Mn visitors in 2021, recording a 348% increase.

The sector will further benefit from the planned investment of US\$ 51 Bn expected to generate over US\$22.5 Bn in earnings from over 11.7 Mn visitors per year by 2040.

OPERATING ENVIRONMENT IN 2022

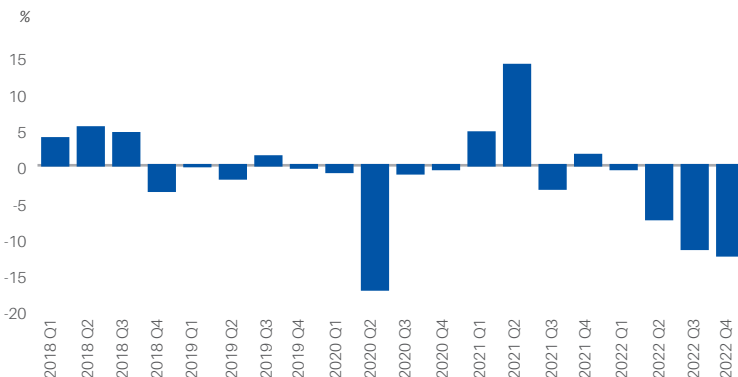
Tourist Arrivals in Oman



ECONOMIC ENVIRONMENT

The economic headwinds of the Country led to a contraction of GDP by 7.8% amidst heavy economic and political tensions. The power and fuel scarcities and the shortage of food and essential medicines during the year led to a substantial slowdown of tourism activities. During the 2nd quarter of the CY2022, Sri Lanka's sovereign credit rating was downgraded to Selected Default (S&P) due to the country's inability to service its debt commitments in the face of a substantial debt repayment schedule, limited foreign exchange reserves, and weak economic development prospects. In March 2023 the IMF Board approved an Extended Fund Facility (EFF) of approximately US\$ 2.9 Bn to support Sri Lanka's economic policies and reforms. The IMF Programme is due to unlock pending multilateral loan disbursements that have got held up and provide an injection of capital to fund essential expenses, paving the way to restore macro-economic stability and debt sustainability.

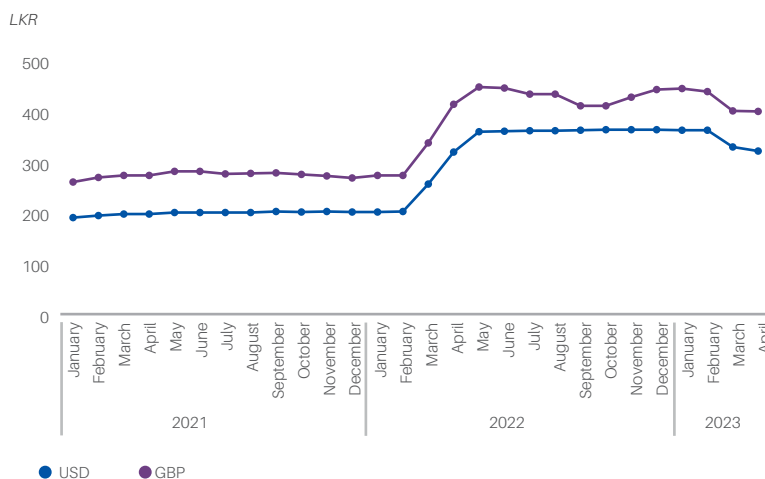
GDP Growth Percentage



EXCHANGE RATE

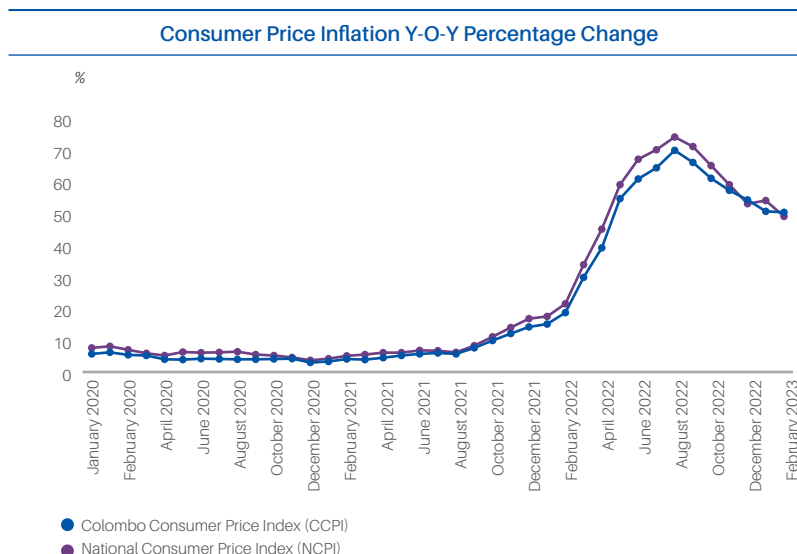
The Sri Lankan domestic foreign exchange market remained fragile amidst strained foreign exchange liquidity with the Sri Lankan Rupee depreciating by 78% against the US dollar between March and May 2022 following the free floating of the Rupee by the Central Bank of Sri Lanka in March 2022. A return to a managed float along with ongoing foreign exchange management strategies moderated the depreciation to some extent with the Rupee appreciating somewhat during the 4th quarter of 2022. Subsequently, the unwinding of speculative Dollar holdings amidst sluggish import demand led to a sharp appreciation of the Rupee during March 2023.

Exchange Rate



INFLATION

Headline inflation peaked at 69.8% in September 2022 from the inflationary pressure of rising global prices and supply side disruptions. The regulatory measure adopted by the Central Bank of Sri Lanka along with monetary policy modifications and fiscal austerity resulted in the reduction of inflation to 52.7% in December 2022. The Y-O-Y food inflation saw a momentous increase of 94.9% in September 2022 although this eased to 54.4% in February 2023 and is expected to decline further.



OPPORTUNITIES AND CHALLENGES

SRI LANKA

The volatility of the tourism industry was further exacerbated by the economic and political instability making recovery a slow process. The migration of talented employees and the replacement and recruitment with new employees have been challenging. The industry also experienced substantial hikes in inflation and costs along with power shortages, fuel and gas scarcities. Finance costs also saw an increase alongside the impact of interest on interest over capitalized interest during the loan moratorium period. The industry carries the risk of increasing energy, finance and food costs paired with a risk of restrictions on imported food items.

Towards the latter part of the period under review, the airline industry demonstrated increased levels of confidence with a move towards a restoration of airline capacity

and connectivity which will be a catalyst for the tourism industry. The brand name and reputation of the Group along with the uniqueness of the properties provide opportunities as traveller preferences are shifting towards hotels chains that are able to provide safe and secure travel experiences. The popularity of Sri Lanka as a travel destination is on an upward trend as tourist numbers continue to grow.

MALDIVES

The easing of travel restrictions globally increased the competition from cheaper travel destinations such as Thailand and Bali. The ongoing issues in key sources markets have been a challenge as arrivals from China have not resumed to its pre-pandemic numbers, whilst the conflict between Russia and Ukraine also continues to have an impact. The destination is at risk from rising sea levels and acidification which could affect the tourism industry heavily along with the risk of over-tourism that highlights the need for more sustainable tourism.

The tourism product life cycle of Maldives is still at the development stage and as regional tourism continues to grow the Country is well poised to benefit. The Country is seeing large amounts of tourism positive policies and investments in infrastructure by the Government.

INDIA

The rise in energy costs and interest rates brought about challenges to the hotel industry during the year in review. Anticipating and catering to the ever changing post pandemic consumer demands will continue to be a challenge. High staff turnover and the shortage of trained staff proved to be a significant roadblock as well. Global inflation and the lack of consumer confidence may prove to be risk factors for the industry.

The high levels of international and domestic tourism in India holds great potential for the hotel and tourism industries. Chennai is experiencing an increased level of visitors both for leisure and business and this is expected to grow in numbers.

OMAN

The Government investment in promoting tourism has increased investments in new hotels chains which has driven down hotel rates, despite increase in expenses and freight costs post pandemic. The Country has a high electricity tariff which makes off season sustenance a challenge. The high taxes on beverages has restricted tourist spending which is a key income earner in other segments. The 'Omanisation' rules also restricts the recruitment of skilled labour from overseas. The continuation of the Russia-Ukraine tensions carry the risk of rising input expenses along with increasing cost of funds due to the appreciation of the US dollar and interest rates.

The Government's Oman Visions 2040 will be a great boost to tourism with infrastructure and tourist friendly investments. The stability of oil prices will be a key opportunity for the growth of the tourism industry.

OPERATING ENVIRONMENT IN 2022

POST PANDEMIC TRAVEL TRENDS

Workation Increasing trend towards remote working from vacation destinations. There is a growing trend among millennials of a 'digital nomad' culture where work is conducted with extended stays at tourist locations. Requires strong Wifi connections, charging facilities and comfortable working atmospheres.	Nature and Outdoor Tourism Increasing popularity of outdoor experiences such as hiking, biking and kayaking with expectations of mountain and rural escapes as well as waterfront getaways to be popular vacation experiences. 58% of people are more interested in exploring outdoors and participating in outdoor activities
Health and Wellness Tourism Travellers seeking out destinations and experiences that promote health and wellness; yoga, retreats, spa vacations and meditation centres. There is a notable change in the travellers' diet with preferences for organic and vegan food based on nutrition and wellness.	Sustainable and Eco Tourism Increased interest in sustainable tourism with travellers looking to minimize their environmental footprint. Sustainability extends not only to making a positive impact on the environment but also to cultures, economies and people. Eco tourism with travellers looking to combine their passions for travel with direct involvement in conservation and support the local environment are also seeing renewed interest.
Digitization and Automation Digitization has led to a rise in online bookings, mobile alter applications, self-service check in, contactless payments, automated cancellation policies and mobile boarding in recent years with hotels and tour operators poised to make cost savings and efficiency improvements.	Personalization Travellers are seeking tours and activities that offer flexible experiences tailored to their needs.
Transformative Travel Volunteering trips with the aim of making a difference are gaining popularity with travellers setting aside time to volunteer at their travel destinations.	Experience Tourism Gaining once-in-a-lifetime experience or an emotional connection with cultures and nature are seeing an upward trend with travellers seeking authentic experiences at their travel destinations. 72% of millennial prefer spending more money on unique experiences rather than on material things

SWOT ANALYSIS



- Strategic locations of hotels
- Experienced and skilled teams
- Unique hotel architecture
- Group synergies and strong brand
- Diversified hotel and destination experiences



- Increasing competition
- Risk of geopolitical instability
- Effects of climate change
- Capital intensive industry and impact of increasing finance costs
- Increasing cost of airfares



- Constantly evolving market
- Highly labour-intensive sector
- Need for constant refurbishment and upkeep of properties
- High dependence on employee skills and interactions
- Shortages of workers due to migration



- Opening up of Chinese and Far East markets
- Growing regional tourism
- Promotion of tourism by respective Governments
- Good airline connectivity to destinations
- Traveller preference for reputed hotel chains



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

Risk management continues to be a key item on the Board's agenda as the Tourism industry seeks to move past the scars and impacts of the pandemic which decimated tourist arrivals from 2020 to end 2021. In Sri Lanka, the period of adverse impacts was even longer, starting with the Easter Sunday attacks in 2019 and continuing through the country's economic crisis in 2022.

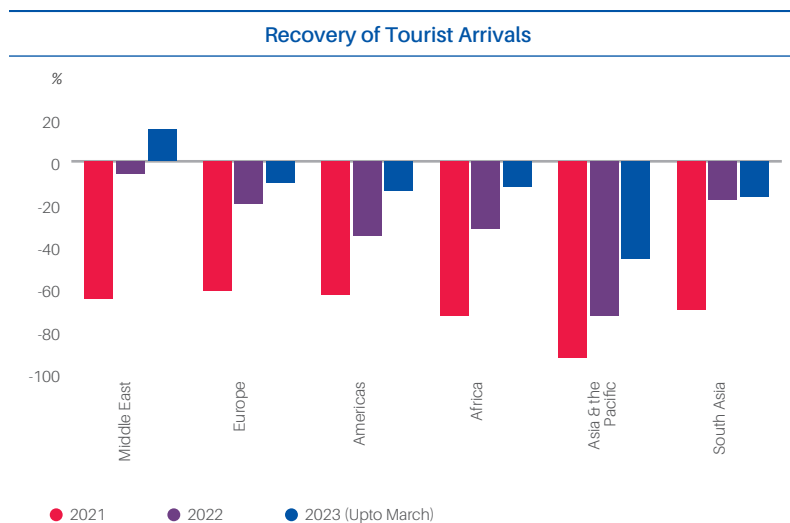
A DYNAMIC RISK ENVIRONMENT

The reporting year saw the recovery of tourism across most markets, the most notable exception being China. Tourist arrivals have recovered significantly with global recovery at 19% below pre-pandemic levels. The table below gives a snapshot of recovery for regions against key variables measured by the World Tourism Organisation.

Global recovery from 2019 pre-pandemic levels as at March 2023				
	World	Asia Pacific	South Asia	Middle East
Tourist Arrivals	-20%	-46%	-17%	15%
Seat capacity - International	-20%	-42%	-	-15%
Passenger Demand - International	-20%	-40%	-	-8%
Actual Air Reservations	-44%	-54%	-28%	-22%
Actual Occupancy rates (not compared to 2019)	66%	68%	63%	67%

Source: UN World Tourism Organisation

Competition intensified at global levels and at local levels as recovery gathered momentum. South Asia made a commendable recovery during the financial year, recording arrivals just 30% below pre-pandemic numbers, above the recovery rate of the region but below the global recovery rates. Middle East recorded 17% growth above pre-pandemic arrivals. Recovery remains divergent across regions as reflected in the graph below although every region has improved significantly.



Source: UN World Tourism Organisation

As inflation was a key concern during the year across both advanced economies and developing economies, distance to destinations played a key role in tourist choices as air travel costs played a key role in determining the destination. This is evident in the past three month decline in travel and airline searches as inflation remains at relatively high levels.

Airline capacity has been another critical determinant of destinations as commercial flights resumed but with schedules that optimised operational costs and dynamic real time pricing of seats.

Tourism is a vital source of foreign exchange for Sri Lanka, Maldives and India and government policy must be favourable to support the revival of the countries as destinations. Timely action is urgently needed to promote Sri Lanka as a mesmerising destination showcasing its unique strengths which offer the sun and sand, adventure tourism as well as the trending Wellness tourism which leverages the country's ayurvedic heritage. Oman is also favourable to tourism in line with its vision to diversify the country's income.

Aitken Spence Hotels continues to be at the forefront of the revival of tourism in the country. Resource allocation to revenue optimisation strategies are maximised as we seek growth opportunities in both traditional and non-traditional markets, across multiple channels. Our strengths as a subsidiary of the Aitken Spence PLC is a continued source of strength as we drive synergies with the leading inbound tour operator, Aitken Spence Travels, who represent TUI, the world's largest tour operator.

APPROACH TO RISK MANAGEMENT

ASHH has a structured approach to 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.



1ST LINE OF DEFENCE

Business Management Units

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



2ND LINE OF DEFENCE

Group Strategic Risk Unit

Implementing the Group's Risk Management Framework and policy, review and constructive challenge of business unit risk reviews and reporting concerns independently to the Audit Committee



3RD LINE OF DEFENCE

Internal Audit

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

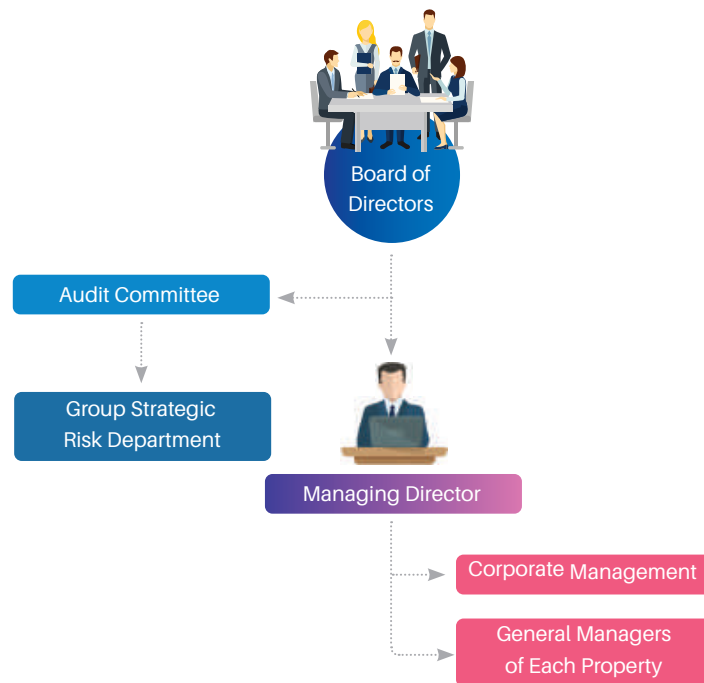
RISK GOVERNANCE

The Board of Directors bear responsibility for managing risk and have put in place a framework for managing risk. The Audit Committee has oversight responsibility for risk management and report on the same to the Board. Risk management at ASHH is supported by the parent company Strategic Risk Management Department which maintain a risk register, collate returns and constructively challenges the same. The Group Strategic Risk Unit maintains a risk register which is reviewed and assessed quarterly by ASHH to identify the evolving risks and determine the most critical risks that must be addressed or mitigated.

ASHH conducts its risk review and collate the risk registers in consultation with management of the strategic business units. The Audit Committee reviews the risk assessments and reports to the Board on matters relating to risk management.

The risk reviews are also a key input into the Group's strategic planning and budgeting processes to ensure alignment with the forecast risk environment and effective management of resources.

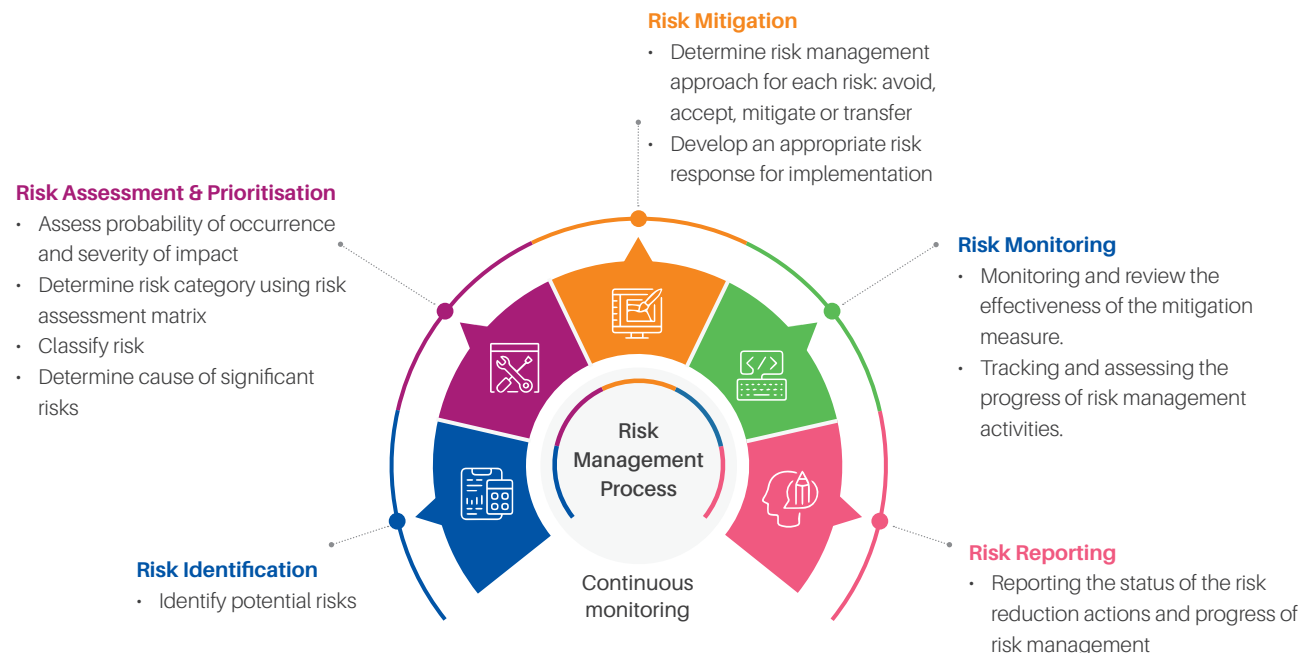
Primary responsibility for identifying, measuring, managing and reporting of risks lie with the resident General Managers of each property who liaise with Corporate Management in this regard on a regular basis.



MANAGING RISKS AND OPPORTUNITIES

RISK MANAGEMENT PROCESS

Our risk management processes is summarized below.



PRINCIPAL RISKS

The principal risks are those which are assessed to significantly and negatively impact our ability to create value in the short, medium and long term. These risks are identified through the Risk Prioritisation and Assessment step of the risk management process, taking in to account the severity of impact and likelihood of occurrence of identified risks.

Risk & Risk Rating	Key Drivers	Mitigation Strategies	Further Information
Affordability of travel			
Moderation of the global economic outlook, high inflation and pose challenges to affordability of travel.	- Inflation - Global economic outlook	- Focus on promotions within region, supporting affordable travel - Dynamic pricing strategies - Distribution expansion - Promotions, special offers and flash deals	Operating Environment
Assessment			
Impact	Sri Lanka	High	
	Overseas	High	
Likelihood	Sri Lanka	High	
	Overseas	High	
Direction	Sri Lanka	↑	
	Overseas	↑	

Risk & Risk Rating	Key Drivers	Mitigation Strategies	Further Information																					
Airline Connectivity																								
Airline connectivity and affordability of travel to destination plays a key role in the development of the sector in a country. The economic crisis in 2022 resulted in a decrease in capacity that was picking up.	Demand patterns	Total capacity for passengers had increased from 209,896 in March 2022 to 401,550 by March 2023, auguring well for revival of the industry in Sri Lanka.	Social & Relationship Capital																					
<table><tr><th colspan="3">Assessment</th></tr><tr><td>Impact</td><td>Sri Lanka</td><td>Medium</td></tr><tr><td></td><td>Overseas</td><td>Low</td></tr><tr><td>Likelihood</td><td>Sri Lanka</td><td>Medium</td></tr><tr><td></td><td>Overseas</td><td>Low</td></tr><tr><td>Direction</td><td>Sri Lanka</td><td>↗</td></tr><tr><td></td><td>Overseas</td><td>→</td></tr></table>				Assessment			Impact	Sri Lanka	Medium		Overseas	Low	Likelihood	Sri Lanka	Medium		Overseas	Low	Direction	Sri Lanka	↗		Overseas	→
Assessment																								
Impact	Sri Lanka	Medium																						
	Overseas	Low																						
Likelihood	Sri Lanka	Medium																						
	Overseas	Low																						
Direction	Sri Lanka	↗																						
	Overseas	→																						
Intense competition																								
Competition increased significantly as other markets opened up and other competitors also recommenced operations. Maldives was vulnerable as it remained operational for most of the pandemic years and witnessed increased competition from other destinations as tourists had greater choice.	- Room inventory growth - Increasing presence of global players in South Asia and Middle East - 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 TUI and Sri Lanka’s leading destination management company	Operating information																					
<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	↗																							

MANAGING RISKS AND OPPORTUNITIES

Risk & Risk Rating	Key Drivers	Mitigation Strategies	Further Information
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Retaining Skilled talent pools

As tourism activity increases around the world, the demand for skilled employees increased globally and in the markets we operate in. In Sri Lanka, the economic crisis gave rise to a surge in economic migration which diminished the country's talent pools significantly. Additionally, the volatile performance of the tourism industry deterred many from pursuing careers in the industry.

ASHH is in an advantageous position to attract talent as it offers overseas mobility as well as opportunities across the country. Nevertheless, difficulties in attracting and retaining people is a key concern.

- Global demand for skilled talent pools
- Remuneration structure and net take home pay
- Occupancy rates
- Tourism travel receipts/spend
- 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
- ASHH has two hotel schools to train talent in Sri Lanka

Human Capital

Assessment

Impact	Sri Lanka	High
	Overseas	Medium
Likelihood	Sri Lanka	High
	Overseas	Medium
Direction	Sri Lanka	↑
	Overseas	↗

Interest Rate Risk

Interest rates increased significantly during the financial year with all relevant interest rates moving up as monetary policy tightened globally. In Sri Lanka AWPR increased from 9.47% to 22.42% as policy rate increases and domestic liquidity combined to move rates upwards. Both LIBOR and EURIBOR rates also showed a significant increase during the period.

- Borrowings of in LKR, USD and Euro exposes ASHH to movements of related interest rates
- CBSL policy interest rate

- 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 42.5.2 to the Financial Statements on page 244

Financial Review on page 73

Assessment

Impact	Sri Lanka	High
	Overseas	Medium
Likelihood	Sri Lanka	High
	Overseas	Medium
Direction	Sri Lanka	↑
	Overseas	↗

Risk & Risk Rating	Key Drivers	Mitigation Strategies	Further Information
Increase in operational costs			
Inflation (NCPI) increased from 21.5% in March 2022 to 73.7% in September 2022 before trending downward to close at 42.3% in March 2023. This exerted pressure on salaries and wages, food cost and other operational costs.	• Inflation • Quality and quantity of harvest	• Strengthening local supply chains to promote purchases from areas in the villages. • Minimising food waste • Maximising use of every part of fruits and vegetables. Ex: Marmalade factory in Kandalama	Financial capital
Assessment			
Impact	Sri Lanka	High	
	Overseas	Medium	
Likelihood	Sri Lanka	High	
	Overseas	Medium	
Direction	Sri Lanka	↑	
	Overseas	↗	
Energy tariff increases			
Energy costs constitute a substantial portion of the Group's operating expenses. Notably, energy prices experienced a significant increase of over 150% during the year, while fuel prices also rose substantially. These cost escalations have a noteworthy impact on the Group's financials.	• Electricity tariff increases • Fuel price increases	• Initiatives to reduce energy consumption • Considering transition to renewable power generation • Heat recovery processes	Financial Capital Natural 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 Sri Lanka facing a challenging economic situation and cost of borrowings remains relatively high in all geographical locations. As an asset-heavy industry, maintaining liquidity is indeed a critical factor. In industries such as hospitality, where significant investments are made in physical assets like properties, equipment, and infrastructure, liquidity management becomes even more important.	• 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	• ASHH Group cashflows have strengthened considerably during the 4th quarter 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 it is part of the Aitken Spence Group	Financial Capital
Assessment			
Impact		Medium	
Likelihood		Medium	
Direction		↗	

MANAGING RISKS AND OPPORTUNITIES

Risk & Risk Rating		Key Drivers	Mitigation Strategies	Further Information
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 event - 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 defense, data loss, cyber-spoofing, distributed denial of service attack, mobile devices and monitor suspicious cyber activities together with regular testing and verification of controls.	Intellectual Capital
Assessment				
Impact	High			
Likelihood	High			
Direction	↑			
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.		- Socioeconomic stability - Geopolitics - Extreme weather events - Pandemics	- Securing the premises of our properties - Surveillance of local trends and keeping tour operators apprised of developments, if any - 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 →			

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 capitalizing on the opportunities available in the market to strengthen the recovery of the ASHH Group as given below.

Reimagine our offering

- We are working with tour operators to create innovative tourist experiences to strengthen recovery of our properties

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 strengthen our positioning in key markets

Develop new markets

- There are opportunities to develop new markets as well as increase market share from existing markets. We are pursuing these with tour operators to customise offerings that appeal to different markets

Sustainability & Responsible Tourism

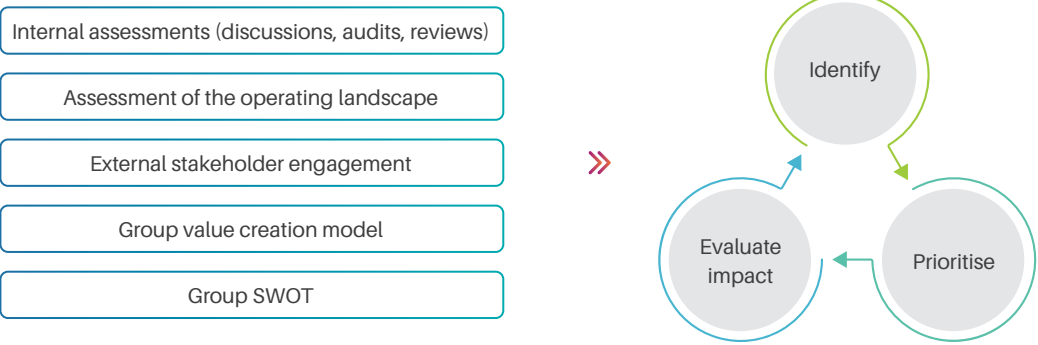
- ASHH has a strong sustainable tourism value proposition for guests with unique locations and sustainable practices which will appeal to the growing numbers of environment conscious guests
- Embedding sustainability in to our processes and organisation culture provides opportunities to drive cost efficiencies 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 operators and Sri Lanka's leading destination management company, positioning the Group as a front runner in the recovery of the sector

MATERIAL TOPICS

The Group’s material topics represent the issues that are most relevant to the Company and its valued stakeholders and have the potential to affect value creation over the short, medium, and long-term. This enables us to understand the expectations and concerns of our stakeholders and thus formulate strategies to address these needs and expectations. Detailed stakeholder engagement and analysis of the turbulent operating environment has enabled us to understand the significant changes that have taken place. 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 in pages 276 to 282 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.



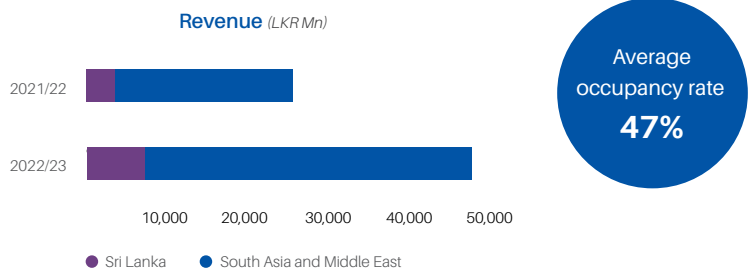
	Material Topic	Strategic Priority	SDG	Relevant GRI Standard
(1)	Health and safety	Operational excellence		GRI 403: Occupational Health and Safety GRI 416: Customer health and safety
(2)	Macro-economic conditions	Operational excellence		
(3)	Cost management	Operational excellence		GRI 207: Tax
(4)	Financial performance and preserving liquidity	Operational excellence		GRI 416: Customer health and safety
(5)	Service and operational excellence	Operational excellence		
(6)	Customer satisfaction	Portfolio maintenance and upgrade Operational excellence		GRI 410: Security Practices
(7)	Talent management	Developing talent	  	GRI 401: Employment GRI 402: Labour management relations GRI 404: Training and education GRI 405: Diversity and equal opportunity GRI 407: Freedom of Association and Collective Bargaining
(8)	Property Portfolio	Portfolio maintenance and upgrade		GRI 202: Market Presence
(9)	Brand and reputation	Operational excellence Sustainability		GRI 206: Anti-competitive Behavior GRI 415: Public Policy
(10)	Product responsibility and responsible business	Operational excellence		GRI 418: Customer privacy GRI 417: Marketing and labelling
(11)	Carbon footprint (energy, emissions)	Sustainability	 	GRI 302: Energy GRI 305: Emissions
(12)	Water and biodiversity	Sustainability	 	GRI 303: Water and effluents GRI 304: Biodiversity
(13)	Effluents and waste	Sustainability		GRI 306: Waste
(14)	Raw material consumption	Sustainability		
(15)	Procurement practices	Operational excellence		GRI 204: Procurement practices GRI 308: Supplier Environmental Assessment GRI 414: Supplier Social Assessment
(16)	Local communities	Sustainability		GRI 203: Indirect economic impacts GRI 411: Rights of Indigenous Peoples GRI 413: Local communities
(17)	Good governance	Sustainability		GRI 205: Anti-corruption GRI 406: Non - discrimination GRI 408: Child labor GRI 409: Forced labor

STRATEGY AND RESOURCE ALLOCATION

In view of the demanding operating conditions experienced during the year, the Group conducted a comprehensive reassessment and adjustment of its strategic priorities. The process aimed to ensure the Group's continued relevance and adaptability in the short and medium term. Careful evaluation of actionable plans was undertaken to strengthen our competitive advantage and enhance the Group's resilience against external challenges, all while staying aligned with our strategic and long-term objectives. Although the four strategic objectives remained unchanged, we made necessary refinements in our priorities within each strategic pillar. The subsequent pages provide an overview of resource allocation, initiatives pursued and the measurements of our progress towards these objectives. Relevance to our business clusters and capitals are shown through navigation icons in the respective sections of the report.



REVENUE OPTIMISATION

Highlights of 2022/23		Resource allocation
- Leverage on onsite facilities and offerings such as s excursions, proximity to attractions, diverse dining experiences, spa and yoga facilities to attract a wide range of Guests. - 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. - Pricing adjustments to encourage long stays, flash promotions during peak booking months, early bird booking discounts. - Website improvements: In the process of enhancing website experiences, 5 new language options, implementation of a ChatBot to assist with online direct bookings etc. - Maintained flexibility in cancellation policies		LKR 159 Mn investment in digital marketing
Measuring Progress  Revenue (LKR Mn) 2021/22 2022/23 10,000 20,000 30,000 40,000 50,000 ● Sri Lanka ● South Asia and Middle East Average occupancy rate 47%		Capital trade-offs - Strategically planned discounts to targeted customer groups to increase future penetration and engagement within these segments. - Developing new source market
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	- Focus on attracting a diverse range of tourists to utilize the melange of experiences and offerings at the hotels. - Realignment of overhead cost structures to rationalize costs. - Pursue growth in non-traditional market such as Eastern Europe	

STRATEGY AND RESOURCE ALLOCATION

OPERATIONAL EXCELLENCE

Highlights of 2022/23			Resource allocation
- All hotel menus have incorporated local ingredients providing guest more authentic local options. - Promoted local sourcing by establishing partnerships with nearby farmers to procure produce for our hotels. - Heritage Aarah obtained 20% of its total energy requirement from renewable solar PV. - Succession planning for key roles, increasing the number of females in the workforce through concerted recruitment and training efforts to mitigate the effects of employee migration. - Segment commenced on the refurbishment of the Al Falaj property in Oman which is expected to be completed in 2023 with upgrades to the carpark, banquet hall as a part of an effort to increase revenue. - Increasing our online presence through digital media platforms that has led to an increase in online bookings.			Payments to local suppliers: LKR 21.6 Bn 3,595 Channel partners
Measuring Progress			Capital trade-offs
71% Increase in operating profit 7% Pts increase in occupancy 16% Increase in website traffic through social media			- Strategically prioritized essential capital investments in property refurbishments to maintain and enhance the Group's physical infrastructure that will help attract more travellers to our resorts resulting in increased revenue generation and elevate customer satisfaction, thereby strengthening our social and relationship capital. - Increased levels of digital marketing and enhancing of websites have led to higher bookings through online platforms.
Way forward			
Short-term		Medium-to-long term	
- Catpitalize on the increased demand for safe and secure travel. - Continuous training and development of employees.		- Strategic brand emphasis to capitalise on the demand for established and reliable hotels from stakeholders. - In progress of Refurbishments in selected properties.	

DEVELOPING THE TALENT POOL

Key developments			Resource allocation
- Enhanced employee benefits and salaries to support employees due to increase cost of living and taxation. - Talent retention through monetary and non-monetary initiatives. - Succession planning through the identification of critical positions and developing a pool of successors.			Investment in training: LKR 35 Mn Total payments to employees: LKR 7.96Bn Students in Hotel School in Ahungalla and Kandalama 70
Measuring Progress			
88,662 Total training hours	LKR 2.66 Mn average benefits per employee (+ 85%)	58% retention rate	Capital trade-offs - Investments in the development of our employees will enhance both our intellectual and social and relationship capital over the long term. - Increasing monetary and non-monetary benefits during the year under review despite the turbulent operating environment will strengthen our human capital over the long term through increased retention and loyalty.
Way forward			
Short-to-medium term		Long term	
- Enhance bench strength of leadership pipeline of critical positions - Talent retention and reduce employee turnover - Restructuring of compensation and benefits to reflect recent escalation in inflation and taxes		- Attract the best talent despite macro economic challenges - Nurture a performance driven work culture - Launch of competency framework to manage operational talent - Elevating the Employer brand	

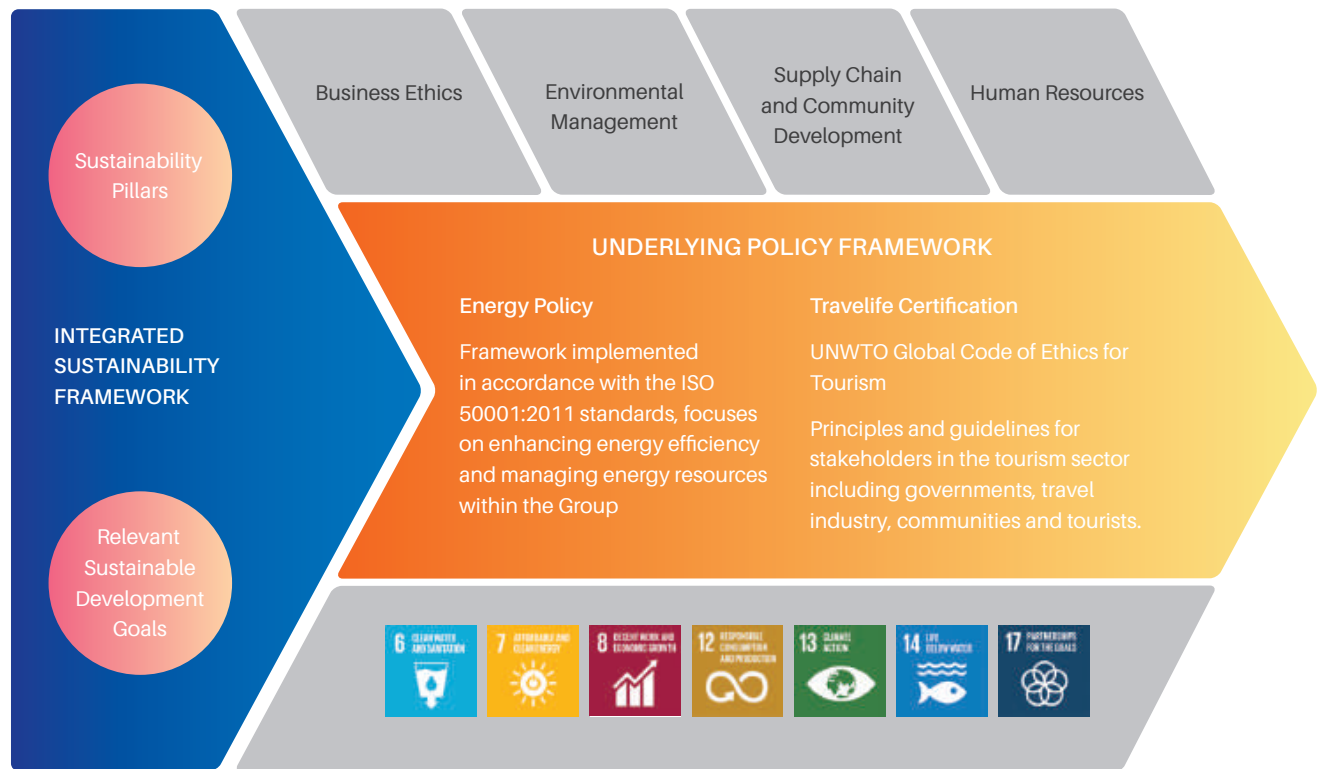
STRATEGY AND RESOURCE ALLOCATION

SUSTAINABILITY

Key developments			Resource allocation
- Structured engagement with internal stakeholders to identify possible improvements and obtain feedback on the Group's sustainability agenda - Optimising space utilisation in common areas such as restaurants to preserve energy - Development of local suppliers across a range new product - Met Implementation of environmental protection requirements - Reached efficiencies in water, energy, resources and waste management pre pandemic levels - Tree planting programmes at Heritance Kandalama - Property level CSR activities to maintain the cleanliness of beaches and surrounding areas of resorts - Bee keeping at Heritance Kandalama - Coral planting and conservation in Maldives - Plant nursery and sapling donation at Heritance Kandalama - Strengthening of supplier relationships through the following policies: Purchasing and Supplier Policy, Environmental Policy, Child Protection Policy, Labour, Human Rights and Non-Discrimination Policy and Community Engagement Policy			Investment in community engagement: LKR 26 Mn Investment in environmental initiatives: LKR 10.9 Mn
Measuring Progress			Capital trade-offs
4% reduction in water consumption per guest night	3% reduction in energy consumption per guest night	4% reduction in carbon footprint per guest night	Import restrictions and supply shortages led to the need to source more local ingredients and rely on an increased number of local suppliers which has impacted the financial capital but will strengthen the Group's social and relationship capital over the long term.
Way forward			
Short-to-medium term		Long-term	
- Matching our energy consumption from non-renewable sources with renewable energy generated - Experimental biogas plant at Heritance Ayurveda to produce methane gas from food waste. - Replacement of light bulbs with low energy consuming LED and CFL bulbs.		- Sourcing at least 10% of energy from renewable sources - Achieve net zero emission status	

SUSTAINABILITY AT AITKEN SPENCE HOTELS

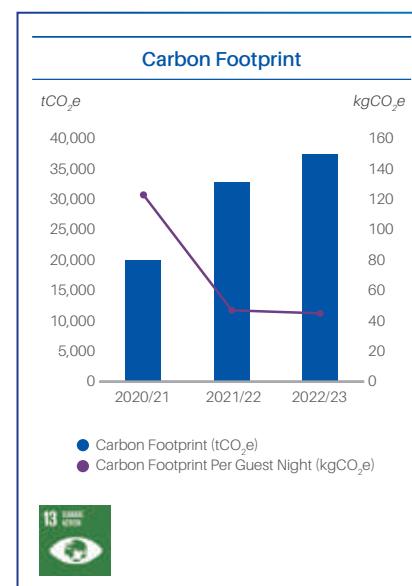
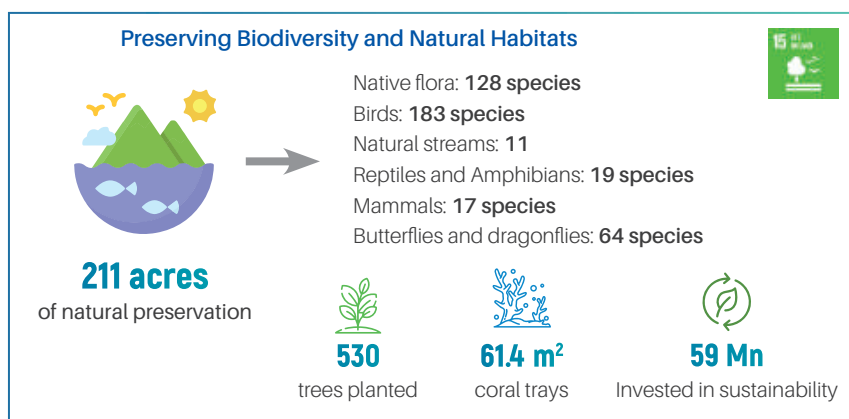
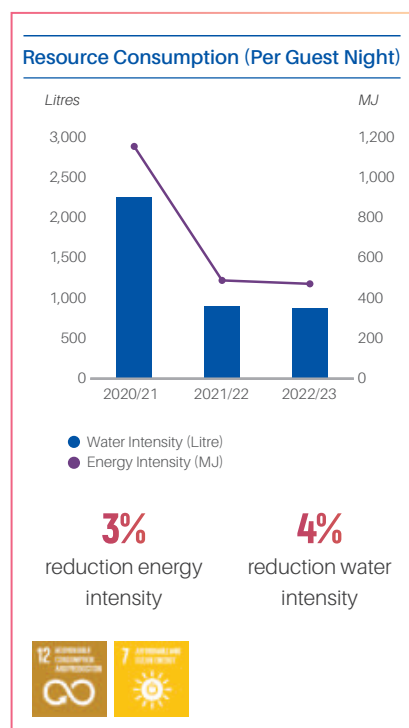
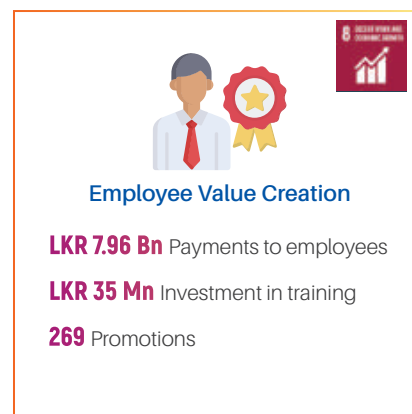
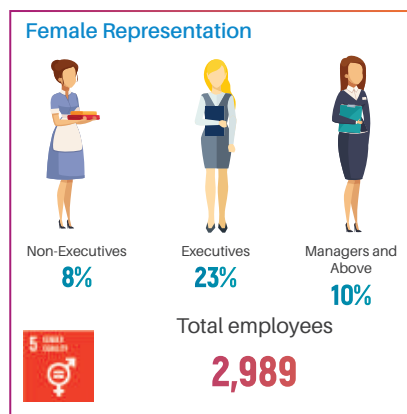
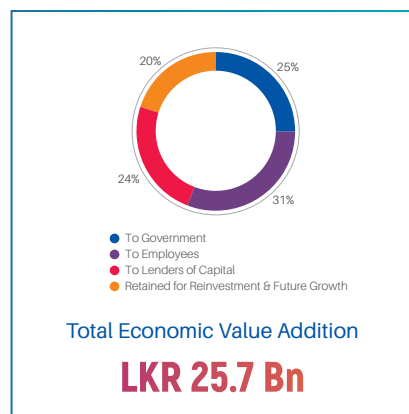
Aitken Spence Hotels maintains its position as a trailblazer in sustainable tourism in Sri Lanka by integrating economic, social and environmental sustainability principles into its corporate strategy, operations and procedures. The Group recognizes the crucial role of the tourism industry in promoting sustainable development and addressing pressing sustainability concerns. 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 <https://d3a2q5al71qg9.cloudfront.net/2017/04/ASH-Integrated-Sustainability-Policy.pdf>



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

SUSTAINABLE TOURISM DASHBOARD

< 201-1



PERFORMANCE ANALYSIS

SRI LANKAN CLUSTER

Competitive Strengths

Collection of 6 iconic owned properties and 2 associate properties in stunning locations

Unique, diverse and authentic experiences at each property

Renowned hospitality and excellent cuisine

Strong value chain partnerships

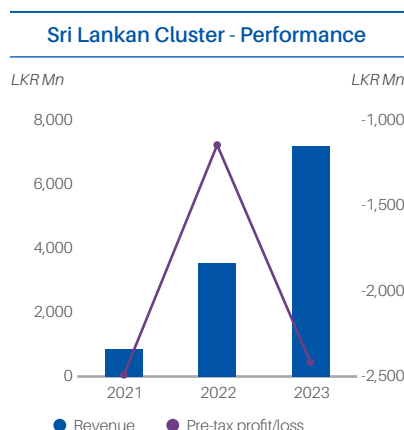
Operating Environment

- Macroeconomic and political headwinds leading to rising inflation, fuel and power shortages, increased interest rates and taxation.
- Increase in the number of international tourists from key source markets: India, Russia, United Kingdom.
- Shortage of industry related items due to import restrictions and the foreign exchange crisis.

Risks and Opportunities

- Increasing energy, finance and cost of essentials and food items.
- Political unrest and adverse travel advisories by source markets
- + Opening up of Chinese and Far East Markets
- + Increased airline connectivity

Strategy and Performance



- The top line of the Sri Lankan sector recorded strong growth of 100% to LKR 7.2 Bn in 2022/2023. However, the improvement in profitability was challenged due to the increase in food and energy costs.
- Profitability was further hampered by the surge in interest rates and taxation during the financial year as both interest rates and tax rates increased.
- The Segment was heavily affected by the migration of skilled and trained employees although steps are in place to mitigate this through succession planning and increased recruitment of females to the workforce.
- The increased levels of tourist arrivals during 2022 in comparison to 2021, has allowed the Group to capitalise on its strategic targeting of each source market.
- The management of costs and halting of all discretionary expenses continue to be a key focus.

Loss from Operations

LKR 447 Mn
14% ↓

Payments to Employees

LKR 1 Bn

Occupancy Levels

30%
Average

Capital Expenditure

LKR 249 Mn

Carbon Footprint (tCO₂e)

15,666

Certifications

21

Outlook

The hotels in Sri Lanka will continue to leverage on its group synergies and secure visitors from India, Eastern Europe, Australia, Middle East and well as China in the short term. The recommencement of European visits is expected to be slow until winter 2023 due to the recession and depreciation of the Euro against the dollar. With airline capacity improvements and change in seasonal tourism trends, the industry is expected to grow towards the end of 2023. Interestingly, the effect of post pandemic changes has seen in increase in remote working tourists leveraging on hybrid work models. The Hotels will continue to cater to this segment through monthly-stay packages, reliable internet facilities and excellent workspaces. There is a growing trend of online bookings although the uncertainties in recent years have also continued the reliance on tour operators and agents, which the hotels will continue to utilize. The retention of skilled employees will be a key concern as would the managing of expenses and retaining liquidity amidst the need for the refurbishment of the hotels. The Segment will continue to prioritize environmental conscientiousness and sustainability as a part of its daily operations.

PERFORMANCE ANALYSIS

SOUTH ASIAN AND MIDDLE EAST CLUSTER

Competitive Strengths

One of the leading hotel operator in the Maldives

Properties cater to a number of customer segments

Operations across Maldives, Oman and India

Renowned for excellence in hospitality and cuisine

Operating Environment

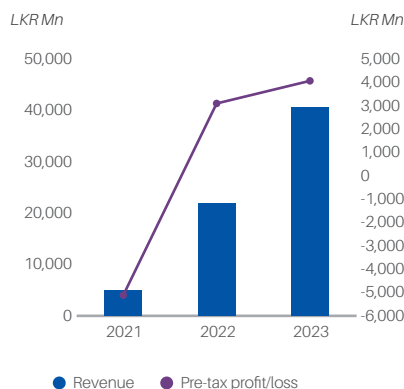
- Maldives continued to be one of the highest in demand tourist destinations in Asia with strong inflows of tourists from key source markets such as India, Russia, and the CIS region.
- India saw a 305% increase in tourist arrivals in 2022 over 2021 from the United States of America, Bangladesh, and United Kingdom.
- Supported by the tourist conducive policies of the Omani Government, the tourism industry of Oman has received a boost in terms of investments and tourist arrivals.

Risks and Opportunities

- + Strong growth potential in the Maldives, India and Oman
- + Opening up of Chinese and Far East Markets
- + Improvement in travel confidence
- + Growing regional tourism
- Increased competition from cheaper travel destinations
- The impact of Inflation, increase in energy costs, rising wages and interest rates on the bottom line

Strategy and Performance

South Asian and Middle East Cluster - Performance



Maldives

- The Maldives sector hotels recorded a revenue growth against the previous financial period of 82% with a growth in gross profit of 86%.
- There was a substantial increase in energy and fuel costs as well as freight costs, which propelled overall costs upwards. Additionally, the hotel sector faced a 40% increase in payroll expenses due to the implementation of a minimum wage policy within the country.
- Interest costs also saw an uptick as LIBOR rates increased although there was a substantial exchange gain during 2022. Hence there was a significant 116% increase in net finance costs during the period. This had an impact on the sector's profit before taxes, limiting the year-on-year increase to 23%. Cashflow and liquidity were affected as the 4-year moratorium period came to an end.
- The Raafushi property was sold in order to reduce the exposure in Maldives. The Hotels focused on more experience related tourist excursions and activities with investments in veterans in the industry to drive growth.

India

- The Indian Hotel recorded a successful turnaround, recording a profit for the first time in its operating history. There was a 232% increase in revenue and a 16% ADR growth over pre pandemic levels.
- Over 42,500 room nights sold during the period, which was a 20% growth over pre pandemic levels recording an 83% average rate of occupancy.

Oman

- The revenue increased by over 95% YOY to LKR 1.2 Bn during 2022/23.
- The increase in room revenue, however, grew at a lesser rate due to the excess of hotel room inventory in the country as competition from new investments reduced room rates drastically.
- The Hotel was able to operate at up to 68% occupancy rates since the pandemic and room night rates increased by 20% during the period.
- There was an 89% increase in overhead costs at the same time stemming from hikes in payroll related costs due to the labour-intensive nature of operations that require a large staff of 145 (during the season) for both hotel room and F&B operations.
- The Segment commenced on the refurbishment of the Al Falaj property which is expected to be completed in 2023 with upgrades to the carpark, banquet halls as a part of an effort to increase revenue.
- The finance cost of the sector reflects a significant increase, primarily attributed to the borrowing costs associated with both existing loans and the new loan obtained to finance the refurbishment activities.

Profit from Operations

LKR 7.76 Bn

62% 

Occupancy Levels

66%

Average

Carbon Footprint (tCO₂e)

21,771

Payments to Employees

LKR 6.9 Bn

Capital Expenditure

LKR 1.77 Bn

Certifications

6

Outlook

Maldives

The hotel industry in Maldives is poised for growth with the opening of Chinese and European markets. Infrastructure issues such as airport capacity needs to be addressed to reduce the waiting time of airlines. The increase in the number of tourist accommodation may prove to be a challenge along with the competition from cheaper tourist destinations which need to be addressed with more sustainable and unique experiences. Additionally, this will hamper the ability to increasing rates to counteract the cost hikes and minimum wage increases. The Hotels will continue to maintain the quality accolades already received with plans to obtain the LQA (Leading Quality Assurance) standard. Improving guest experiences will continue as a key priority as the hotels continue the digitization processes and conduct regular training and development of team members.

India

The Segment sees potential for further growth in the hotel industry against the backdrop of the positive economic outlook in Chennai as well as India. The Segment will focus on building a diverse and skilled team through continuous training and development.

Oman

The tourism development plan of The Sultanate of Oman, Oman Vision 2040 will continue to promote tourism in the Country, with an investment of US\$51 Bn., in an attempt to diversify away from oil related activities and is expected to provide further growth opportunities for the Hotel sector. At the same time, there is an expectation of large corporate entrants into the hotel industry which will drive prices down as competition grows. The refurbishment of Al Falaj is expected to help the Segment maintain its competitiveness and stride alongside market growth in the medium term. The Hotel will leverage on its excellent F&B offerings and develop its catering arm and banquet facilities further with planned investments for upgrades to re-obtain the 4-star status. A mixed-development project on Hotel land is planned in an attempt to increase the footfall and revenue to the Hotel.

CAPITAL REPORTS



Financial Capital



The Financial Capital reflects the Group's equity, borrowings and funds generated through operations. The effective utilisation of the Financial Capital is a key strategic objective so as to ensure sustainable and substantial returns to our shareholders.



Profit from Operations

Rs. 7.3 Bn

+71% ↑



Value Generated for Lenders

Rs. 5.8 Bn

+155% ↑



Shareholders' funds

Rs.30.18 Bn

+7% ↑

FINANCIAL PERFORMANCE

Revenue

The consolidated revenue saw a significant increase to LKR 46 Bn in 2022/23 from LKR 24.57 Bn in 2021/22 reflecting the rebound of the Sri Lankan sector (12%) and the South Asian and Middle East sector (88%). Performance of the Sri Lankan sector was upheld by revenue expansion across our properties which saw the average occupancy levels at 30% in comparison to the previous year level of 21%, despite the tumultuous environment stemming from macro-economic and political volatility.

This reflects the increase in international tourist arrivals to the country along with the success of the Group's promotions carried out to attract more domestic tourists. The South Asian and Middle East sector, led by the Maldivian resorts were the largest contributor to the Group revenue account for 88% of the consolidated revenue during the period.

The revenue growth of the Maldives resorts was moderated to 82% as the sector faced increased competition from destinations such as Thailand, Bali and Philippines opening up after pandemic related

lockdowns with cheaper and attractive offers. However, the reopening of the Chinese and Far East borders is expected to create an increase in inflow of tourists to the Maldives in the short to medium term. The Indian sector on the other hand, saw a successful turnaround with a 232% increase in revenue, recording an average room occupancy rate of 83% supported by the 42,500 hotel room nights sold. The Oman sector also recorded an increase in revenue of over 95% despite the rapid increase in room inventory and the intensification of pressure supported by the Government's initiatives to promote tourism.

CONTRIBUTION TO VALUE CREATION

LKR 46.1 Bn

Revenue
(88%) ↑

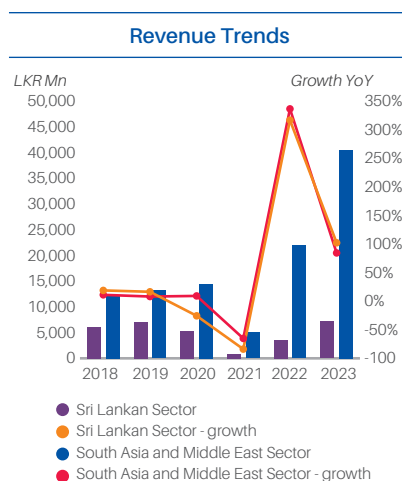
LKR 60.50

Market Price Per Share
(73%) ↑

LKR 62.80

Net Assets Per share
(7%) ↑





COST MANAGEMENT

There was a significant increase in overhead costs during the period under review of 90% stemming from the escalating inflationary pressures on food and energy costs in Sri Lanka. Staff costs during the period increased substantially by 88% due to a 40% increase in payroll expenses in the Maldivian sector due to the implementation of a minimum wage policy as well as a 20% increase in payroll related costs in Oman due to the increasing staffing requirements as operations resumed. The other direct operating expenses driven by the resumption and upscaling of operations and activities increased by 84% as revenue grew for the period. Other Indirect operating costs also recorded a 117% increase as administrative and establishment expenses increased amidst upward inflationary and exchange rate pressures. Despite these operating conditions, the Group continued to place strategic emphasis on optimising resources to drive cost efficiencies, giving prominence to the rationalisation of costs, pursuing local options and suppliers, deferring non-essential expenses and curtailing capital expenditure when possible, to preserve liquidity.

Nevertheless, the profit from operating activities recorded an increase of 71% up to LKR 7.3 Bn from LKR 4.28 Bn during the previous financial year. This could be attributed to the strong performances seen

in all four markets. The Sri Lankan sector generated an operating loss of LKR 447 Mn with the South Asian and Middle Eastern Sector contributing LKR 7.7 Bn operating profits.

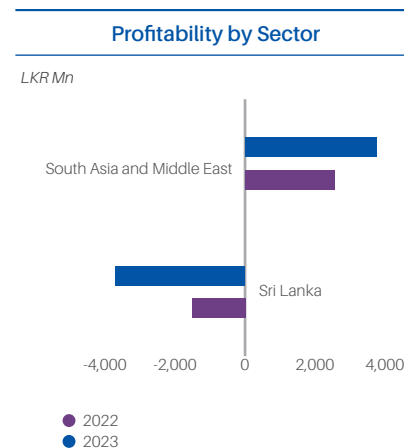
FINANCE EXPENSES

The net finance expenses of the Group increased by 1.5 fold to LKR 5.26 Bn, despite long term interest bearing liabilities reducing from LKR 38.6 Bn to LKR 36.6 Bn during the period albeit the bank overdrafts/short term borrowings increased by LKR 2.7 Bn to fund working capital investments and bridge liquidity shortfalls. The upsurge of interest rates during the year resulting from the monetary policy measures adopted by the Central Bank of Sri Lanka, impacted the Group heavily with the finance expenses for the period increasing by 155%, with the total debt increasing up to LKR 50.6 Bn during the year. The debt moratorium period granted to businesses affected by the pandemic came to an end during the financial year under review. This development led to liquidity constraints and necessitated tighter cash flow management for the Group. The refurbishment of the Al Falaj property in Oman led to an increase in borrowings and financial expenditure for the sector. The finance income for the year increased from LKR 171.9 Mn to LKR 541.6 Mn stemming from gains on financial investments.

PROFITABILITY

The pre-tax profitability of the group declined marginally to LKR 1.6 Bn in comparison to LKR 1.9 Bn during the previous period. Despite the substantial increase in revenue failed to reflect in profitability due to a dilution from increased inflationary and energy costs as well as hikes in interest rates in Sri Lanka. The Maldivian sector recorded a 23% increase in profits before taxes, stemming from the upward propelling of costs in the country due to energy, fuel and freight cost hikes. The substantial increase in interest rates and employee costs had an effect on the bottom line of the Group with the operating profits of the South Asian and Middle East Sector

recording an LKR 4 Bn profit before tax. The losses arising from equity accounted investees amounted to LKR 398 Mn during the year stemming from Browns Beach Hotels PLC and Amethyst Leisure (Pvt) Ltd. Income tax increased from LKR 912 Mn to LKR 1.5 Bn for the period. The profit after tax for the year declined from LKR 1.03 Bn to LKR 47 Mn for the financial year.



CAPITAL REPORTS

FINANCIAL CAPITAL

Summary of Key Income Statement Items				
LKR Mn	F/Y 2022/23	F/Y 2021/22	% Change	Explanatory Notes
Revenue	46,060	24,571	87%	The contribution from the Maldives sector remained consistent and served as the primary driver of the Group's 87% revenue growth. This was further supported by the devaluation of the Sri Lankan Rupee (LKR) against foreign currencies. The Sri Lankan resorts witnessed a remarkable 100% year-on-year increase in revenue, bolstered by a rise in domestic travel and the gradual recovery of international arrivals during the winter of 2022/23.
Other Operating Income	192	203	-6%	Increases in recreation and other income, as well as insurance claims received during the period, contributed to the other operating income of the Group. However, there was a dilutive impact from exchange losses due to the appreciation of the Sri Lankan Rupee against major currencies at the end of the financial year.
Staff Costs	(7,957)	(4,243)	-88%	This is due to a 40% increase in payroll expenses in the Maldivian sector due to the implementation of a minimum wage policy as well as increase in payroll related costs in other sectors due to the increasing staffing requirements as the level of operation increased. These increases are further impacted by changes in exchange rates.
Depreciation & Amortization	(5,386)	(3,434)	-57%	Due to the addition of LKR 2 Bn worth of property, plant, and equipment (PPE) during the year and the fluctuation in exchange rates.
Other Operating expenses - Direct	(11,371)	(6,168)	-84%	Due to increase in volume and impact from exchange rate fluctuations.
Other Operating expenses - Indirect	(13,225)	(6,105)	-117%	Due to increase in volume and impact from exchange rate fluctuations.
Finance Income	542	172	215%	Due to increases in both applicable interest rates and the short-term investments.
Finance Expense	(5,810)	(2,279)	-155%	Due to interest rate increases and increase in short term borrowings.
Share of Profit/ (Loss) of equity accounted investees net of tax	(398)	(226)	-76%	Losses arising from associate companies.
Taxation	(1,598)	(912)	-75%	Mainly due to an increase in net results in the Maldives sector and the deferred tax impact from the Sri Lankan sector due to changes in tax rates.

FINANCIAL POSITION AND STABILITY

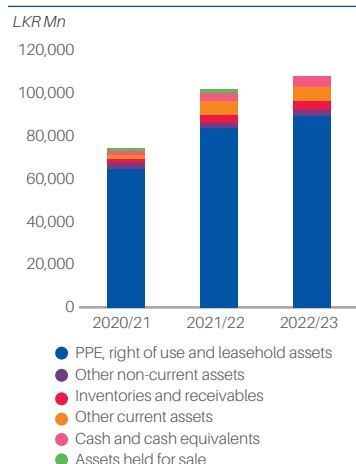
Balance Sheet Strength

The total assets for the period increased to LKR 107.95 Bn from LKR 101.6 Bn with a 6% year on year increase. The Property, Plant and Equipment (PPE) increased by 8% to LKR 72.6 Bn from LKR 67.3 Bn due to refurbishment and upgrades to the Maldivian and Oman resorts. Investments in current assets increased by 2% to

LKR 15.95 Bn. This increase was driven by the growth in cash and cash equivalents, other financial assets, inventory, and trade and other receivables during the period. The increased operating levels in all sectors contributed to this growth. Additionally, the disposal of leasehold rights of Raafushi Island, which were previously classified as assets held for sale, also impacted the investments in current assets. The total

current liabilities also increased by 23% during the period in view of the increase in bank overdrafts, short-term borrowing, and current liability of long-term borrowings by LKR 3.47 Bn.

Asset Composition and Growth



CAPITAL AND LIABILITIES

The increase in the foreign currency translation reserve and non-controlling interest on profit making entities resulted in an increase in the shareholders' funds to LKR 30.2 Bn from LKR 28.1 Bn during the year. Shareholders' equity accounts for 28% of the Group's total assets, while total liabilities experienced a slight 6% increase primarily due to higher short-term borrowings to meet working capital requirements.

The Group's gearing ratio (debt/debt + equity) slightly decreased to 63% from 65% compared to the previous year. This improvement was attributed to the initiation of long-term debt settlements.

Despite facing persistent challenging conditions, the Group successfully fulfilled all its financial obligations in a timely manner, demonstrating its commitment to meeting payment deadlines and maintaining financial stability.

Aitken Spence Hotel Holdings PLC did not receive Financial Assistance from the government during the year under review.

Summary of Key Balance Sheet Items				
LKR Mn	31st March 2023	31st March 2022	% Change	Explanatory Notes
Property, plant and equipment & right-of-use assets	89,534	83,743	7%	Due to the additions of LKR 2 Bn worth of PPE, the impact from exchange rate changes, and the revaluation of lands during the financial year.
Other non-current assets	2,467	2,214	11%	Negombo Beach Resorts (Pvt) Ltd.'s unsecured loan has been reclassified from current assets to non-current assets.
Inventory	1,691	1,627	4%	Due to increase in volume and impact from exchange rate fluctuations.
Cash and cash equivalents & Other financial assets	9,815	8,462	16%	Due to increase in volume, investments in short-term deposits of less than 90 days, and the impact from exchange rate changes.
Other current assets including trade and other receivables	4,445	5,593	-21%	During the financial year, Ace Resorts (Pvt) Ltd. disposed of its leasehold rights of Raafushi Island, which had previously been classified as assets held for sale.
Total Assets	107,952	101,640	6%	
Shareholder's equity	21,041	19,871	6%	Due to the increase of revaluation reserve and the foreign currency translation reserve.
Non-Controlling interests	9,139	8,270	11%	Due to increased profit and other operating income generated primarily in the Maldives sector during the year.
Long term debt	42,702	43,952	-3%	Due to the settlements of borrowings and the movement in exchange rates, particularly affecting foreign currency-denominated borrowings.
Short term debt	7,946	5,235	52%	Due to the utilization of bank overdraft facilities and the movement in exchange rates, which have impacted foreign currency-denominated borrowings.
Other non-current liabilities	16,918	15,113	12%	Due to deferred tax impact from Sri Lankan sector caused by the changes in tax rates.
Other current liabilities (Including trade & other payables)	10,204	9,198	11%	Due to increase in volume and the impact from exchange rate changes.
Total Equity and Liabilities	107,952	101,640	6%	

CAPITAL REPORTS

FINANCIAL CAPITAL

CASHFLOW

The Group's operating cashflow generation strengthened during the year, reflecting increased operational activity in both sectors. Net cash inflow from operating activities increased to LKR 8.49 Bn from LKR 6.79 Bn in the previous year. Meanwhile net cash outflow from investing activities amounted to LKR 436 Mn reflecting capital expenditure while generation cash inflow from disposed of assets held for sale. The Group's net cash outflow from financing activities amounted to LKR 9.33 Bn mainly due to repayment of borrowings. Overall, the Group's cash and cash equivalents recorded a net decrease of LKR 1.49 Bn.

Economic Value Added (EVA)					
LKR '000	2022/23	2021/22	2020/21	2019/20	2018/19
Net Profit Attributable to Shareholders	46,809	1,034,305	(7,253,215)	(895,724)	1,197,164
Add:					
Depreciation and Amortisation	5,385,799	3,433,486	3,338,451	2,846,879	1,873,724
Non-Cash & Non-operational adjustments	530,128	79,730	625,038	448,912	256,804
Total Interest on debt	5,809,973	2,278,833	2,173,971	1,861,353	934,502
Adjusted Profit After Tax	11,772,709	6,826,354	(1,115,755)	4,261,420	4,262,194
Total Investment Capital					
Total Equity	30,180,271	28,141,058	21,962,720	29,150,430	30,595,435
Add:					
Total Long-Term Debt to banks	36,588,535	38,596,278	28,147,885	24,890,820	23,405,292
Total Short-Term Debt to banks	14,060,753	10,591,516	7,300,993	5,250,363	4,184,006
Lease Liability	15,010,510	14,689,882	11,033,234	9,133,386	-
Cumulative Depreciation	35,369,760	29,439,940	20,117,354	16,918,951	14,147,105
Adjusted Investment Capital	131,209,829	121,458,674	88,562,186	85,343,950	72,331,838
Economic Value Added					
Weighted Average Cost of Capital	11.1%	6.3%	5.2%	6.6%	5.9%
Cost of Average Investment	14,523,308	7,700,513	4,621,421	5,640,720	4,260,511
Economic Value Added	(2,750,599)	(874,159)	(5,737,176)	(1,379,300)	1,682



Manufactured Capital



The Group's portfolio of properties plays a vital role in its customer value proposition and has been a key competitive advantage, enhancing brand value and customer experience. Enhancing the physical and digital infrastructure of the properties is a key pillar of success and value creation as we continue to differentiate ourselves from the competition.



Capital Investment

SRI LANKA

LKR 249 Mn ↑

SOUTH ASIA & MIDDLE EAST

LKR 1,771 Mn ↑



Property, Plant, and Equipment

LKR 72.6 Bn

8% ↑



Digital Infrastructure

LKR 318 Mn

9% ↑

HIGHLIGHTS IN 2022/23

Refurbishments, Renovations and Capital Investments

- ▶ LKR 205 Mn capacity enhancement investment.
- ▶ LKR 640 Mn product enhancement investment in four sectors.
- ▶ LKR 1,175 Mn operating capital investments.

Leveraging Digital Capabilities

- ▶ Investments in digital infrastructure: website enhancements, digital marketing

CONTRIBUTION TO VALUE CREATION

91.66%

Customer satisfaction score on facilities

16%

Increase in website traffic through social media

LKR 48 Mn

Investment in acquisition of unspoiled land

LKR 819 Mn

Revaluation surplus



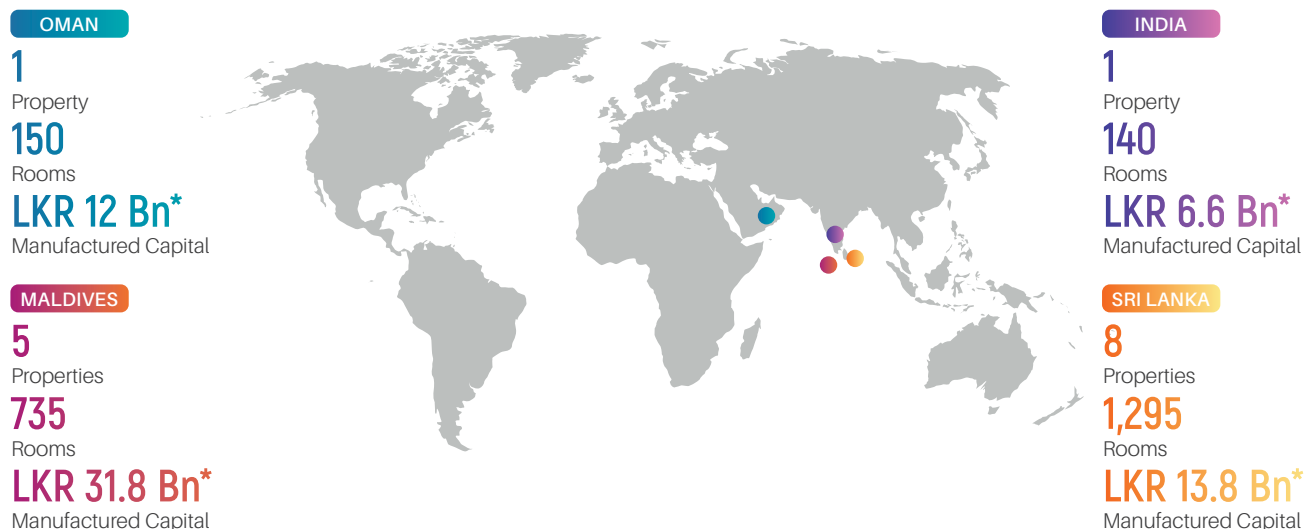
CAPITAL REPORTS

MANUFACTURED CAPITAL

OUR PROPERTIES

Our portfolio of unique and stunning properties that are able to offer diverse and varied experiences to our customers is a key strength. The handpicked locations of our hotels combined with the breath-taking architectural masterpieces, enhance the vistas and experiences of our customers. This has helped us maintain our position at the forefront of the hotel industry, despite facing high competitive pressures.

OUR PROPERTY PORTFOLIO - OWNED



* Net book value of land and buildings as at 31st March 2023.

Heritage Ahungalla	Heritage Kandalama
 The first five-star beach resort in the country, this property is an ode to simplicity, pays tribute to its vibrant locality, and embraces the spirit of Heritage. Featuring the world's first infinity pool, this 152 room hotel embraces southern charm, inviting calmness and relaxation. Designed by legendary architect Deshamanya Geoffrey Bawa, the underlying theme of peace and serenity is created right from the start with a celebration of blue shades the azure pond, the turquoise pool, the aquamarine ocean, and the cerulean skies. Featuring art and crafts by some of Sri Lanka's well-known artists on its walls and ceilings, Heritage Ahungalla is a playground for artisans to promote their crafts, thereby creating awareness of our inherent artistic talent.	 Located in a still forest of lush greenery, the Heritage Kandalama was envisioned and created by famed architect Deshamanya Geoffrey Bawa. This 152 room property in Dambulla is a unique celebration of its locality and natural grounds. Since preserving the natural habitat was key, the hotel was constructed to blend in with the landscape. Stretching over 1 km of the cliff face on which it stands, the location has been designed to offer picturesque views of the Dambulla Lake, the rolling hills beyond, and Sigiriya. This distinctive venue leads the way in eco-design, being the first hotel in Asia to receive the Green Globe 21 certification, and the first in the world to be honoured with the esteemed LEED Green Building certification.

Heritage Negombo



Sprawling across 6.5 acres of beachfront land, featuring a signature view of the sea from each room, the property is designed for convenience and comfort. The resort is also said to be located on one of the widest beachfronts the island has to offer.

An ode to the speciality of Negombo and life in paradise, the banquet spaces have been named in celebration of famed artists of the community. In keeping with the popular street dining concept of the city, the resort also features a unique outdoor dining area, where tantalising and delightful meals await guests.

The 139 room city resort melds inventiveness and grandeur with ease, making it the perfect holiday and banquet space celebrating the spirit of Sri Lanka.

Heritage Ayurveda



This resort's novel delivery of an authentic ayurvedic experience without the compromise of comfort has enabled it to carve its niche in the minds of wellness enthusiasts all over the globe.

The first property launched by Aitken Spence Hotels and reopened as Heritage Ayurveda, the resort provides an inimitable holistic wellness experience. This 64 room hotel in Beruwala is yet another Geoffrey Bawa design in the Aitken Spence Hotels portfolio, creating the perfect balance between building and nature, the indoors and the outdoors – an aspect vital for the balance of body, mind and soul.

The resort offers a bespoke and comprehensive plethora of treatments whilst celebrating Sri Lankan ayurveda practices, promoting local ingredients and food preparation techniques for long-term wellness.

Heritage Tea Factory



A warm tea culture offers respite at the historical Heathersett Estate, transformed from a 19th century tea factory into a 50 room hotel, representing local hospitality and up-country charm.

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 Tea Factory's original features have been preserved.

Set in rolling green hills high above sea level, the resort features tea plucking at its estate, a mini tea factory tour, a professional tea-tasting experience, and a vibrant tea menu presenting a tea destination for connoisseurs from around the world.

Hotel Riu Sri Lanka



Hotel Riu Sri Lanka is located on a magnificent beach in Ahungalla, providing stunning views of the ocean, and is the ideal location to enjoy an exotic holiday experience on the southern belt of the island.

A part of the international RIU chain of hotels, this 501 room hotel offers a variety of services and amenities on all-inclusive basis. Gastronomy and entertainment are an essential part of any travel experience, and the hotel's menus and entertainment options stand out because of the wide variety of options available.

Along with the diverse facilities that provide a comfortable and relaxing stay, guests can experience the rich culture and natural beauty of Sri Lanka, leaving with an experience of a truly memorable vacation.

CAPITAL REPORTS

MANUFACTURED CAPITAL

Turyaa Kalutara



A seaside sanctuary where seamless leisure is a daily occurrence, the resort is home to six acres of sandy beaches, dotted with striking green coconut palms. This 199 room property features a variety of accommodation features, along with dining spaces, entertainment areas, banquet, and conference facilities.

Be it on a brilliantly sunny day, or a seductive star-kissed night, Turyaa Kalutara is located in close proximity to the commercial hub of the island, and designed to create the perfect synergy of peace, comfort, celebration, and delight.

Amethyst Resort



This 38 room hotel, designed to escape the mundane, is stretched along what is considered to be among one of the world's longest stretches of shallow coastal line.

Popular for escapism, the resort is home to breathtaking ocean views. Along with tranquil surroundings for those who wish to relax, seasonal water sports and excursions are available for the adventurous at heart.

Amethyst is a stone that brings serenity, and our vision is to provide you with that experience, ensuring your holiday is the perfect retreat.

Earl's Regency Hotel



Situated by the majestic Mahaweli river, this premier five-star property is one of the most sought-after hotels in the city of Kandy.

Well-regarded for its sumptuous cuisine, colonial-inspired accommodation options, the venue plays host to a variety of events, delivering excellent service, hence ideal for the perfect vacation.

The location provides a peaceful holiday experience away from the hustle and bustle of the hill capital and is conveniently located within proximity to the wonders of Kandy's cultural heritage.

Heritance Aarah



Surrounded by crystal-clear waters and vibrant coral reefs teeming with marine life, this 150 villa resort takes the 'Heritance' brand across Sri Lankan borders. In keeping with the Heritance promise of embracing locality, the property features a unique in-house village promoting Maldivian culture.

The resort is the first LEED-certified building in the Maldives given its sustainable ethos, and features the first and only medi-spa. The premium all inclusive resort offers a culinary journey of epic proportions, along with complimentary over and under-water excursions and activities.

With its pristine white sandy beaches, crystal-clear turquoise waters, and stunning coral reefs, Heritance Aarah presents an immersive indulgent experience crafted for true connoisseurs of the finer things in life.

Adaaran Prestige Vadoo

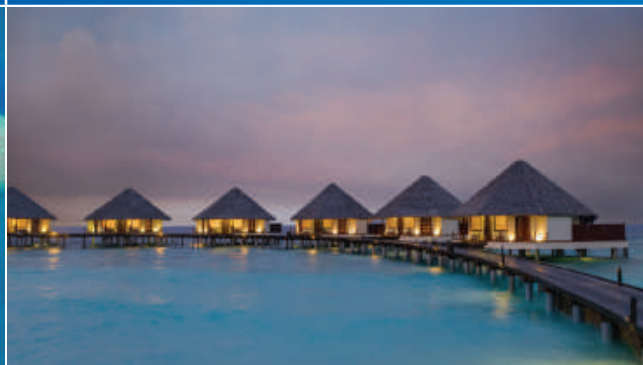


Adaaran Prestige Vadoo is a serene resort that offers guests a chance to experience the true beauty of the Maldives in comfort and style.

This 50 overwater villa resort is perfect for those seeking ultimate comfort, relaxation, and seclusion in a stunning natural setting. Strategically located at the gateway to the South Atolls, the resort possesses its own exotic reef teeming with vibrant aquatic flora and fauna.

With a breathtaking view of the Indian Ocean, Adaaran Prestige Vadoo is famed as a honeymooners' paradise given its secluded villa design. Set off on unforgettable adventures on land, above the waves, or beneath the ocean's surface, and experience the ultimate in island getaways.

Adaaran Select Meedhupparu



This resort is situated in Raa Atoll and boasts 221 villas, nestled on a lush island with pristine beaches and swaying palm trees. Experience the healing warmth of the sun and immerse yourself in the captivating sights and sounds of an enchanting tropical island.

This expansive location provides an idyllic setting for guests to indulge in their dream vacation - from exhilarating water activities to savouring gastronomic delights - and unwind with the resort's Premium All-Inclusive package. Adventure enthusiasts will appreciate the reef which surrounds the area, and enjoy exploring the underwater caves nearby.

Adaaran Club Rannalhi



Located exclusively at the tip of the South Male atoll, this resort is set amidst beautiful tropical surroundings and houses 122 rooms and overwater villas. Designed for those who crave a quick break from the bustle of everyday life, the island retreat allows everyone a private space for relaxation.

Easy access to the capital city, stunning beaches, a range of water sports, and a serene environment blend together to provide guests with a unique holiday experience at Adaaran Club Rannalhi.

Adaaran Select Hudhuran Fushi



The 192 villa resort is renowned globally as the 'surf island', with a fantastic left-breaking wave on one side of the island, and six other world-class waves accessible via a short boat ride. The location is ideal for surfers with varying levels of expertise, making it a prime destination for surfing.

The resort is situated in a peaceful and secluded location in the north Male atoll, easily accessible by a short speedboat ride from the main city island, and offers a Premium All-Inclusive package tailored for families, groups of friends, and adventurous couples seeking a romantic getaway.

CAPITAL REPORTS

MANUFACTURED CAPITAL

Al Falaj Hotel Muscat



Offering easy access to the business district and various tourist attractions, Al Falaj is one of the finest business hotels in Oman that seamlessly combines business and leisure. The 150 room establishment is conveniently located near Muscat International Airport, provides spacious meeting and conference venues, along with excellent service and award-winning dining venues that makes it the ideal choice for a perfect vacation.

Desert Nights Camp



Experience the authenticity of a traditional desert camp with lavish amenities and panoramic views of the picturesque dunes and crystalline wadis. Situated in the silky Wahiba Sands, the 86 bed Bedouin-style tent camp is the sole luxury desert camp in Oman, offering the ultimate glamping experience.

This award-winning resort creates a mystical atmosphere that seems to transcend the passage of time, transporting guests to days gone by while offering the experience of sleeping under the twinkling stars.

Sur Plaza Hotel



In the picturesque town of Sur, 220 km from Muscat is a 105 room hotel that provides a comfortable stay and exceptional customer service to discerning travellers and guests. Located on the eastern shores of the Arabian Peninsula, this comfortable three-star property is one of the first places in the region to witness the Middle Eastern sunrise.

Drawing inspiration from traditional Omani hospitality, this location creates a relaxing and unforgettable experience for guests in the city. With superior service and friendly staff ready to meet every need, the hotel is an ideal destination for a perfect getaway.

Turyaa Chennai

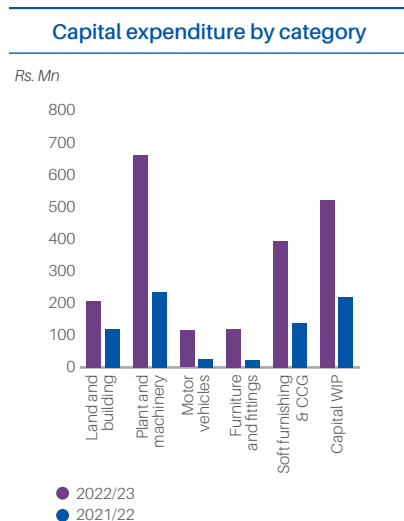


Located in close proximity to Chennai's IT Corridor, the 140 room deluxe hotel provides personalised amenities and services, creating an atmosphere that is the perfect blend of business and leisure.

Whether for intimate or grand weddings, high-powered business meetings, or family getaways, Turyaa Chennai caters to a diverse range of clients, offering an eclectic dining experience and a warm welcome to anyone seeking comfort and convenience in an urban setting.

CAPITAL EXPENDITURE IN 2022/23

Under the prevailing industry conditions, the Group implemented a prioritization plan for capital expenditure during the reviewed year to focus on planned upgrades and maintain liquidity levels of respective hotels. The total capital expenditure for the year amounted to LKR 2 Bn.

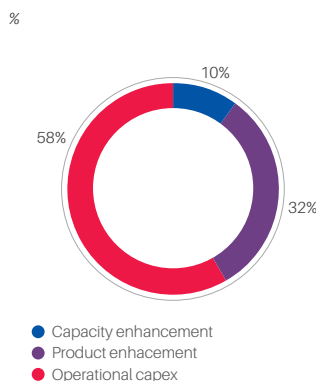


The Group made significant investments in following properties based on the operational requirements and the strategic priority of the respective properties.

- Al Falaj Hotel in Oman has made significant investments in upgrading various areas of the hotel, including the car park area, grand hall, hotel front area landscaping, and the installation of a new hotel wing chiller.
- Adaaran Club Rannalhi and Adaaran Select Hudhuranfushi made investments in bottled water plant buildings and equipment.
- Adaaran Prestige Vadoo and Adaaran Select Meedhupparu made investments in kitchen wet garbage treatment plants.
- Cadjan repair and replacement works were carried out in Adaaran Club Rannalhi, Adaaran Select Hudhuranfushi, and Heritance Aarah.

- Construction of sea plane lounge and pedal court super structure at Heritance Aarah
- Upgrading the generator at Adaaran Select Meedhupparu

Capital expenditure 2022/23



The Group's investments in capacity enhancement, product enhancement, and operational capital expenditures have yielded positive outcomes by elevating the level and quality of operations. As a result, guest satisfaction has been enhanced.

LONG-TERM ASSET MANAGEMENT STRATEGY

The Group's asset management strategy involves the management and allocation of assets over an extended period of time to achieve the groups short- and long-term goals. Underlying this is the goal to optimize the risk and return trade-off and ensure the growth, preservation and diversification of our manufactured capital over long term. We continue to review and update our strategy to ensure it remains aligned with the market conditions and the goals of the Parent Entity.

DIGITAL INFRASTRUCTURE

The Group prioritized upgrades to websites and visual appeal to improve online direct bookings, property management systems, digital marketing to promote hotels internationally, and process automations. The increased emphasis on marketing through digital platforms and enhancing the Group's online presence proved successful,

resulting in a doubling of online bookings during the period.

Aitken Spence PLC took a strategic initiative to transition from Oracle E-Business Suite (EBS) to Oracle Fusion as a pivotal step in modernizing our enterprise systems. In line with this Group initiative, the majority of Sri Lankan hotels migrated to Oracle Fusion during the financial year. The implementation will gradually extend to the overseas sector in the upcoming years.

FUTURE STRATEGY

The Group will adopt a caution approach towards large capital expenditure against the backdrop of the current industry challenges. Refurbishments on properties that are in need of upgrades will be carried out as the industry recovers over the medium to long term. In the short term, emphasis will be placed on optimising returns from the current asset portfolio and investing in critical refurbishments as necessary.

CAPITAL REPORTS



Our diverse and committed team of 2,989 employees are at the centre of our operations, facilitating excellent customer service and driving the Group's strategic aspirations. We are invested in creating a conducive and dynamic work environment and culture and offering a unique value proposition to help our employees thrive and grow.



Total employees

SRI LANKA

1,544

SOUTH ASIA & MIDDLE EAST

1,445



Female representation rate

Non-Executives **8%**

Executives **23%**

Managers and above **10%**



Number of Employees from the local community

1,221

41%

HIGHLIGHTS IN 2022/23

Health and Safety

- ▶ Employee Welfare Committee
- ▶ Training on First aid, Hazard minimisation, Fire and safety

Employee Benefits

- ▶ Sports Clubs, Weekend Packages, OPD medical reimbursements
- ▶ Educational and professional fee reimbursements

Training and development

- ▶ Two Hotel Management Institutes resumed in operation to train and upskill employees.
- ▶ Self-paced learning programmes

NURTURING OUR HUMAN CAPITAL

LKR 7.96 Bn

(88%)

Employee Benefits

LKR 35 Mn

Training Investment

88,662

(68%)

Training Hours

Safe workplace

31

Work Related Accidents

Nil

Serious Injuries



HR GOVERNANCE AND MANAGEMENT APPROACH

As a subsidiary of Aitken Spence PLC, the Group's approach to the management of its employees is aligned to the HR policies of the parent entity and clearly articulated through a comprehensive HR policy framework. Due to the diverse nature of businesses and operations of the Holding Company, each Sector operates its own HR departments which are then supported by the services of the Group's centralised HR function which ensures adherence to the standards of the Aitken Spence Group.

Group Code of Conduct and Ethics

Provides a blueprint for integrity in employee conduct and engagement with external and internal stakeholders and is applicable to all employees. Key elements include:

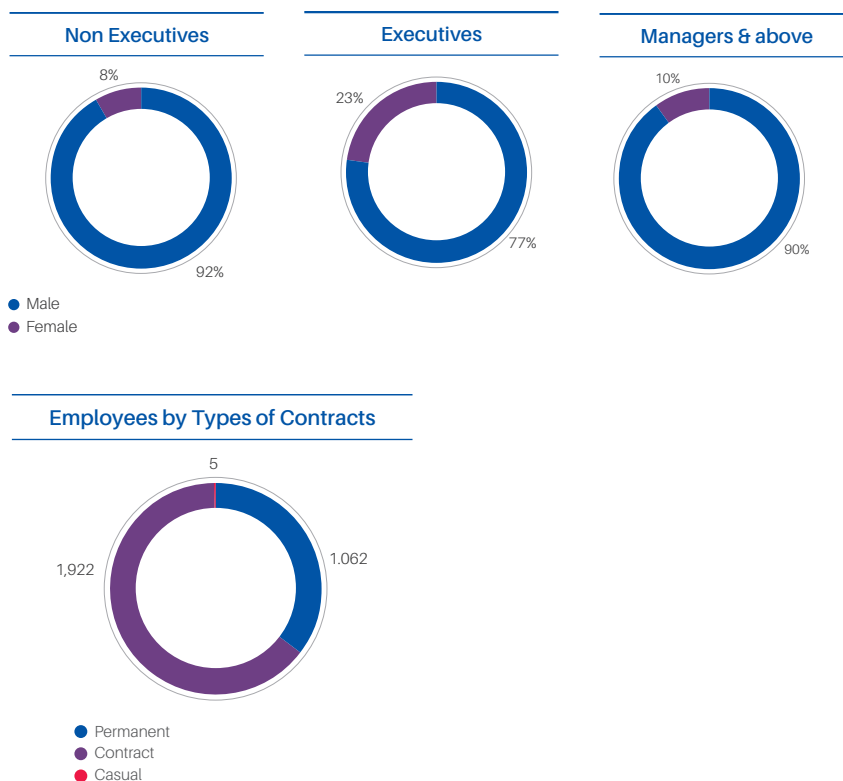
- Ethics and Conduct
- Principles of conduct
- Ethical Decision-Making Framework
- Conflict of Interest
- Healthy Work Environment
- Corporate Gifts
- Entertainment
- Self-Dealing
- Confidentiality
- Fair-Dealing
- Protection and Proper Use of Company Assets-Compliance with Laws, Rules and Regulations (including Insider Trading Laws)
- Substance Abuse - Illegal Drugs and Controlled Substances
- International Relationships

KEY FOCUS AREAS

- People enablement in management & leadership development is a key focus of the Aitken Spence Hotels Sri Lanka sector. Therefore, we strategized structured talent development initiatives to cover tier 1 to 4 positions in hotel operations.
- Development of cross-functional efficiencies of the management team
- Strengthening the technical expertise - Training series of service SOPs and train the trainer programme for the senior associates in local hotels
- Enhance employee engagement at the hotel level - Increase employee engagement at the hotel level by implementing new employee engagement initiatives.
- Revamp the Employee Value Proposition to enhance employer branding and presence in the social media platforms

PROFILE OF OUR TEAM

The Group's agenda centers around attracting and retaining a diverse and talented workforce that are committed and align with the Group's principles. The Group's workforce has grown up to 2,989 employees during the period under review from 2,943 employees during 2021/22, as operations began to normalize after pandemic lockdowns. Notably, there was an increase in turnover levels during the year due to the migration of employees for overseas opportunities with the highest percentage being from employees within the under 35 age category.



CAPITAL REPORTS

HUMAN CAPITAL

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EMPLOYEES BY CONTRACT AND GENDER

	Males	Females	Total
Permanent	939	123	1,062
Contract	1,745	177	1,922
Casual	4	1	5
	2,688	301	2,989

EMPLOYEES BY TYPE AND GENDER

	Females	Males	Total
Executives	78	266	344
Non-Executives	204	2,250	2,454
Managers & Above	19	172	191
	301	2,688	2,989

EMPLOYEES BY CONTRACT AND REGION

	Sri Lanka	Maldives	Oman	India
Permanent	638	235	101	88
Contract	901	1,015	6	-
Casual	5	-	-	-

RECRUITMENT AND SELECTION

The recruitment and selection policy Aitken Spence Hotels strives on the transparency of processes that allows us to strive as an equal opportunity employer. Preference is given to internal employees for new vacancies as we continue to encourage career progression opportunities, although external recruitments through diverse talent sources such as institutes of higher learning, SLITHM, Government and private universities and vocational training centres are used to recruit fresh and competent talent as per the job requirement. Additionally, the Group carries out career development sessions for undergraduates engaged in hospitality/tourism studies as well participating in career fairs organized by universities and high educational institutes. All applicants are assessed for their knowledge, skills and attitude as a part of the selection process that aims to recruit the best-in-class talent based on merit. Our Induction programme 'Foundation of Success' is designed to provide new employees an overview of the Group, its core values and help them transition into the Spensonian Team. It covers important topics such as the Code of Conduct and Ethics, policies related to Antibribery and Corruption, as well as essential administrative procedures.



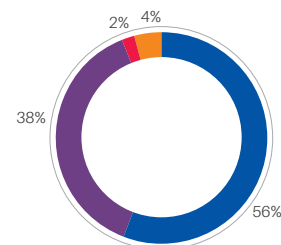
Career Fair at SLITHM and University of Colombo



PROFILE OF NEW RECRUITS

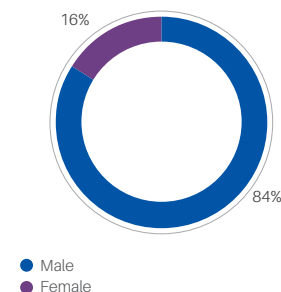
As the tourism industry picked up pace, ASHH needed to strengthen its team with new staff as the lean years had resulted in numbers falling below the level required for a more vibrant industry.

New Recruits by Region



	Male	Female
● Sri Lanka	606 (44%)	157 (11%)
● Maldives	482 (35%)	46 (3%)
● Oman	17 (1%)	7 (0.5%)
● India	48 (3%)	8 (0.5%)

New Recruits by Gender



There are no part time employees.

Only security services are outsourced by the group. All security personnel have received training on the groups human rights policies and procedures.

New Recruits by Age

	Male	Female
35 years & Below	926	210
36 years - 45 years	164	7
46 years - 55 years	54	1
56 years & above	9	-
Total	1,153	218

HR STRATEGY IN 2022/23

Much of the year under review was underscored by macro-economic and political uncertainty. Despite the numerous challenges experienced in terms of rising inflation and rupee devaluation and the resultant escalation of expenses, as well as prolonged fuel and power shortages, the Group did not layoff any employees and instead, stepped up to support our employees. Salary and incentive increases, flexible work arrangements, staff transportation and free medical consultation facilities were among the targeted interventions to ensure that our employees were looked after.

Talent Retention

As talent migration became a key concern, both monetary and non-monetary strategies were set out to mitigate the effects.

Employee welfare and well-being

Employees well-being was prioritized through health insurance, reimbursement of medical bills, telemedical facilities, sports and welfare societies and holiday vouchers.



Employee engagement

Employee engagement continued as a key priority as new ways of communicating with employees were utilized despite the sporadic work disruptions. Motivation, Inspiration, Recognition and Visibility were key pillars in this effort.

Employee development

The dual approach involved creating talent pipelines for the needs of the Group as well as creating upskilling and career progression opportunities for our employees.

EMPLOYEE ENGAGEMENT

Employee engagement was a key priority at both corporate and property levels, given the impact of uncertainties in the operating environment on employee morale. Recognizing the challenges posed by the operating environment, the Group implemented strategies to keep employees motivated and engaged. This included open communication channels to address concerns, regular updates on Company developments and providing opportunities for employee feedback and suggestions. Emphasis was placed on fostering a sense of camaraderie and team spirit among employees. Team-building activities, recognition programmes and social events were organized to create a positive and supportive work environment. These initiatives aimed to boost morale, enhance collaboration and strengthen relationships among colleagues. The Group prioritized creating a safe and inclusive workplace to ensure employee well-being and work-life balance and optimizing workplace environments to promote optimal performance. The initiatives for engagement were based on four key areas: Motivation, Inspiration, Recognition and Visibility.

Motivation

Celebrations of Avurudu, Vesak Christmas; Chillax Evenings, Quizzes, Inter-Departmental Christmas decorating, football, cricket competitions, Paan Party

Inspiration

Spensonian Conventions, Quiz Week, Guest Speeches, Team building activities, Knowledge cafe, Week of Inspiration

Recognition

Service Awards, Spence Lab Awards for Innovative Ideas, Spensonian Achievements, Best Employee awards, Felicitation of Culinary Champions

Visibility

Spence Hackathon, Women's and Men's day celebrations, Poetry competitions, Talent shows, World Tourism Day celebrations

Industrial relations: The Group acknowledges and respects the rights of our employees to the freedom of speech, expression and association. Approximately 7.9% of our employees, spanning 03 properties are represented by trade unions such as Nidahas Sevaka Sangamaya and the Food, Beverages & Tobacco Industry Employees' Union. Additionally, 11.5% of our employees are covered by collective bargaining agreements. We maintain cordial and cooperative relationships with trade unions, seeking their support in implementing new work practices and determining remuneration. Our well established grievance mechanism allows employees to raise workplace issues to their respective General Managers, Head of HR and subsequently to the Parent Union. To ensure transparency and fairness, a minimum notice period of four weeks is in place for significant changes in working conditions, providing employees adequate time to adapt and adjust. Despite the tumultuous operating environment, there were no disruptions to work arising from trade union action during the financial year.

CAPITAL REPORTS

HUMAN CAPITAL

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TRAINING & DEVELOPMENT

Management Training

Management training comes within the purview of the Aitken Spence School of Management (ASSM), the learning and development sector of the parent entity. ASSM conducts talent needs analysis and conducts customised training as a key priority to upskill our employees.

Talent Diagnostics

- Employee competencies assessed against our ABCs
- 360° assessments
- Performance development discussions
- Psychometric tests
- Development centres

Learning/Coaching Interventions

- Learning capsules
- Coaching
- Assignments

Talent Diagnostics

- Work-related projects
- Management feedback
- Post-360° assessments

Various training channels were utilized by the Group, including classroom training, power learning sessions, webinars, LinkedIn training, bite-sized learning and self-learning opportunities. The online learning management system- Tarta, played a significant role in facilitating self-learning, allowing executives to pursue their learning and development journey at their own pace. Additionally, the Group introduced the 'Heritage RISE' Management trainee programme, which provided new hires with the necessary skills and competencies to progress up the career ladder, complemented with training at one of the Group's international properties. These initiatives aimed to foster continuous growth and development among employees while promoting a diverse range of learning opportunities.

The Group's training record for the year is given below:



Total Training Hours

88,662

Training Coverage Ratio

52%

No. of Graduates from Hotel School Ahungalla

48

Investment in Training

LKR 35 Mn

Types of Programmes Offered

Food & Beverages
Housekeeping
Guest Relations

No. of Graduates from Hotel School Kandalama

22

AITKEN SPENCE HOTEL SCHOOLS - TECHNICAL TRAINING

The Group operates two hotel schools at Heritage Kandalama and Heritage Ahungalla which provide technical training for hotel employees in a number of areas, facilitating livelihoods. Upon completion of the course, graduates have the opportunity to apply for vacancies within the Group or seek employment in other hotels.

Key Training and Development initiatives undertaken in the countries of operation are:

- Customer care programme training
- Child care and protection training
- Anti Narcotic awareness programme
- First aid training
- Technical curriculum training- Front office, Housekeeping, F&B, Kitchen
- Motivational programmes
- Supervisor development programme
- Management development programme
- Communication skills and report writing training
- Setting up a Learning and Development team
- Butler training programme
- Food safety awareness
- ISO 22000 internal auditor certification programme
- Outbound training
- Social etiquette
- LEED training



Anti Narcotic awareness programme for hotel staff



Heritage Ahungalla Hotel School Graduation

TUI Academy

The Group's TUI Academy launched in 2019 in partnership with the TUI Care Foundation and Sustainable Hospitality Alliance provides hospitality-related training to under privileged youth at a dedicated development centre. A comprehensive two month training programme on elementary aspects related to hotel food, beverage and culinary operations is provided before being assigned to one of the Group's hotels for further practical training. During the year, the Academy conducted training sessions on English language skills as a part of the programme to about 70 students in 2022/23.

Payments to employees

LKR 7.96 Bn

88% ↑

Benefits at beginning of year

Reimbursement of medical bills
Health insurance
Supporting continuous professional development
Annual subscriptions for professional memberships
Aitken Spence sports and welfare society
Housing loans at concessionary rates
Free holiday vouchers at Aitken Spence Hotels
Holiday bungalows for executives
Wedding gifts
Death donations
Transport facilities/travel reimbursements during the pandemic

Benefits per employee

LKR 2.66 Mn

85% ↑

Relief measures for economic crisis

Temporary crisis allowance
Economic relief allowances

Increase in other benefits

COVID-19 vaccination campaigns
Awareness programmes by medical professionals
Transport during fuel shortage period

HEALTH AND SAFETY

The Group is committed to ensuring the highest health and safety standards and a safe and injury-free environment for its employees through stringent policies, ongoing training, H & S steering committees, internal audits. Much of our health and safety practices are guided by the requirements of the Travelife certification which provides guidelines on safety training, fire drills, use of protective equipment among others. Each property has a health and safety representative and a steering committee made up of elected employees that conduct H&S internal audits and training for the prevention of potential hazards and risks. Additionally, the Spencesafe safety protocols based on local and international health guidelines and best practices ensures the safety of both guests and employees through its precautionary mandates.

Health and safety record in 2022/23

Workplace Related Accidents and Incidents	31
Number of Occupational Diseases	8
Number of Lost Working Days Due to Work Related Injuries	144
Number of Lost Days Due to Absenteeism	315

DIVERSITY, EQUITY AND INCLUSION

The Group is deeply committed towards building an inclusive and diverse workforce that paves way for employees from a melange of demographics to thrive. This is supported through a policy framework for equal opportunities and stringent mechanisms to address harassment and discrimination. This has ensured that basic salary levels for both men and women at entry level are at parity and discrimination in any form is not tolerated. During the year, there was also no issues of harassment or discrimination reported.

We have continued to work to dispel common misconceptions on the safety of women and the suitability of the industry for females through continuous engagement with potential female employees and their families, inviting them to observe our working environments and actively addressing concerns through awareness programmes for school leavers.

We have equal pay to equal jobs policy (Ratio 1:1). There is no discrimination based on gender related to pay.

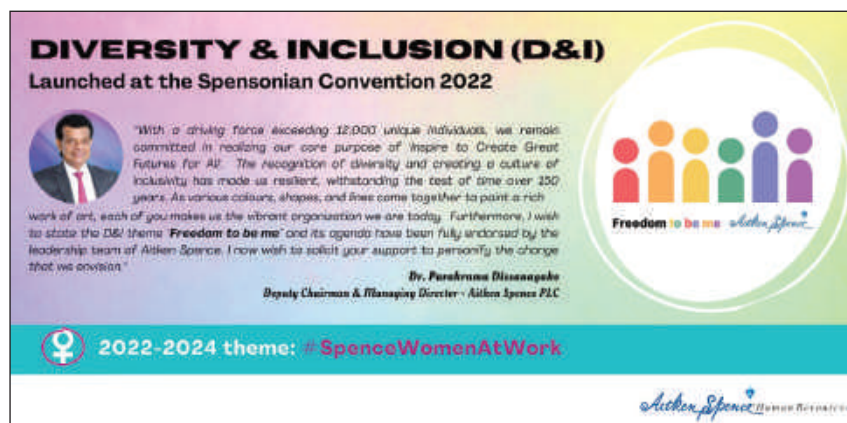
Department	Female %
Front Office	7%
F&B	15%
Kitchen	20%
HR	3%
Finance	7%
Engineering	15%
Housekeeping	8%

Number of Differently Abled Employees	2022/23
Hearing Disability	2
Speech Disability	4
Mobility and Physical Impairments	1

Key Initiatives launched:

• Diversity and Inclusion Steering Committee

The Aitken Spence PLC launched a focused agenda on DE&I during the year and included the establishment of DE&I Steering Committee and subsidiary DE&I Committees to increase fair female representation, encourage female leadership, support work life balance among others.



PARENTAL LEAVE

All employees are entitled to parental leave, 26 employees (19 male, 7 female) utilized the parental leave facility during the year under review. Five of Seven female employees returned to work within 12 months of utilizing parental leave.

Maternity Leave

The Maternity leave period granted was extended from 84 days to 100 days, excluding Company and Mercantile holidays and available for females in all employment categories.

Paternity Leave

All male employees are entitled to 5 days of paid paternity leave irrespective of their employment category.



#SpenceWomenAtWork

From 2022-2024, Aitken Spence PLC has committed to enhancing gender equality and women's empowerment via a 5-pronged DE&I framework complementing our efforts in:

- Talent Acquisition
- Career Progression
- Learning & Development
- Employee Engagement & Well-being
- Rewards & Recognition

Initiatives across Aitken Spence PLC involved extending paid maternity leave from 84-100 days, granting 5 days of paid paternity leave, International Women's Day (IWD) activities themed #EmbraceEquity and much more. A special IWD celebration titled 'Celebrating You' was also held for Aitken Spence Hotels staff with an insightful guest speaker and panel discussion.

RETENTION

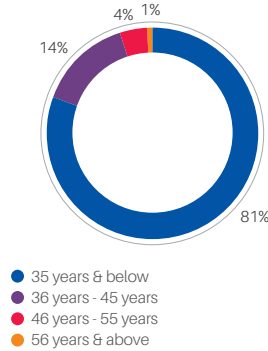
Retaining skilled labour remained a prevalent challenge across the industry, compounded by increasing labour migration. In response, the Group placed emphasis on enhancing employee motivation, providing financial support and establishing clear career paths. This involved creating a positive work environment, fostering a culture of recognition and appreciation, offering opportunities for professional growth and development, competitive remuneration packages and financial benefits to mitigate the impact of rising costs. The Group's overall employee turnover rate amounted to 58% during the year.

All standard entry level wages are paid in accordance with the local minimum wage legislation of the respective county of operation irrespective of gender

Employee Turnover by Age

	2022/2023
35 years & Below	1,024
36 years - 45 years	182
46 years - 55 years	51
56 years & above	10
Total Turnover Rate	1,267

Employee Turnover by Age Category



TARGETS AND KPIS

- Build the succession planning bench strength to 3 for each critical position by 2024/25
- Increase the staff engagement and satisfaction score by 50% by 2024/25
- Establish a pool of certified departmental trainers for each hotel by the end of 2023/24
- Increase the training manhours by 50% by the end of 2023/24
- Increase the average staff SOP awareness score to 90% by the end of 2023/23

% of Managers from Local community	
Heritage Ahungalla	13%
Heritage Ayurveda	25%
Heritage Kandalama	67%
Heritage Tea Factory	33%
Heritage Negombo	90%
Turyaa Kalutara	40%
Amethyst Resort	0%
Passikudah	
Maldives	22%
Oman	50%
India	56%

There were no incidents of child labour or forced/compulsory labour during the reporting year.

WAY FORWARD

The tourism sector and hotel industries across Sri Lanka and the South Asia and Middle East are poised for growth and the HR policies of the Group will focus on facilitating this growth through a strong team of skilled and committed employees. The Group will continue to focus on recruiting and training employees through its customised and dedicated training programmes. These programmes aim to ensure timely filling of vacancies and address the evolving needs of the industry. Furthermore, retaining skilled employees will become a key priority for the Group. In the upcoming period, employee retention is expected to be a significant concern as competing destinations offer attractive opportunities for trained and skilled professionals. To address this, the Group will leverage its regional presence to provide geographical mobility options, carry out training and mentorship initiatives, provide internal promotion opportunities allowing employees to envision a long-term future within the organization, in order to enable talent retention within the organization. The focus on employee retention aligns with the Group's commitment to sustaining a competitive advantage in the face of increasing industry competition and the evolving needs of our guests.



Intellectual Capital



Our Intellectual capital serves as a crucial competitive advantage, enabling us to deliver an unmatched and unparalleled customer experience which is nurtured and shared across our organisation through a culture that promotes learning, mentorship, and continuous growth. This allows us to consistently enhance our offerings, refine our services and adapt to changing customer needs and market trends.



Our brands
Heritage
Adaaran
Turyaa



Leveraging the collective expertise and institutional knowledge accumulated by our team over the past four decades.



Strong framework of internal standards and external certifications and accreditations

HIGHLIGHTS IN 2022/23

Brand Building

- ▶ Enhancing brand identity and reputation
- ▶ Improving digital footprint through a strategic focus on social media and online platforms.
- ▶ Fostering the development of distinctive and varied experiences to meet the needs of both international and domestic travellers.

Industry Engagement

- ▶ Engaging in the industry discourse to tackle existing challenges and foster an enabling environment for industry stakeholders, thereby aiding the revival of the tourism sector.
- ▶ Engagement with stakeholders across various platforms

CONTRIBUTION TO VALUE CREATION

91.66%

Guest satisfaction rate
(Owned properties)

27

Certifications complied
with during the year

5.51 Years

Average length of service
of an employee

87

awards received
during the year



OUR BRANDS

Our brands hold a multidimensional advantage by integrating the authentic essence, warm hospitality, and the cultural abundance of the destination. This fusion forms a pivotal element of our competitive edge, allowing us to offer distinctive experiences to our valued guests. The reputation of our three brands - Heritance, Adaaran, and Turyaa establishes our position as trailblazers in the industry. With unique propositions, we set ourselves apart ensuring that our guests receive unrivalled hospitality and a truly unforgettable experience.

Heritance Hotels and Resorts



Amalgamating the elements of heritage, legacy and natural beauty, our brand presents a distinctive value proposition that encompasses Sri Lankan authenticity, creativity, warmth and culture. These harmoniously converge to make each experience distinctive.

Adaaran Resorts



Blending the essence of the quintessential Maldivian experience with abundant comfort and hospitality, Adaaran provides a range of experiences tailored to different price points.

Adaaran Club - Four star

Adaaran Select - Four star plus

Prestige - Five star boutique

Turyaa



Our offerings at Turyaa are specifically designed to cater to the needs and preferences of the modern traveller. We prioritize providing them with a range of features that include comfort, affordability and outstanding service.

Despite the prevailing operational conditions, the Group remained dedicated to enhancing the strength of our brands. Our strategic efforts were concentrated on bolstering online presence. Sales initiatives during the year were as follows:

- Trade fairs and road shows in the Travel and Tourism industry were given significant attention and priority
- Initiated the establishment of a representative network in strategic markets
- Implementation of e-vouchers for local properties
- 'Dream again with us' campaign for the local and international markets
- Leveraging the established network and resources to effectively navigate the UK market and establish a strong presence
- Promotions through social media influencers
- Tying up with online travel partners
- Website improvements: enhancing website experiences, and visual appeal to improve online direct bookings
- Brand standardization programmes across destinations
- Move towards digitalised collateral to enhance our sustainability efforts
- Establishing our reputation in banqueting and destination weddings to enhance ancillary revenue

CAPITAL REPORTS

INTELLECTUAL CAPITAL

CERTIFICATIONS



ISO 22000:2018

Heritage Ahungalla
Heritage Kandalama
Heritage Tea Factory
Turyaa Kalutara
Heritage Negombo
Earl's Regency
Adaaran Select
Meedhupparu
Adaaran Select
Hudhuranfushi
Adaaran Club Rannalhi
Adaaran Prestige Vadoo
Heritage Aarah



ISO 14001:2015

Heritage Kandalama
Heritage Tea Factory
Earl's Regency



LEED

Heritage Kandalama
Heritage Negombo
Heritage Aarah



ISO 50001:2011

Heritage Ahungalla
Heritage Kandalama
Heritage Tea Factory
Heritage Ayurveda



Travelife Gold

Heritage Ahungalla
Heritage Kandalama
Heritage Tea Factory
Heritage Ayurveda
Heritage Negombo
Hotel RIU Sri Lanka

CONTINUING OUR QUEST FOR EXCELLENCE

Overall Excellence

- World Luxury Hotel Awards 2022
Heritage Aarah
Country winner - Luxury Villa Resort
- World Luxury Restaurant Awards 2022
Heritage Aarah
Country winner - Indigenous/Heritage Cuisine
- Luxury Lifestyle Award
Heritage Aarah
Winner - Best Luxury Water Villa Resorts in Maldives
- Gold 100 companies in Maldives
Jetan Travel Services Company Pvt Ltd - (Adaaran Club Rannalhi)
Cowrie investments Pvt Ltd - (Adaaran Select Meedhupparu)
- Studiosus Quality Award
Desert Nights Resort - Quality award with 98.6% score

Culinary Excellence

- Villeroy & Boch Culinary World Cup 2022
Heritage Aarah
Culinary Art - 2 Gold Medals & 1 Silver Medal
Pastry Art - 1 Gold Medal & 1 Silver Medal
Pastry Artistic - 2 Gold Medals, 2 Silver Medals & 3 Bronze Medals
Culinary Artistic - 1 Bronze Medal
- FHAM - Food and Hospitality Asia Maldives awards
Adaaran Prestige Vadoo - Most Outstanding Culinary Organization (Winner/Recognition of 13 gold, 06 silver & 09 bronze awards)

Corporate Reporting, Sustainability and CSR

- CA Sri Lanka TAGS Awards 2022
Aitken Spence Hotel Holdings PLC
Gold Award winner in the Hotel Sector
Browns Beach Hotels PLC
Silver Award winner in the Hotel Sector
- ACCA Sustainability Reporting Awards 2022
Aitken Spence Hotel Holdings PLC
Runner-up in Leisure & Connected Services category
- Raa Tourism Expo 2022
Adaaran Select Meedhupparu
Winner - Best CSR Hotel

Activities and Experience

- **South Asia Travel Awards (SATA)**
Heritage Ayurveda
Winner - Leading Ayurveda Resort & Leading Wellness and Spa Resort
- **Heritage Kandalama**
Winner - Leading Designer Hotel/Resort & Leading Eco-Friendly Resort
- **Heritage Tea Factory**
Winner - Leading Theme Resort
- **Heritage Negombo**
Winner - Leading Wedding Hotel/Resort
- **Heritage Aarah**
Winner - Leading All-Inclusive Resort & Leading Wellness and Spa Resort
- **Adaaran Select Hudhuran Fushi**
Winner - Leading Surf Hotel / Resort
- **Adaaran Select Meedhupparu**
Winner - Leading Dive Hotel / Resort

Customer Review

- **Travelers' Choice Awards**
Heritage Aarah- Global winners (Best of the Best) in the 'Best All Inclusive Hotels' category year 2022
Heritage Ahungalla
Heritage Kanadalama
Heritage Negombo
Heritage Tea Factory
Heritage Ayurveda
Earl's Regency
Adaaran Select Meedhupparu
Adaaran Select Hudhuran Fushi
Adaaran Prestige Vadoo
Adaaran Prestige Water Villas
- **Traveller Review Awards 2023**
Heritage Ahungalla
Heritage Kanadalama
Heritage Negombo
Heritage Tea Factory
Earl's Regency
Heritage Aarah
Adaaran Select Meedhupparu
Adaaran Select Hudhuran Fushi
Adaaran Prestige Vadoo
Adaaran Club Rannalhi
Adaaran Prestige Water Villas
Desert Nights Resort
- **Agoda's Customer Review Award**
Winner - Adaaran Prestige Vadoo
- **Customer Choice Award / Star Partner Award**
Turyaa Chennai
- **Top Hotel - Partner 2022**
Adaaran Club Rannalhi



CA Sri Lanka TAGS Awards 2022



Villeroy & Boch Culinary World Cup 2022

SYSTEMS AND PROCESSES

The Group adheres to domestic and international accreditations that encompass different facets of operations such as food safety, sustainability and occupational health and safety among others. We prioritize compliance with these accreditations to uphold high standards in our operations. By implementing Standard Operating Procedures (SOPs) in key functions, we have established robust systems and processes. The SOPs serve as guidelines that ensure consistency across our portfolio of offerings. They have also contributed to the enhancement of our intellectual capital. Our commitment to compliance with accreditations and the implementation of the SOPs reflects our dedication to maintaining excellence in all aspects of our operations. These measures not only help us meet regulatory requirements but also foster trust among our customers and stakeholders. The development of strong systems and processes through SOPs has enabled us to optimize efficiency, minimize risks and continually improve our performance. By leveraging our intellectual capital, we strive to stay at the forefront of industry practices and deliver exceptional experience to our customers.

INDUSTRY ENGAGEMENT

The Group actively engages in industry dialogue by participating in various industry forums. Despite the prevailing conditions, we proactively sought engagement with industry counterparts, relevant authorities, and industry associations to address challenges to create a favourable operating environment.

Through our participation in industry forums, we contribute to discussions and collaborate with industry stakeholders to address common issues and promote best practices. We recognize the importance of sharing insights, experiences, and expertise to drive positive change and foster a conducive operating backdrop for all. By actively seeking engagement with industry counterparts, relevant authorities, and industry associations, we contribute to collective problem solving and collaboration aimed at industry growth, development, and resilience. Our involvement in industry dialogue allows us to stay informed about emerging trends, regulations, and opportunities. It also enables us to influence decision-making processes, advocate for the interests of our sector and work towards creating a sustainable and prosperous industry ecosystem. The Group holds membership in the following 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
- Bio Diversity Sri Lanka
- Sri Lanka Bureau of Foreign Employment
- Institute of Supply and Materials Management
- Exporters' Association of Sri Lanka
- Lanka Fruit & Vegetable Producers, Processors & Exporters Association
- Responsible Tourism Partnership
- Sri Lanka Bottled Water Association



Social and Relationship Capital



We deeply understand and appreciate the role that people, and supply chains play in driving the success and sustainability of our operations. Our network of connections, built on trust and goodwill, forms the backbone of our organization.



Total Room Nights

447,041



Channel partners

3,595

Including tour operators, travel agents and corporate clients



Suppliers

1,010

Local and international supply chain partners

HIGHLIGHTS IN 2022/23

Customer Value

- ▶ Pricing adjustments to encourage long stays, flash promotions during peak booking months, early bird booking discounts
- ▶ Focus on enhancing the customer experience

Leveraging our channel partnerships

- ▶ Leveraged relationships with channel partners to secure arrivals from Russia, Uzbekistan and CSI markets
- ▶ Tying up with online travel partners

Developing local supply chains

- ▶ Ongoing focus on developing the local supply chain
- ▶ Majority of all hotel menus have incorporated local ingredients providing guests with more authentic local options.
- ▶ Sourcing from local farmers

CONTRIBUTION TO VALUE CREATION

91.66%

Average customer satisfaction rate

15%

Procurement from local suppliers

47%

Average occupancy rate

Rs. 14 Mn

Investment in CSR



CAPITAL REPORTS

SOCIAL AND RELATIONSHIP CAPITAL

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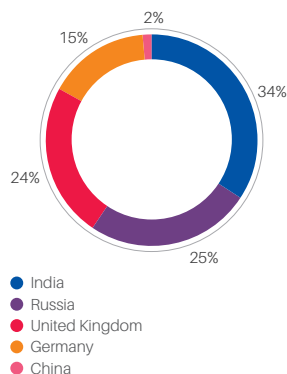
CUSTOMER RELATIONSHIPS

Customers are at the center of our value creation strategy and we are committed to catering to their evolving requirements through customised solutions and services.

CUSTOMER PROFILE IN 2022/23

Tourist arrivals to Sri Lanka during the first half of the financial year under review was subdued due to the unprecedented dual effects of the economic and political instability that prevailed. The Group made a concerted effort to increase the footfall of domestic tourists and corporate clients during this period through various campaigns and promotions. Despite the continuation of the Russia-Ukraine conflict, the Group was able to attract charter groups from the territory. As consumer confidence increased and flights to Sri Lanka saw an uptick, there was an increase in tourist arrivals during the latter part of 2022 as well as during the first quarter of 2023. Much of the arrivals were from the key source markets of India, Russia, United Kingdom, Germany, and China.

Arrivals from Key Source Markets

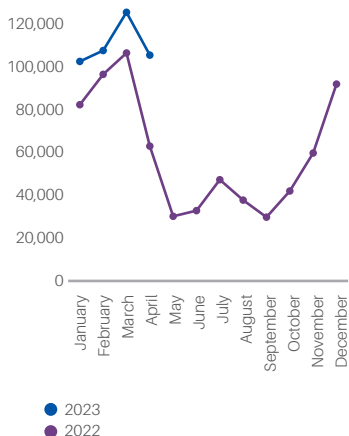


MARKETING STRATEGY IN 2022/23

The uncertain operating conditions during the year required an agile and adaptable marketing strategy as the Group relied heavily on the domestic and corporate clientele during the initial part of the year under review. Changes towards the latter part as international traveller confidence resumed required a new look at our strategies to capitalize on the influx of foreign tourists. Key aspects of our strategy included,

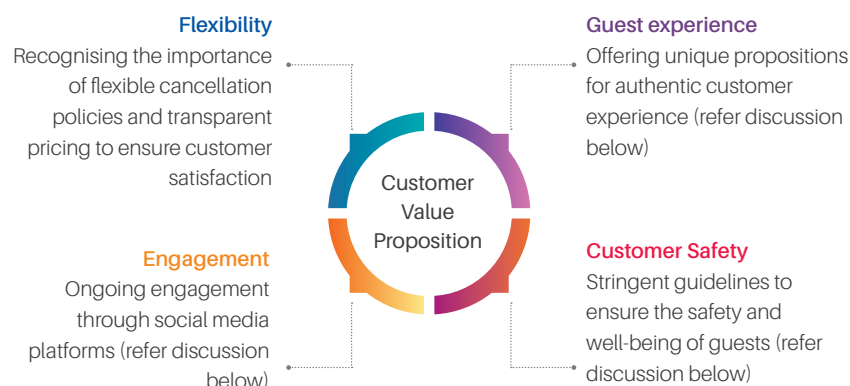
- Trade fairs and road shows were given significant attention and priority
- Initiated the establishment of a representative network in strategic markets
- Implementation of e-vouchers for local properties
- 'Dream again with us' campaign for the local and international markets
- Leveraging the established network and resources to establish a strong presence in the UK market
- Promotions through social media influencers
- Tying up with online travel partners
- Website improvements: enhancing website experiences, and visual appeal to improve on direct bookings
- Move towards digitalised collateral to enhance our sustainability efforts
- Establishing our reputation in banqueting and destination weddings to enhance ancillary revenue

Tourist Arrivals



Promoting experiences through social media influencers

CUSTOMER VALUE PROPOSITION



CUSTOMER EXPERIENCE

The Group's strategic direction towards increasing the customer value proposition led us to explore new avenues to providing curated customer experiences whilst also considering the price sensitivity of customers. Key propositions launched were as follows:

- Incorporating local ingredients into our menus and offering new and authentic food and beverage local ingredients.
- Launching of the kebab restaurant in the 'Autobahn' night club in Oman
- Outdoor Japanese catering in Oman

Promoting the diversity of our properties to varying customer interests: wellness, yoga and fitness, adventure tourism, senior tourism, and other niche markets

ENGAGEMENT

The Group increased the engagement with our customers over the year as we conducted a range of activities and competitions on digital media.

CUSTOMER SAFETY

Security of Premises, Pandemic & Epidemics

Customer safety is a priority and over the past 4 years it has taken different forms at our properties. In 2019 the main risk was the possibility of a terror attack and security was increased with investments in scanners and other checks to safeguard customers. In 2020 it was the COVID-19 pandemic and ensuring that guests were able to depart safely from the hotels. By 2021 emphasis was on the gradual easing of safety protocols as the pandemic waned. 2022 was about reviving the tourism industry and assuring guests that they were safe in our hotels which are now equipped to handle a range of scenarios. A proven track record for safety of guests provides assurance that employees at the properties have the right mindset to follow procedure and go the extra mile to achieve this key objective.

All Sri Lankan resorts have obtained the COVID-19 Safe and Secure certification, while SpenceSafe-the Group's holistic safety program has been rolled out across all properties. The SpenceSafe 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. Some of the protocols continue to remain in place such as touchless check-in, access to menus through QR codes, security checks etc.

Our properties are typically located in areas of high biodiversity and co-existing with the fauna is part of the experience offered. Where imminent threats are identified, guests are warned about the safety measures that need to be taken within the premises or in exploring the surroundings.

Food Safety

Food safety is a critical aspect of customer safety and 11 of our properties have obtained ISO 22000:2018 HACCP certification, affirming compliance with global standards. All properties also conform to local operating license requirements in this regard and are also subject to inspection from local tourism authorities and local government authorities.

Third Party Service Providers

All partners who are authorised to offer transport, excursions and experiences within our properties are regularly informed about our commitment to high standards of customer safety and we ensure that they have the necessary licenses to offer these services. Guest complaints, if any, are treated with utmost confidentiality and investigated prior to implementing corrective action.

CAPITAL REPORTS

SOCIAL AND RELATIONSHIP CAPITAL

CUSTOMER SATISFACTION

Monitoring the customer satisfaction ratings of our customers is conducted in a variety of ways as our Guests are at the heart of our operations. Review PRO has been a key method of monitoring and improving our online reviews and guest experiences, allowing us to analyse aggregated reviews from online platforms such as TripAdvisor, Booking.com and social media channels in real-time, analyse customer sentiments, set benchmarks, provide customized guest satisfaction surveys and make data driven decisions for improvements. Further we use in-house hotel surveys and business channels to improve the quality of our services. We have benchmarked a Review PRO score of a minimum of 90% for each property which our hotels have strived to maintain.



Summary of Key Properties	2022/23	
Heritage Ahungalla	91.20%	Booking.com Traveller Review Award for 12 properties
Heritage Ayurveda	96.00%	
Heritage Kandalama	92.90%	
Heritage Negombo	86.70%	HolidayCheck 12 properties
Heritage Tea Factory	96.10%	
Turyaa Kalutara	94.00%	
Adaaran Club Rannalhi	92.70%	tripadvisor Travellers' Choice Award- 11 properties
Adaaran Select Hudhuran Fushi	92.70%	
Adaaran Select Meedhupparu	93.80%	
Adaaran Prestige Vadoo	97.60%	
Heritage Aarah	98.40%	
Al Falaj Hotel	82.70%	
Turyaa Chennai	87.30%	

CHANNEL PARTNERS

The Group's channel partners are the third-party organizations and platforms that we work with and comprises Online Travel Agencies (OTAs), Corporate Travel Management Companies, Destination Management Companies, Tour Operators and Online Platforms. As global travel restrictions eased and borders opened, online and social media platforms continued as a key channel for bookings and promotions. However, the backdrop of global and local economic volatility has resulted in customers placing bookings through reliable tour operators. We leveraged on our relationships with our DMCs to bring in tour groups from Russia, Uzbekistan, and Kazakhstan. 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 has enabled it to attract a significant portion of these arrivals into the country, although arrivals from Russia are expected to moderate in view of geopolitical tensions with Ukraine.



SRI LANKA	MALDIVES	OMAN	INDIA
60 Tour operator contracts	667 Tour operator contracts	115 Tour operator contracts	250 Registered corporate clients
1,411 Registered local travel agents	117 Registered local travel agents	95 Registered local travel agents	
145 Registered corporate clients	05 Registered corporate clients	730 Registered corporate clients	
05 Country representations	12 Country representations		

OUR ONLINE PRESENCE

Social media engagement		
700,000 (+17% y-o-y) Total number of followers on social media	50 Hotel and brand profiles on social media	+5.15% increase in traffic via our websites



+17%



+3%



+7%

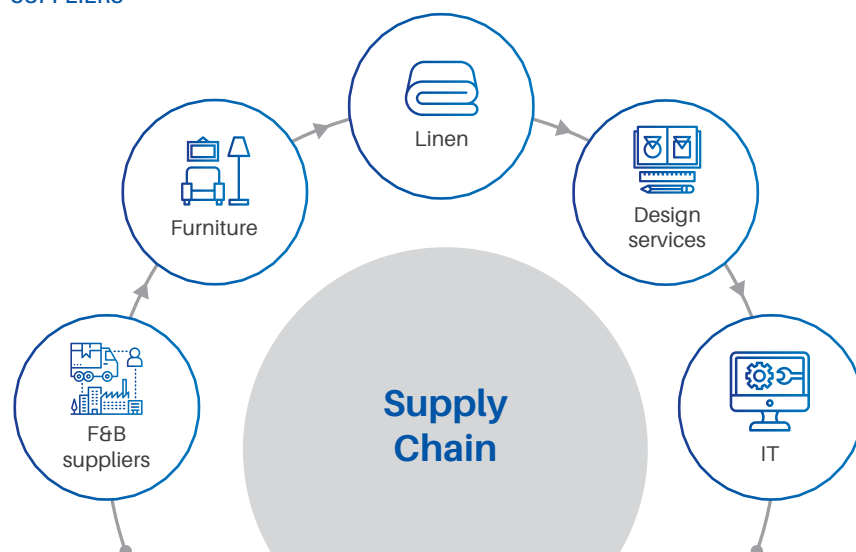


+23%

CAPITAL REPORTS

SOCIAL AND RELATIONSHIP CAPITAL

SUPPLIERS



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%

The volatility of operating conditions during the year led to the strengthening of our relationships with our local suppliers as import restrictions, fuel shortages, FOREX shortages, inflationary pressures on input costs, increase in freight costs and global supply chain interruptions led to significant disruptions to our supply chain. Against this backdrop, the Group experienced considerable shortages of key items from F&B related supplies to glassware and linen. Hence, the Group expanded its local

supplier base, prioritising suppliers in the local community in proximity to the resorts. Key developments during the year included,

- Addition of 100 new suppliers during the year
- Use of local, eco-friendly packaging
- Changing our menus to incorporate local produce and ingredients
- Working closely with suppliers to ensure required standards are met
- Offered flexible delivery periods in view of prevalent transportation challenges
- There were no negative environmental impacts on the supply chain
- There were no negative social impacts on the supply chain
- Greening the supply chain through replacing single use plastic water bottles with re-usable glass water bottles and single-use plastic amenity bottles/tubes with re-usable ceramic containers, educating our suppliers on minimizing packaging, buying in bulk to minimize packaging, returning packaging for re-use back to suppliers.

COMMUNITY

Economic impact

The Group is aware of the direct socio-economic impact of our operations on the communities within which we operate. This includes employment generation and local procurement and providing opportunities for local artisans to display their skills at our resorts. When recruiting resort-level employees, all efforts are made to attract local talent thereby contributing to job generation and socio-economic empowerment. As at end-March 2023 approximately 41% of hotel employees had been recruited from within 30 km of the respective hotel. The import restrictions during the year limited the importation of key products such as food and beverage items, linen, furniture and building items which forced us to look for alternatives often by developing our local suppliers and looking for substitutes through the local suppliers. In order to avoid limiting our menu options we opted to source more local produce that we alternated in place of imported ingredients. We also maintain close relationships with local tour operators, park drivers, tuk-tuk drivers and guides to provide support services to our guests. Members of the local community with specialised skills are contracted to provide ancillary services within the hotels such as producing local sweetmeats, hoppers and entertainment such as local dancers. Excursions with guests also incorporate experiences within the local community such as cooking a meal with a local or agricultural experiences.

CSR ACTIVITIES

During the year under review, the Group continued its CSR activities albeit in a limited capacity given the economic situation that prevailed. The CSR activities carried out aimed at ensuring the wellbeing of our employees and supporting the communities within which we operate. Key CSR activities carried out during the year include,

- Blood donation campaigns
- Internship programmes for local community schools in Maldives
- Lunch for the Huraa school management for Teachers' Day in Maldives
- Distributing organic vegetables, banana trees and vegetable seeds to hotel employees and the community
- Animal Spay Program conducted at our Hotels which covered over 100 stray animals



Animal Spay Program



Blood Donation Campaign carried out at Turyaa Chennai

WAY FORWARD

Although the year under review posed many difficulties for the Group as well as the tourism industry, we will continue to level up by supporting our local community and suppliers whilst increasing our value proposition to our guests. Over the short-term we will strive to attract guests through,

- Increasing our brand visibility both locally and internationally
- Leverage on partnerships across the globe to penetrate niche market segments
- Pursue opportunities in India, Middle East, China and Eastern European markets
- Increase local procurement and enhance our F&B offerings

COMPLIANCE

There were no incidents of non-compliance with laws and regulations during the reporting period. All suppliers were screened using environmental, Social and child labour criteria in compliance with local laws and practices. No instances of noncompliance with Social and child labour criteria were reported. No negative impacts on the local communities were reported as a result of operations.

GRI Standard	The Performance Indicator	The Performance Indicator
GRI 205-3	Total number and nature of confirmed incidents of corruption and action taken	None
GRI 206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	None
GRI 406 - 1	Total number of incidents of discrimination and corrective action taken	None
GRI 411-1	Incidents of violations involving rights of indigenous peoples	None
GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	None
GRI 417 -2	Total number of incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labelling	None
GRI 417 -3	Total number of incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications	None
GRI 418 - 1	Total number of substantiated complaints received concerning breaches of customer privacy	None

CAPITAL REPORTS



Natural Capital



Aitken Spence Hotels has been a pioneer in sustainable tourism in Sri Lanka, setting benchmarks for caring for the natural habitat surrounding its stunning locations. Over the years, we have expanded the scope of our environment sustainability programme to engage tourists and service providers throughout the supply chain to rally round sustainable tourism, spreading our message of sustainability.



Energy consumption

388,599 GJ



Water consumption

717,252 m³



Zero waste to landfill by 2030



Increase in conservation area

6.5%

HIGHLIGHTS IN 2022/23

Preserving biodiversity

- ▶ Over 200 acres of green cover around hotels
- ▶ Coral reef conservation
- ▶ Beach cleaning programs
- ▶ 48 Mn. invested in Bio-diversity conservation

Water and effluent management

- ▶ Reducing the use of water per guest night
- ▶ Aerators for showers,
- ▶ Laundry water recycling
- ▶ Harvesting of rainwater
- ▶ 100% of waste water and sewage waste are treated onsite

Energy conservation

- ▶ Energy management system to control the energy consumption per guest
- ▶ Replacement of high energy consuming inefficient equipment
- ▶ 3 LEED certified properties

CONTRIBUTION TO VALUE CREATION

19.38%

Reduction in water recycled ↓

3.42%

Reduction in energy intensity ↓

3.94%

Reduction in water intensity ↓

2.63%

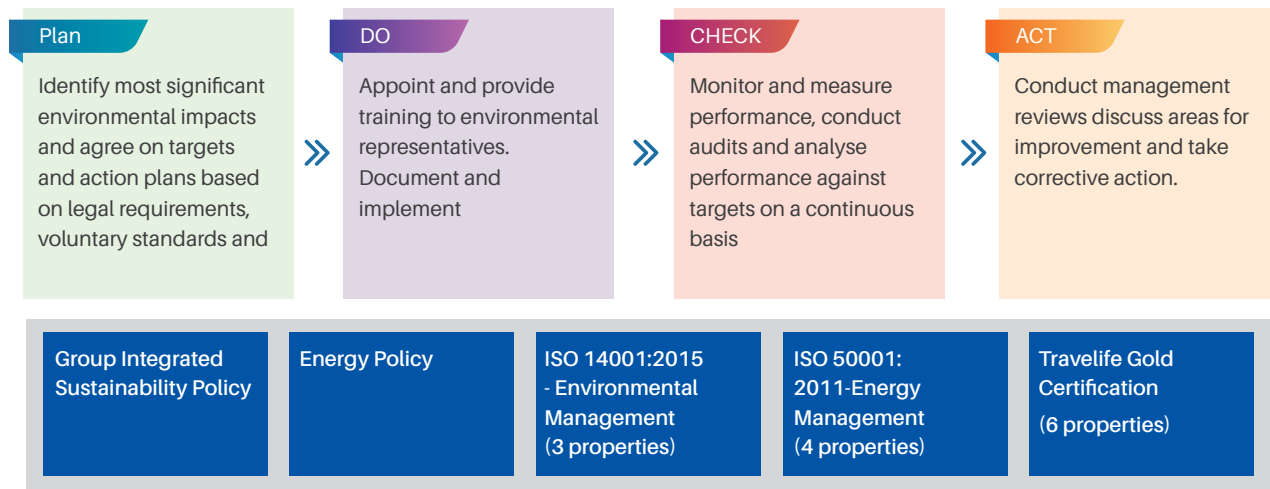
Reduction in carbon intensity ↓



OUR APPROACH

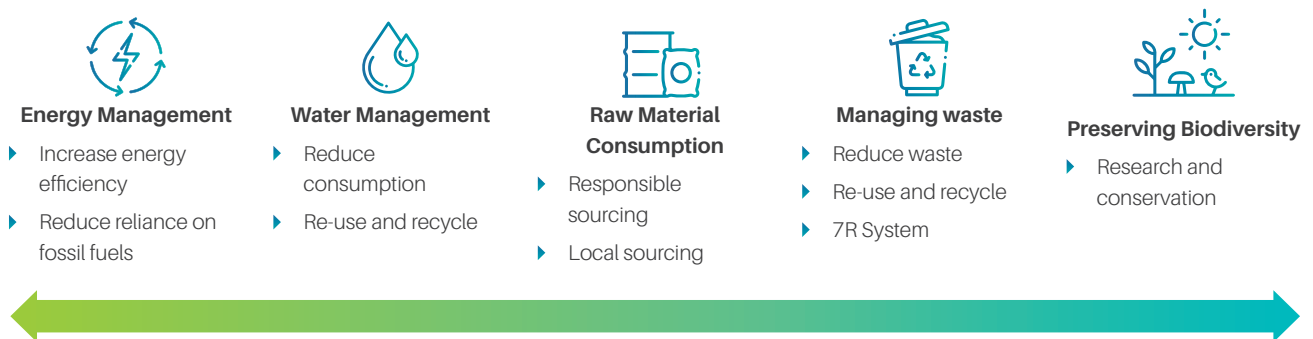
The Group is determined to minimize the environmental footprint of its operations and our approach is aligned to that of the parent entity that provides clear guidelines on tracking, monitoring and optimising the use of natural resources to ensure a positive contribution to our environment and ecosystems in a holistic and consistent manner. Our environmental strategy is further guided by national and international environmental certifications. The Group's many properties have implemented a comprehensive Environmental Management System (EMS) through which material environmental impacts such as water, energy, waste, emissions and chemical usage are tracked and reported to the Group Head of Sustainability. This is further enhanced by a variety of national and international environmental certifications that ensure impacts are address appropriately and provide assurance to our stakeholders. The key elements of the Group's EMS as illustrated below drives the progress of our environmental commitment.

OUR ENVIRONMENTAL MANAGEMENT FRAMEWORK



ENHANCING OUR NATURAL CAPITAL

ASHH continues to enhance our natural capital in line with the frameworks described above.



CAPITAL REPORTS

NATURAL CAPITAL

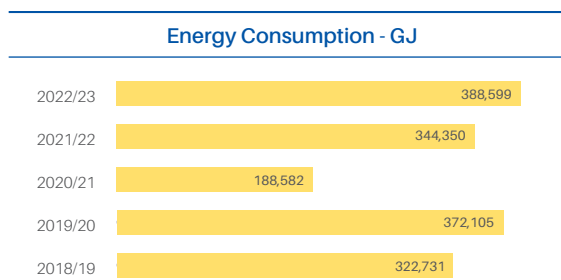
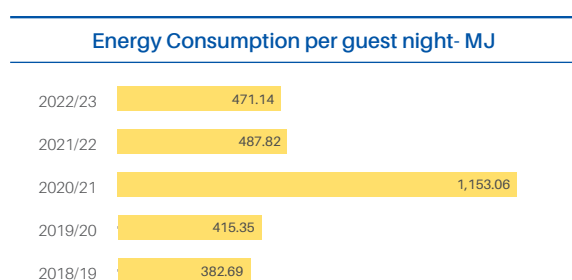
ENERGY MANAGEMENT

The primary sources of energy in our properties are electricity, diesel, petrol, LPG and bio gas. It is a key input to our operations accounting for around 19% of direct and indirect operating expenses. Energy consumption increased/decreased during the year, as tourism in Sri Lanka picked up towards the second half of the year. The usage of fuel increased during the year as power shortages led to the increased use of generators at the properties.



GJ	2022/23	2021/22	2020/21
Sri Lanka	114,522	79,971	59,171
Maldives	245,334	241,087	115,162
Oman	16,800	13,734	7,492
India	11,944	9,558	6,757
Total	388,599	344,350	188,582
Energy consumption per guest night (MJ)	471.14	487.82	1,153.06

Total energy consumption increased overall as tourist arrivals increased and power outages necessitated increased consumption of diesel for generators. However, energy intensity declined with the increase in guest nights.



Key initiatives launched during the year

- Reducing energy consumption per guest night through the EMS program aligned with ISO 50001.
- The 'Switch Off' policy to reduce energy waste
- Switching from furnace oil to low sulphur diesel in the boilers across the resorts.
- Replace energy intensive equipment with more energy efficient options.
- Shift from non-renewable sources such as diesel to renewable energy sources such as biomass or solar energy.
- Conduct energy audits, and operational reviews to identify possible process improvements to reduce the energy needed for our products and services
- Invested in renewable energy generation for the national grid: Rooftop solar installation at Heritance Ayurveda (5kw) Turyaa Kalutara (150kw) and Aarah Maldives (323kw).
- Gassifiers at Kandalama and Tea Factory using biomass of cinnamon waste reduced boiler usage by 20 days per month.

Ongoing initiatives

- Sourcing at least 10% of energy from renewable sources
- Matching our energy consumption from non-renewable sources with renewable energy generated
- Experimental bio gas plant at Heritance Ayurveda to produce methane gas food waste.
- Replacement of light bulbs with low energy consuming LED and CFL bulbs.

CARBON FOOTPRINT



	2020/21	2021/22	2022/23
GHG emission (tonnes) (Scope 1 and Scope 2) Group	20,073	32,905	37,437
GHG emission (tonnes) (Scope 1 and Scope 2) SL	9,412	12,221	15,666
GHG emission (tonnes) (Scope 1 and Scope 2) MV	7,635	15,985	16,163
GHG emission (tonnes) (Scope 1 and Scope 2) OM	1,697	2,868	3,367
GHG emission (tonnes) (Scope 1 and Scope 2) IN	1,329	1,831	2,241

WATER MANAGEMENT

The Group's primary sources of water withdrawal are surface water, municipal water (Sea), ground water and harvested rainwater. Systematic efforts saw a reduction of water consumption by 3.94% during the year.

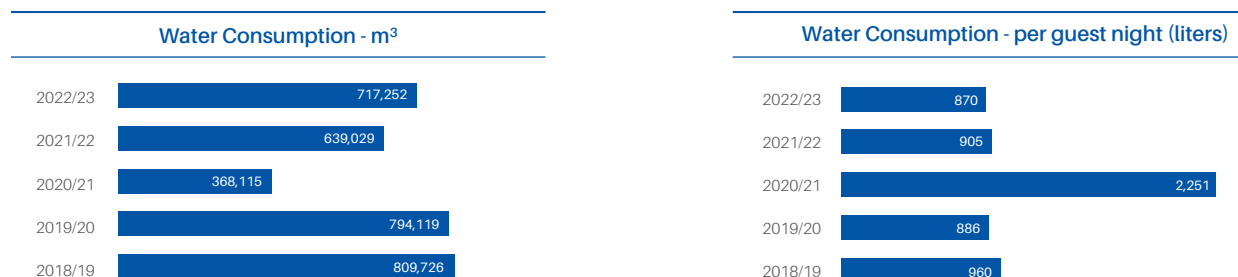
One of the central themes of our environmental management is the responsible use of water with regard to its sourcing, consumption, discharge, and effects due to wastewater and process water. Examples of our measures for the

efficient use of water are listed below in ongoing initiatives. We abide by local standards or limits or the International Finance Corporation's Environmental, Health, and Safety (EHS) Guidelines for pollutants released to surface water (Whichever is more stringent).

Wastewater from the properties are either channeled to local wastewater treatment and disposal facilities according to local regulations or pretreated and purified on site. We have Biological wastewater treatment plants at a number of its locations.

The risk of polluting rainwater on our plant premises is reduced through the Group's regulations for environmental protection.

In order to improve water quality and minimize the risk of water pollution, our efforts related to waste water discharge encompass measures such as regular wastewater checks and their documentation.



CAPITAL REPORTS

NATURAL CAPITAL

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WATER WITHDRAWAL BY SOURCE

m ³	2022/23	2021/22	2020/21
Ground water - m ³	200,986	154,353	133,616
Municipal water m ³	135,013	155,123	118,014
Sea water - m ³	953,133	823,883	291,213
Total water withdrawals	717,252	639,029	368,115

WATER RECYCLED/ REUSED/DISCHARGED

m ³	2022/23	2021/22	2020/21
Sri Lanka	212,090	167,459	173,641
Maldives	381,253	329,553	116,485
Total	593,343	497,012	290,126

Ongoing initiatives

- Installation of aerators to reduce flow rates and consumption
- Signage to educate guest of water preservation
- Reusing water from the last wash cycle of a laundry load for the first wash cycle of the next load.
- Sub-metering of water to monitor usage and identify areas for improvement.
- Treatment of all waste water and sewerage waste on site.
- Reusing of treated water for gardening, staff urinals and car washing.
- Optimised garden irrigation times to ensure minimal consumption.

RAW MATERIALS

Main raw materials include F&B inputs, food packing material, linen and consumable room amenities.



Key initiatives launched during the year

- Elimination of all single use water bottles by setting up a Water bottling plant at all Adaaran properties eliminating nearly 300,000 single use plastic bottles per year from each property.
- Screening of suppliers through due diligence frameworks, inclusion of ESG into contracts, on-site inspections, educating suppliers on our benchmarks for quality and environmental and sustainability.
- Over 40% of procurement is from local communities within a 40km range.
- Educating suppliers on standards and quality requirements.
- Bulk purchases to reduce packaging and transport.
- Environmentally friendly packaging and elimination of single use plastic
- Jam factory at Heritance Kandalama that uses the fresh fruits to produce over 24 varieties of jams, chutneys and spreads.

WASTE AND EFFLUENTS

The 7R principle is used to manage our resources and reduce the generation of waste as well as the safe disposal of solid waste such as food waste, kitchen waste and human waste. The Group's approach aims to reach zero waste to landfill by actively driving increased efficiencies in consumption, recycling and reuse of resources.



Total volume of waste generated during the year amounted to 12 MT

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

- Food Waste Composting machine in Maldives that converts 100% of wet garbage into eco-friendly fertilizer that are used in in-house gardens and the excess distributed to the local community.
- Eliminating Single Use plastic through discussions with suppliers on reducing plastic packaging, returning packaging, eliminating plastic bottles and straws.
- Renewable energy projects:
 - Rooftop solar energy generation
 - Gassifiers using biomass to reduce the consumption of diesel for boilers.
 - Experimental bio gas plant at Heritance Ayurveda.



WASTE GENERATED

Waste by type and disposal method	Unit of measure	
Solid waste (hazardous)	Tonns	50
Solid waste (non-hazardous)	Tonns	1157
Waste oil, ETP/STP Sludge (hazardous)	liters	0
Waste oil, ETP/STP Sludge (non-hazardous)	liters	3285
Total number and volume of significant spills or adverse impacts from the waste generated	None	

The hotels segment disposed 883MT of miscellaneous waste compliant with the stipulations in the Maldives. All other waste including hazardous waste such as plastic waste, was diverted from disposal compliant to stipulations of the country of operation to be repurposed or recycled..

CAPITAL REPORTS

NATURAL CAPITAL

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Waste management details during the year are given below;

Waste per guest night - kg		Waste - kg	
2022/23	1.47	2022/23	1,209,723
2021/22	1.96	2021/22	1,381,524
2020/21	2.62	2020/21	428,749
2019/20	2.66	2019/20	2,381,938
2018/19	2.87	2018/19	2,417,119

PRESERVING BIODIVERSITY

The locations of our properties have been handpicked for a confluence of reasons including the rich biodiversity that surround them. As such the Group makes a concerted effort to ensure that our resorts operate in harmony with the natural ecosystems. This determination is reflected in the architecture of our resorts, operations and waste management processes and our efforts to seamlessly integrate all processes and activities to the natural ecosystem causing minimal disruptions to habitats. Key initiatives include the following:



Eco Park at Heritance Kandalama

The hotel has continued to preserve the rich flora and fauna that surrounds it, maintaining 211 acres of land adjacent to the thoughtfully designed hotel building as a conservation forest creating a rich base for habitats endemic to the area. The hotel building takes up only 8 acres of the 200 acre property which are used for research purposes as well as for guided nature tours for guests. The Eco Park includes a wildlife orphanage and rehabilitation centre for injured animals, compost fertilizer pits, we and solid waste recycling facilities, waste water recycling plant and a herbal garden. The hotel also carried out a community tree planting campaign using saplings from the hotel's nursery.

211

acres of conservation forest

19

species of reptiles and amphibians

11

protected origins of natural streams

17

species of mammals

128

species of native flora

64

64 species of butterflies and dragonflies

183

species of birds

Coral Reef Restoration projects in the Maldives

Coral propagation where fragments of corals are transplanted around the island aiming to reproduce corals are undertaken at Adaaran Select Meedhupparu and Heritance Aarah. They have produced coral nursery frames covering 61.4m² and have become homes to various fish and invertebrates. Guests often participate in the guided programme collecting live but broken coral fragments and attaching them to coral tables made out of metal frames.

Beach clean ups at Ahungalla

Weekly beach clean ups are carried with the help of the staff and guests.

Mangrove Maintenance

The maintenance of the mangroves of Madu Island and cleaning up is carried out by the Group.

VISIONARY STRATEGIES

GOVERNANCE

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CORPORATE GOVERNANCE

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CHAIRMAN'S STATEMENT ON GOVERNANCE

Corporate Governance signifies the manner in which companies are directed and controlled. Good governance is an essential ingredient in corporate success and sustainable economic growth. The Corporate Governance philosophy of the Group has been institutionalized across all of its subsidiaries, and it is this philosophy that has consistently created value for all of its stakeholders, regardless of the external environment or macro conditions. Accordingly, Aitken Spence Hotel Holdings PLC is fully aware of and committed to implementing best practices governance standards. It engages and interacts with all stakeholders as part of the corporate culture in a way that promotes mutual trust, better understanding, and good faith. The Board of Directors of Aitken Spence Hotel Holdings PLC is committed to maintain high standards of integrity, accountability, transparency and business ethics in the governance of the Group.

Covid-19 pandemic, political turmoil, unprecedented economic catastrophe due to a lack of resources, foreign exchange, and depreciation of basic necessities such as fuel and gas had a significant impact on the Hotel and Tourism sector in Sri Lanka and they collectively urged the importance of stringent Corporate Governance measures more than ever during the past financial period. The global pandemic has had a significant impact on the revenues and profits of businesses around the world, and a large number of businesses have gone bankrupt or closed down as a result of not being able to cope with the pressure imposed by the global pandemic. A strong Corporate Governance environment has been one of the critical factors ensuring the survival of successful businesses.

With the drastic downturn in global economic and tourism activities as a result of the pandemic, the Board's commitment to set the leadership and culture towards higher stakeholder confidence and engagement has become even more important, and ensuring the organization's sustainability during this uncertain period has been the highlight of the Company's Corporate Governance initiatives this year. The Board has taken several significant steps to combat threats posed by

the global pandemic to the business and is constantly ensuring stringent oversight of matters affecting the survival and speedy recovery as the economy and tourism industries recover from the global pandemic.

Despite all of these unexpected challenges, we remain committed to conducting the Company's business ethically and in accordance with high Corporate Governance standards. The downturn in the economy prompted us to re-evaluate how we create value for various stakeholders, including employees, customers, and business partners, while strengthening our own foundations. We have introduced Anti-Bribery & Anti-Corruption and Whistleblowing Policies to fortify the Group against potential violations. In October 2022, we initiated a Diversity and Inclusion initiative to enhance female participation within the Group and create opportunities for their advancement to senior positions.

The Board is also strengthening its understanding of impacts through structured stakeholder engagement mechanisms. To align with this, the Group Human Resources Division conducted a 'SpenceWay Service Excellence' survey, reaching out to customers of the different business segments to understand their concerns. This was done in addition to the 'Voice of the Spensonians' employee survey, which was conducted across all executives and non-executives of the Company. These provide insights into the areas that need improvement as we consolidate our leadership positions across the business segments. We will continue to expand the scope of stakeholder engagement over the years to get objective views on where we need to strengthen our operations and to support more efficient resource allocation.

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

The Board and senior leadership of the Group are acutely aware of the importance of leading by example and safeguarding our legacy of a culture rooted in values, ensuring its growth

and transmission. The Code of Ethics and Professional Conduct plays a critical role in articulating the expectations of employees. 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 that will undoubtedly add more dimensions to the subject.

As we navigate another year of challenging times, our steadfast dedication to incorporate sustainability into our governance structures and mechanisms brings enhanced clarity to our objectives. We will persist in expanding our presence across various regions, creating value for our stakeholders, all the while upholding environmental and social governance. We have consistently proven our unwavering commitment to Corporate Governance throughout our history, and we remain resolute in upholding high standards in this regard.

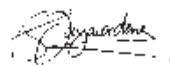
COMPLIANCE STATEMENT

On behalf of the Board of Aitken Spence Hotel Holdings PLC, we 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. We are also pleased to report that the Group complies with the relevant sections of the Listing Rules of the Colombo Stock Exchange (CSE) pertaining to Corporate Governance and the provisions of the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka.



Deshamanya D.H.S. Jayawardena

Chairman



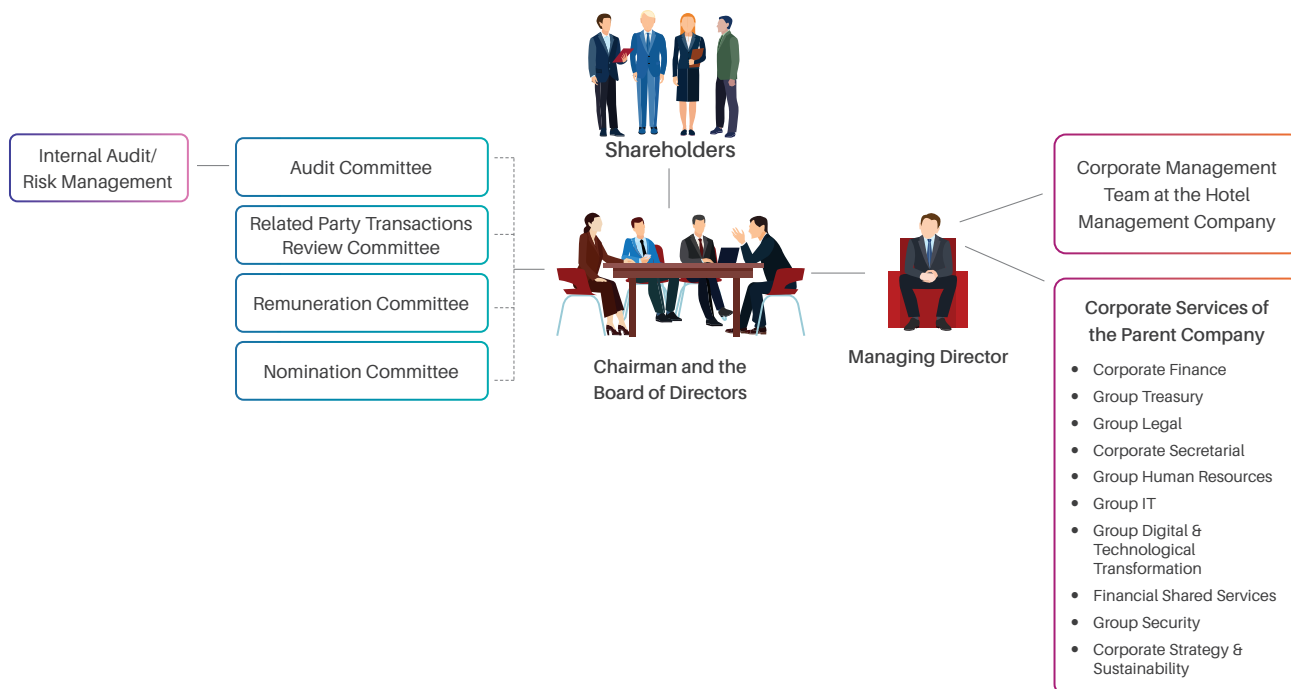
D.S.T. Jayawardena

Executive Director

06th June 2023

LEADERSHIP

The Board is the central body of Corporate Governance within the Company and of the Company's Organizational Structure. The Board of Directors acts as the main governing authority in charge of all corporate governance related matters of the Company. As permitted by the listing rules of the Colombo Stock Exchange (CSE), sub committees of Aitken Spence PLC, the parent Company, function on behalf of the Company and share responsibilities in support of the functions of the Board.



COMPLIANCE FRAMEWORK

Mandatory	Voluntary
- Companies Act No.7 of 2007 - Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 (SLFRs/LKASs) - Articles of Association - Continued Listing Requirements of the Colombo Stock Exchange - Central Depository System Rules - Securities & Exchange Commission of Sri Lanka Act No. 19 of 2021 - Inland Revenue Act No. 24 of 2017 - Foreign Exchange Act No. 12 of 2017 - Group Code of Ethics and Professional Conduct - Industrial laws	- Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants 2017 - 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 - Global Reporting Initiative Standards - Integrated Reporting Framework - Women's Empowerment Principles - Social and Environmental Certification Requirements

CORPORATE GOVERNANCE

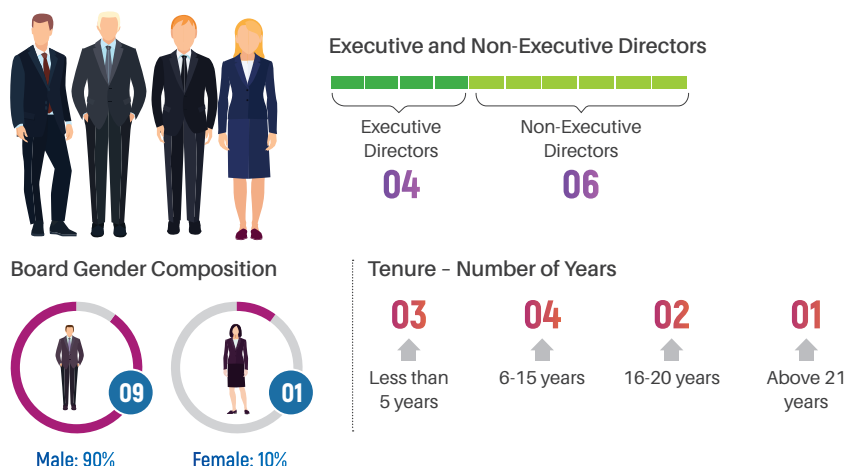
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COMPOSITION OF THE BOARD

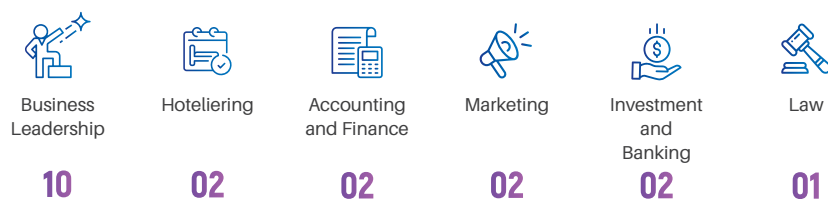
A balanced and diversified Board

The composition of the Board is the key as it determines the collective skills and attributes of the Board. The Board of Aitken Spence Hotel Holdings had nine members as of 31st March 2023 and a new member was appointed to the Board on 25th April 2023, making the current composition Ten. 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 27 to 33 stand testimony to this. Six out of ten 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 six Non-Executive Directors, of whom four are Independent Directors. The Board of Aitken Spence Hotel Holdings PLC is represented by a young female Director.

Composition of the Board at the time of Authorising this Annual Report



Board of Director's Industry Background and Experiences



Age Composition of Board of Directors

Below 40 years	10%
40 to 55 years	10%
55 to 70 years	40%
Above 70 years	40%

HIGHLIGHTS 2022/2023

- Re-validation of Anti-Bribery and Anti-Corruption Policy.
- Re-emphasis on Group Whistleblowing Policy.
- Rolled out a focused Diversity, Equity & Inclusion agenda themed 'Freedom to be me' with an emphasis on #SpenceWomenAtWork(2022-2024)
- Enhanced maternity leave to 100 days and introduced a 5-day paternity leave, fostering a supportive and inclusive work environment for Spensionians
- SpenceWay Service Excellence Surveys conducted by the Group Human Resources for 14 segments.
- Voice of the Spensionians Employee Survey conducted by Group Human Resources.
- Inauguration of SpenceInnova to promote a culture of innovation through increased employee engagement supported by subsidiaries in order to enhance the efficiency, effectiveness, and overall productivity of the Aitken Spence Group.
- Roll out of new risk management and reporting system.
- Increased interaction between Board members and Senior Management to facilitate communication, decision making and resource allocation.
- Continued digitalisation of the Group
- Increased emphasis on managing health and safety of guests and employees. All products were assessed for health and safety impacts
- 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

- 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
- Setting Company values and standards with emphasis on adopting appropriate accounting policies and fostering compliance with financial regulations
- Establishing a process of monitoring and evaluating of progress on strategy implementations, budgets, plans and related risks

Chairman

- Providing leadership to the Board
- Facilitating 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

Managing Director

- 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
- Supporting the Executive Directors, Management Council, and the Senior Management Committees 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
- Communicating promptly to regulators and shareholders
- Filing statutory returns and facilitating access to legal advice in consultation with the Board, where necessary

CORPORATE GOVERNANCE

BOARD SUB-COMMITTEES

The four Board Sub-Committees of the parent company are delegated with certain responsibilities requiring greater attention 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

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 (<i>Chairman</i>) - Mr. J.M.S. Brito - Mr. C.H. Gomez - Mr. N.J. de Silva Deva Aditya /Mr. M.A.N.S. Perera (Mr. A.L. Gooneratne who served as Alternate Director to Mr. N.J. de Silva Deva Aditya in the parent company resigned w.e.f. 01st July 2022 and Mr. M.A.N.S. Perera was appointed as the Alternate Director to Mr. Deva Aditya in the parent company w.e.f. 02nd January 2023).	Page 124
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 (<i>Chairman</i>) - Mr. J.M.S. Brito - Mr. C.H. Gomez - Mr. N.J. de Silva Deva Aditya /Mr. M.A.N.S. Perera (Mr. A.L. Gooneratne who served as Alternate Director to Mr. N.J. de Silva Deva Aditya in the parent company resigned w.e.f. 01st July 2022 and Mr. M.A.N.S. Perera was appointed as the Alternate Director to Mr. Deva Aditya in the parent company w.e.f. 02nd January 2023).	Page 128
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. R.N. Asirwatham (<i>Chairman</i>) - Mr. J.M.S. Brito - Mr. C.H. Gomez	Page 130
Nominations 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. R.N. Asirwatham (<i>Chairman</i>) - Deshamanya D.H.S. Jayawardena - Mr. J.M.S. Brito	Page 132

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 246 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 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 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. N.J. de Silva Deva Aditya

Mr. N.J. de Silva Deva Aditya as a Board Member exceeds nine years. Additionally, Mr. Deva Aditya is a Director of the parent company in which 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 N.J. de Silva Deva Aditya is 'independent' of Aitken Spence Hotel Holdings PLC as per the Listing Rules.



Mr. G.P.J. Goonewardena

Mr. G.P.J. Goonewardena 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 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. Goonewardena is 'independent' of Aitken Spence Hotel Holdings PLC as per the Listing Rules.

CORPORATE GOVERNANCE

MEETINGS AND MINUTES

The Board meets on a quarterly basis and also convenes additional meetings if deemed necessary. Accordingly, the Board met 5 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 papers (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 and 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 Meetings throughout the financial year 2022/2023

Name of Director	Director Status	Meeting Attendance				
		Board	Audit Committee	Nomination Committee	Remuneration Committee	Related Party Transactions Review Committee
Deshamanya D.H.S. Jayawardena	Chairman	5	-	1	-	-
Ms. D.S.T. Jayawardena	EXE	5	-	-	-	-
Dr. M.P. Dissanayake	EXE	5	-	-	-	-
Mr. C.M.S. Jayawickrama	EXE	5	-	-	-	-
Mr. J.M.S. Brito	NINED	5	10	-	-	4
Mr. N.J. de Silva Deva Aditya	INED	5	7	-	-	2*
Mr. R.N. Asirwatham	INED	4	12	1	1	4
Mr. C.H. Gomez	INED	4	5	-	-	1
Mr. G.P.J. Goonawardene	INED	5	-	-	-	-
Mr. M.A.N.S. Perera (Appointed w.e.f 25.04.2023)	NINED	N/A	N/A	N/A	N/A	N/A
Total No. of Meetings		5	12	1	1	4

EXE - Executive Director

NINED - Non-Independent, Non-Executive Director

INED - Independent Non-Executive Director

* Attendance through Mr. A.L. Gooneratne or Mr. M.A.N.S. Perera (Mr. A.L. Gooneratne who served as Alternate Director to Mr. N.J. de Silva Deva Aditya in the parent company resigned w.e.f 01st July 2022 and Mr. M.A.N.S. Perera was appointed as the Alternate Director to Mr. Deva Aditya w.e.f 02nd January 2023 in the parent company)

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

Shareholders appoint, re-appoint, elect 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 Nominations 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, elections 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-appointment and re-election as the case may be.

INDUCTION AND TRAINING

On appointment, Directors are taken through a formal and tailored induction programme coordinated by the Managing Director, where they are apprised of the Group values and culture, its operating model, Group policies, governance framework and processes, Group's Code of Ethics and Professional Conduct and operational strategies of the Group. Directors are availed the opportunity to have one-on-one meetings with the management of each subsidiary, visit sites, hotels where appropriate.

Presentations are made to the Board on new developments in corporate governance and the operating environment. In addition, Board members are encouraged to

participate in seminars, webinars conducted by professional institutions to enhance their knowledge which would aid and assist the Directors in discharging their duties in a more effective and efficient manner. Directors undertake training and professional development as they consider necessary, in their personal capacity. Other training and continuous professional development undertaken includes attending seminars, workshops, conferences and reading regulatory updates etc.

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, Director's 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 Nominations 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 2023 are disclosed on pages 184 and 246 of the Financial Statements of this Annual Report.

Employee remuneration was a key area of focus during the year with pay increases awarded to non-executive staff to support them through the economic crisis. Additionally, non-recurrent support to the extent of Rs. 104.5 Million was distributed to them as well. All staff were given increments to adjust to a higher cost of living.

ACCOUNTABILITY AND AUDIT

The Audit Committee assists the Board in discharge of its responsibilities relating to the financial reporting and the audit of the same. The Audit Committee reviews the performance of internal audit reports and risk management reports that are submitted to them regularly. This Committee is also responsible for determining the adequacy of risk management and internal control. Further details of activities are set out on the Audit Committee Report on page 126.

CORPORATE GOVERNANCE

RISK AND INTERNAL CONTROL

The Board is responsible for setting in place a system 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. This year, the Group implemented a centralized Risk Management process using a central Risk Register which will be updated regularly by the business segments to enable the preparation of a consolidated risk register for the Group. This also ensures that business segments take a holistic approach to identifying and assessing risks from a continuously updated risk universe and a common taxonomy and classification is followed, facilitating consolidation. Additionally, specialised central services such as HR and IT assess the specialised risks for the Group, ensuring that the risks capture issues related to subsidiaries as well through regular meetings with business segment heads. The Group Internal Audit division reviews the risk management processes and moderates same prior to reporting to the Board on Group risks.

For more details, please refer to the Risk Management on pages 50 to 57 of this Annual 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 and Professional Conduct which embodies a strong set of corporate values and conduct. The Code of Conduct is designed to guide all employees of the Group regarding conduct within and outside the workplace which may concern the employees in relation to their position in the Company. Its purpose is to preserve our values and our reputation for integrity and fair dealing which is a key strength of the Aitken Spence Group.

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 Groups Code of Ethics and Professional Conduct on the Group's online learning platform TARTAN. The Board is not aware of any material violations of any of the provisions of the said Code by any Director or employee.

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 & 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 channelled to the Internal Audit division 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

Shareholder Communications are managed by the Company Secretarial division. While the Annual General Meeting (AGM) is the main platform, Shareholders also have the opportunity to ask questions, comment or make suggestions to the Board through the Company Secretaries. All significant issues and concerns of shareholders are referred to the Board with the views of the Management. Shareholder queries are responded to by the Company Secretaries for an on behalf of the Management. Opportunity is also provided to address the Board directly at AGMs.

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 2021/2022 at the last AGM in compliance with Section 163(3) of the Companies Act No. 07 of 2007.

INTERNET OF THINGS AND CYBERSECURITY

The Group's emphasis on Internet of Things (IoT) and cybersecurity aligns with the increasing trend of digital transformation and the necessity for businesses to adjust to the ever-changing technological environment. Our investment in these areas underscores our commitment to innovation and our efforts to safeguard our businesses against cyber threats. The Board has the ultimate responsibility for establishing the required infrastructure, organizational structures, policies, and procedures for effective governance over our digital infrastructure, systems, and information assets.

The globally recognised ISO/IEC 27001/2013 Information Security Standards was recertified at Aitken Spence Group for the eighth consecutive year in 2022/2023. The certification is a testament of our conformance to the highest information systems practices and protocols in accordance with global standards. The certification supports the Company in identifying the risks to the security of information. Identified risks will be evaluated and proper measures are taken by the

Group IT Services team to mitigate or minimise the threats. The Board of Directors shall be regularly updated regarding the controls in place to mitigate cyber risks, and on possible cyber risks that the Company is exposed to by the Group IT Services team which also reports more frequently to the Management Council and the Group Supervisory Board of the parent Company.

Given the emergence of regulations such as European Union General Data Protection Regulation (GDPR) and the Sri Lankan Personal Data Protection Act No. 9 of 2022 (PDPA), Aitken Spence Group has given its utmost attention to data security, integrity and information management. Though the Group has yet to specifically adopt measures catering to PDPA, it has put in place the policies, procedures and frameworks such as ISO/IEC 27001/2013 Information Security Standards to ensure data security, integrity and information management.

Further, Aitken Spence Group has implemented robust Data Loss and Prevention policies (DLP) associated with all platforms and dual layers of security in preventing any breaches of information security. Additionally, the application platforms used by the Group have the embedded platforms to comply with the international standards of information protection such as GDPR. With the implementation of the Semi Virtual Mobility programme, the Group has implemented a remote working policy which required employees to take necessary steps to protect Company data and any other information that is accessible from their home office. The policy outlines the best practices for remote working and provides guidelines for maintaining a secure work environment.

In the aftermath of the pandemic attack that devastated the businesses the Company has adopted a unique set of smart initiatives to ensure resilience and to maintain a robust environment that caters to increase productivity in conventional and semi virtual working conditions. Some of such smart

initiative are use of digital twins in the mechanized spaces such as elevators, use of Advance Virtual Assistance in the hotel sector for sentiment analysis, visitor guiding etc., use of Generative Artificial Intelligence (AI) to improve quality of images for printing sector, Robotic Process Automation (RPA), Collaborative echo system product development, self-supervised learning and Low Code Application Platforms (LCAP) such as app development enabling the sectors to develop their own home grown solutions.

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 102 to 108 of this Annual Report
Social factors	Human Capital - pages 82 to 89 of this Annual Report Social & Relationship Capital - pages 95 to 101 of this Annual Report
Governance	Financial Capital - pages 70 to 74 of this Annual Report Corporate Governance Report - pages 110 to 123 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 is 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.

CORPORATE GOVERNANCE

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 150 to 254 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 146 to 149 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 Issued by the Colombo Stock Exchange – Contents of Annual Report

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 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 capitalization, 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

CORPORATE GOVERNANCE

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

Section	Requirement	Disclosure	Compliant
7.1	Compliance with Corporate Governance Rules	Refer Corporate Governance Report and the Annual Report of the Board of Directors of this Annual Report	√
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	√
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	√
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	√
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	√
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	√
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	√
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 financial year ended 31st March 2023	√
7.10.5	Remuneration Committee - A listed company shall have a Remuneration Committee	Refer Remuneration Committee Report of this Annual Report	√
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	√

Section	Requirement	Disclosure	Compliant
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	√
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 44 in the Financial statements of this Annual Report	√
7.10.6	Audit Committee - A listed company shall have an Audit Committee	Refer Audit Committee Report of this Annual Report	√
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	√
7.10.6(b)	Functions of the Audit Committee	Refer Audit Committee Report of this Annual Report	√
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	√
9.3.2	Related Party Transactions Review Committee - Details pertaining to Non-Recurrent Related Party Transactions - Details pertaining to Recurrent Related Party Transactions - Report of the Related Party Transactions Review Committee - 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	√

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. C.H. Gomez

 Mr. N.J. de Silva Deva Aditya /Mr. M.A.N.S. Perera (Mr. A.L. Gooneratne who served as Alternate Director to Mr. N.J. de Silva Deva Aditya in the parent company resigned w.e.f. 01st July 2022 and Mr. M.A.N.S. Perera was appointed as the Alternate Director to Mr. Deva Aditya w.e.f. 02nd January 2023 in the parent company)

Mr. G.C. Wickremasinghe (*Resigned w.e.f. 30th November 2022*)

 Independent Non-Executive Director

 Non-Independent, Non-Executive Director

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

Secretaries to the Committee

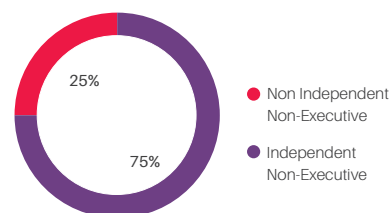
Mr. D.D.M.A. Saparamadu – Assistant Vice President, Group Internal Audit Division, Aitken Spence PLC

The Committee is composed of three Independent Non-Executive Directors and a Non-Independent Non-Executive Director. 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 27 to 33 of this Report.

COMMITTEE MEETINGS

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

Independence of the Audit Committee



Audit Committee Members	Date of Meeting (DD/MM/YYYY) and Attendance												
	27/04/2022	19/05/2022	22/06/2022	27/07/2022	19/08/2022	21/09/2022	02/11/2022	06/12/2022	07/02/2023	15/02/2023	13/03/2023	28/03/2023	Overall Attendance
Mr. R.N. Asirwatham - <i>Chairman</i>													12/12
Mr. J.M.S. Brito		Ex.					Ex.						10/12
Mr. C.H. Gomez	Ex.	Ex.	Ex.				Ex.	Ex.			Ex.	Ex.	5/12
Mr. N.J. de Silva Deva Aditya /Mr. M.A.N.S. Perera (Mr. A.L. Gooneratne who served as Alternate Director to Mr. N.J. de Silva Deva Aditya in the parent company resigned w.e.f 01st July 2022 and Mr. M.A.N.S. Perera was appointed as the Alternate Director to Mr. Deva Aditya w.e.f. 02nd January 2023).				Ex.	Ex.	Ex.	Ex.	Ex.					7/12
Mr. G.C. Wickremasinghe (Resigned w.e.f. 30th November 2022)				Ex.				N/A	N/A	N/A	N/A	N/A	6/7
 In person participation  Virtual Participation Ex. – Excused													

ATTENDANCE BY INVITATION

Dr. M.P. Dissanayake, Managing Director, Ms. D.S.T. Jayawardena, Executive Director, Aitken Spence Hotel Holdings PLC, Ms. N. Sivapragasam, Group Chief Financial Officer, Aitken Spence PLC, Mr. C.M.S. Jayawickrama, Executive Director, Aitken Spence Hotel Holdings PLC, 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



AUDIT COMMITTEE REPORT

ACTIVITIES DURING THE FINANCIAL YEAR 2022/2023

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 requires 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 reviewed 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.
- 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 transactions and obtaining a written confirmation 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 Division and External Auditors.
- Reviewed and discussed the periodic reports submitted by the Internal Audit Division 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.

CONDUCT, ETHICS AND GOOD GOVERNANCE

The Audit Committee remains steadfast in its commitment to ensuring that the Group adheres to the highest ethical standards in business dealings. In this regard, the Group has a Code of Ethics & Professional Conduct, robust policies such as the Whistleblowing Policy and an Anti-Bribery & Anti-Corruption Policy which ensure and encourage all staff members to be ethical, transparent and accountable and resort to whistleblowing if they suspect any wrongdoings or other improprieties. Highest standards of corporate governance and adherence to the Group's Code of Ethics & Professional Conduct were ensured. All appropriate procedures are in place to conduct independent investigations into incidents reported through whistleblowing or identified through other means. The Whistleblowing Policy guarantees the maintenance of strict confidentiality of the identity of the whistleblowers.

Re-Appointment Of External Auditors - Messrs Kpmg, Chartered Accountants

The Committee perused transactions with the external auditors and ensured that there was no significant material transaction between the External Auditors and the companies in the Group. The Committee further perused the share register and ensured that there were no shares held by the External Auditors.

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

06th June 2023

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

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 Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka, which was subsequently incorporated into the Listing Rules of the Colombo Stock Exchange in an endeavour to ensure that the interests of shareholders as a whole are taken into account by the Company when entering into Related Party Transactions.

Composition of the Committee	
	Mr. R.N. Asirwatham - <i>Chairman</i>
	Mr. J.M.S. Brito
	Mr. C.H. Gomez
	Mr. N.J. de S. Deva Aditya/Mr. M.A.N.S. Perera (Mr. A.L. Gooneratne who served as Alternate Director to Mr. N.J. de Silva Deva Aditya in the parent company resigned w.e.f. 01st July 2022 and Mr. M.A.N.S. Perera was appointed as the Alternate Director to Mr. Deva Aditya w.e.f. 02nd January 2023)
	Mr. G.C. Wickremasinghe - (<i>Resigned w.e.f. 30th November 2022</i>)
	Independent Non-Executive Director
	Non-Independent, 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 a Non-Independent Non-Executive Director as at the end of the financial year 2022/2023 and is chaired by an Independent Non-Executive Director. Members of the Committee possess a wealth of knowledge and experience.

RELATED PARTY TRANSACTIONS COMMITTEE MEETING ATTENDANCE

Related Party Transactions Review Committee Members	Date of Meeting and Attendance				
	23/06/2022	21/09/2022	06/12/2022	28/03/2023	Overall Attendance
Mr. R.N. Asirwatham - Chairman					4/4
Mr. J.M.S. Brito					4/4
Mr. C.H. Gomez	Ex.		Ex.	Ex.	1/4
Mr. N.J. de S. Deva Aditya/Mr. M.A.N.S. Perera (Mr. A.L. Gooneratne who served as Alternate Director to Mr. N.J. de Silva Deva Aditya in the parent company resigned w.e.f 01st July 2022 and Mr. M.A.N.S. Perera was appointed as the Alternate Director to Mr. Deva Aditya w.e.f 02nd January 2023)		Ex.	Ex.		2/4
Mr. G.C. Wickremasinghe - (Resigned w.e.f. 30th November 2022)			N/A	N/A	2/2
	In person participation				
	Virtual Participation				
Ex. - Excused					

KEY HIGHLIGHTS DURING THE FINANCIAL YEAR 2022/2023

Each quarter, disclosures were obtained from the Key Management Personnel and the Group related companies in relation to proposed transactions and post quarter confirmations 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 2022/2023 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. 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 of the Colombo Stock Exchange,
- 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 meetings,
 - 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 transactions 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 Minutes.

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
06th June 2023

REMUNERATION 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 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. R.N. Asirwatham – *Chairman (Appointed as Chairman of the Committee w.e.f. 23rd March 2023)*

 Mr. J.M.S. Brito (*Appointed w.e.f. 23rd March 2023*)

 Mr. C.H. Gomez

 Mr. G.C. Wickremasinghe (*Resigned w.e.f. 30th November 2022*)

 Independent Non-Executive Director

 Non-Independent, Non-Executive Director

The Committee's composition complies with the requirements of Section 7.10.5 of the Listing Rules of the Colombo Stock Exchange.

INDEPENDENCE OF THE COMMITTEE

Mr. G.C. Wickremasinghe chaired the Remuneration Committee until his resignation on 30th November 2022 and Mr. R.N. Asirwatham who served as a member of the Committee was appointed as the Chairman of the Committee w.e.f. 23rd March 2023. The Committee is composed of two Independent Non-Executive Directors and a Non-Independent Non-Executive Director as at the end of the financial year 2022/2023. 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. Deshamanya D.H.S. Jayawardena, Group Chairman together with Dr. M.P. Dissanayake, Managing Director, Ms. D.S.T. Jayawardena, Executive Director, Aitken Spence Hotel Holdings PLC and Mr. S. Muttiah, Group Chief Human Resource Officer attended the meeting by invitation.

Remuneration Committee Members	Date of Meeting and Attendance
	23/07/2022
Mr. R.N. Asirwatham - (<i>Appointed as Chairman of the Committee w.e.f. 23rd March 2023</i>)	
Mr. J.M.S. Brito - (<i>Appointed w.e.f. 23rd March 2023</i>)	N/A
Mr. C.H. Gomez	Ex.
Mr. G.C. Wickremasinghe - (<i>Resigned w.e.f. 30th November 2022</i>)	
 In person participation	
 Virtual Participation	
Ex. – Excused	

THE REMUNERATION POLICY

The Group 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 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,

- 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.
- 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.



R.N. Asirwatham

Chairman

Remuneration Committee

Colombo

06th June 2023

NOMINATION COMMITTEE REPORT

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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.

Composition of the Committee

 Mr. R.N. Asirwatham – *Chairman (Appointed as Chairman of the Committee w.e.f. 23rd March 2023)*

 Deshamanya D.H.S. Jayawardena

 Mr. J.M.S. Brito (Appointed w.e.f. 23rd March 2023)

 Mr. G.C. Wickremasinghe (*Resigned w.e.f. 30th November 2022*)

 Independent Non-Executive Director

 Non-Independent, Non-Executive Director

 Executive Chairman

The Committee's composition complies with the requirements of principle A.7 and Schedule A of the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka.

Mr. G.C. Wickremasinghe chaired the Nomination Committee until his resignation on 30th November 2022 and Mr. R.N. Asirwatham who served as a member of the Committee was appointed as the Chairman of the Committee w.e.f. 23rd March 2023. The Committee is composed of an Independent Non-Executive Director, Non-Independent Non-Executive Director and the Chairman of the Company as at the end of the financial year 2022/2023. The members of the Committee possess wide experience as well as financial and business acumen.

COMMITTEE MEETINGS

The Committee met once during the year under review with the attendance of the Dr. M.P. Dissanayake, Managing Director on invitation.

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 2022/2023 the Committee performed the following functions:

- Ensured the diversity and effectiveness of the Aitken Spence Hotel Holdings PLC Board 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, election and succession planning,
- Evaluated the eligibility of the Directors who have offered themselves for re-appointment, re-election, election 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-APPOINTMENT, RE-ELECTION AND ELECTION 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 and 211 of the Companies Act No. 7 of 2007, have offered themselves for re-appointment.

In terms of Article 83 and 84 of the Articles of Association, Mr. C.H. Gomez retires by rotation and has offered himself for re-election at the forthcoming Annual General Meeting.

In terms of Article 90 of the Articles of Association, Mr. M.A.N.S. Perera retires and has offered himself for 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 and election as the case may be to continue as Directors of the Company.



R.N. Asirwatham

Chairman

Nomination Committee

Colombo

06th June 2023

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 2023 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 its impact to 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 operation. 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 2023, have been prepared based on 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 2023 and the Comprehensive Income Statements of the Company and the Group for the Financial Year ended 31st March 2023 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

Colombo
06th June 2023

ANNUAL REPORT OF THE BOARD OF DIRECTORS

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The Board of Directors of Aitken Spence Hotel Holdings PLC has pleasure in presenting the Annual Report and the Audited Financial Statements for the financial year ended 31st March 2023. The details set out herein provide the pertinent information as required under Section 168 of the Companies Act No.07 of 2007, the Listing Rules of the Colombo Stock Exchange, Code of Best Practice on Corporate Governance 2017 issued by the institute of Chartered Accountants of Sri Lanka & 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 Covid-19 pandemic prevailed and the economic downturn in the country.

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 14 and 15 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 158 to 254.

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

For the year ended 31st March	2023 Rs. '000	2022 Rs. '000
Net profit / (loss) before tax	1,644,950	1,946,659
Provision for taxation including deferred tax	(1,598,141)	(912,354)
Net profit / (loss) after tax	46,809	1,034,305
Other comprehensive income	2,350,509	5,114,716
Total comprehensive income/expense for the year	2,397,318	6,149,021
Total comprehensive income/expense attributable to non-controlling interest	1,183,325	2,263,543
Total comprehensive income/ expense attributable to equity shareholders	1,213,993	3,885,478
Transactions directly recognized in the equity statement	(14,288)	29,317
Balance brought forward from the previous year	16,316,664	12,401,869
Amount available for appropriations	17,516,369	16,316,664
Preference dividends	29,700	-
Total reserves and earnings	17,486,669	16,316,664
Stated capital	3,554,587	3,554,587

4.1. Group Revenue and Profits

Revenue generated by the Company during the year amounted to Rs. 759 Mn. (2022 - Rs. 527 Mn). The Group revenue was Rs. 46,060 Mn (2022 - Rs. 24,571 Mn) which is a rise of 87% compared to the previous year. An analysis of Group revenue based on geographical and business segments is disclosed in notes 06 and 07 of the Financial Statements on pages 179 and 180. The profit after tax of the Group was -Rs. 47Mn (2022 - Rs. 1,034 Mn). The Group's profit attributable to the equity shareholders of the parent company for the year was Rs. (288) Mn (2022- Rs. 623 Mn). The segmental profits/ losses are disclosed in note 06 of the Financial Statements on page 179.

4.2. Donations

During the year, Rs. 672,500/- were made by the Company, the donations made by the Group during the year amounted to Rs. 2,125,783/-. There were no Political donations.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

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 185 to 191. 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 207 and 221.

4.4. Dividends

The Directors declared a preference dividend of cents 90 per share on the cumulative preference shares for the Financial Year ended 31st March 2023. 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 dividend. The Directors did not recommend an ordinary dividend for the Financial Year ended 31st March 2023.

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

5.1. Stated Capital and Reserves

As at 31st March 2023 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 million. The Company's reserves as at 31st March 2023 were Rs. 6,891 Mn (2022 - Rs. 7,206 Mn) whereas the total Group's reserves as at 31st March 2023 were Rs. 17,487 Mn (2022- Rs. 16,317 Mn). The movement in these reserves is shown in the Statement of Changes in Equity - Group on Pages 154 to 155.

5.2. Property, Plant and Equipment

The carrying value of property plant and equipment for the Company and the Group as at 31st March

2023 amounted to Rs. 1,708 Mn and Rs. 72,645 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. 102 Mn and Rs. 2,020 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 16.3.2 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 228.

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 254.

7. GOING CONCERN

The Group has prepared the financial statements for the year ended 31 March 2023 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 2023, 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 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.

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 is given in the following table and their brief profiles are given on pages 27 to 33 of the Annual Report. All of the below Directors held office during the entire year.

For the year ended 31st March 2023	Executive	Non-Independent, Non-Executive	Independent Non-Executive
Deshamanya D.H.S. Jayawardena (Chairman)	✓		
Ms. D.S.T. Jayawardena	✓		
Dr. M.P. Dissanayake (Managing Director)	✓		
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. Goonawardena			✓

*Mr. M.A.N.S. Perera, Non-Independent Non-Executive Director was appointed to the Board with effect from 25th April 2023

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. C.H. Gomez

Mr. N.J. de Silva Deva Aditya/Mr. M.A.N.S. Perera (Mr. A.L. Gooneratne who served as Alternate Director to Mr. N.J. de Silva Deva Aditya in the parent company resigned w.e.f. 01st July 2022 and Mr. M.A.N.S. Perera was appointed as the Alternate Director to Mr. Deva Aditya in the parent company w.e.f. 02nd January 2023)

Mr. G.C. Wickremasinghe (Resigned w.e.f. 30th November 2022)

Related Party Transactions Review Committee

Mr. R.N. Asirwatham (Chairman)

Mr. J.M.S. Brito

Mr. C.H. Gomez

Mr. N.J. de Silva Deva Aditya/Mr. M.A.N.S. Perera (Mr. A.L. Gooneratne who served as Alternate Director to Mr. N.J. de Silva Deva Aditya in the parent company resigned

w.e.f. 01st July 2022 and Mr. M.A.N.S. Perera was appointed as the Alternate Director to Mr. Deva Aditya in the parent company w.e.f. 02nd January 2023

Mr. G.C. Wickremasinghe (Resigned w.e.f. 30th November 2022)

Remuneration Committee

Mr. R.N. Asirwatham (Chairman)
(Appointed as Chairman of the Committee w.e.f. 23rd March 2023)

Mr. J.M.S. Brito (Appointed w.e.f. 23rd March 2023)

Mr. C.H. Gomez

Mr. G.C. Wickremasinghe (Resigned w.e.f. 30th November 2022)

Nomination Committee

Mr. R.N. Asirwatham (Chairman)
(Appointed as Chairman of the Committee w.e.f. 23rd March 2023)

Deshamanya D.H.S. Jayawardena

Mr. J.M.S. Brito (Appointed w.e.f. 23rd March 2023)

Mr. G.C. Wickremasinghe (Resigned w.e.f. 30th November 2022)

8.3. Re-appointment of Directors who are over 70 years of age, Election of Directors 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.H. Gomez who retires by rotation in terms of Article 83 and 84 of the Articles

ANNUAL REPORT OF THE BOARD OF DIRECTORS

of Association of the Company offers himself for re-election and the Board recommended same. In terms of Article 90 of the Articles of Association Mr. M.A.N.S. Perera retires and has offered himself for election.

8.4. Directors' Shareholding

The Directors' shareholdings are provided on page 264 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 2023 are disclosed on pages 184 and 246 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 2022.

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 2022, 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 (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 abovementioned 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 2023.

8.8. Subsidiary Board of Directors

The names of Directors of the subsidiary companies who held office as at 31st March 2023 and Directors who ceased to hold office during the accounting period are set out on pages 268 to 270 of this Annual Report.

9. HUMAN RESOURCES

Our Human Resources strategies and practices have translated into the 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 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 110 to 123 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 mitigating 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 50 to 57 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 141 to 142, the Statement of Directors' Responsibilities on page 134 and the Audit Committee Report set out on pages 124 to 127 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 134 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 3,735 shareholders as at 31st March 2023. The distribution schedule of the number of shareholders and their shareholdings are detailed on page 261 of this Annual Report. The names of the twenty largest shareholders, together with their shareholdings as at 31st March 2023 are given on page 264 of this Annual Report. The percentage of the shares held by the public as at 31st March 2023 was 25.41% and the number of shareholders who held the public holding was 3,724. 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 18 and 262 of this Annual Report.

16. AUDITORS

The Independent Auditors' Report on the Financial Statements is given on pages 146 to 149 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. 1,260,000/- (2022 - Rs. 1,120,000/-). In addition to the above, Rs. 148,611/- (2022 - Rs. 356,089/-) 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 268 to 270 of this Annual Report.

The amount payable by the Group to Messrs. KPMG, Chartered Accountants as audit fees was Rs. 16,082,379/- (2022 - Rs 14,143,877) while a further Rs. 5,077,433/- (2022 - Rs.2,654,925/-) was payable for permitted non audit related services including tax advisory services.

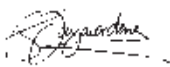
In addition to the above, Rs. 4,796,932/- (2022 - Rs. 5,141,397/-) was payable to other auditors for carrying out audits in subsidiaries and associates where the audits were conducted by them. The amount

ANNUAL REPORT OF THE BOARD OF DIRECTORS

payable to such other auditors for non-audit related services including tax advisory services was Rs. 13,227,546/- (2022 - Rs. 4,373,586/). 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



Ms. D.S.T. Jayawardena
Executive Director



Dr. M.P. Dissanayake
Managing Director



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

Colombo
06th June 2023

THE BOARD OF DIRECTORS' STATEMENT ON INTERNAL CONTROLS

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 enhancing the system of internal controls as and when there are changes to the business environment or regulatory guidelines.

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
- Nomination Committee
- Remuneration Committee
- Related Party Transactions Review 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 verifies compliance of operations with policies and procedures and the effectiveness of the internal control systems and highlights significant findings in respect of any non-compliance.

Audits are carried out on all Strategic Business Units (SBUs), the frequency of which are determined by the level of risk assessed, to provide an independent and objective report on operational and management activities of SBUs. The annual audit plan is reviewed and approved by the Audit Committee and the findings of the audits are submitted to the Audit Committee for review at their periodic meetings.

POLICIES, PROCEDURES AND BUDGETS

Policies and procedure 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 budgets and explanations are provided for significant variances periodically to the respective Boards.

INSURANCE AND PHYSICAL SAFEGUARDS

Adequate insurance and physical safeguards on major assets are in place to ensure Group assets are sufficiently covered to minimise material loss against any adverse unforeseen events.

WHISTLEBLOWING POLICY

The Group encourages a whistle-blowing policy which enables employees to bring irregularities in financial reporting, internal controls or other matters within the Group to the notice of the higher management.

Proper arrangements are in place to facilitate fair and independent investigation for such matters, if any. The prevalence and effectiveness of this policy is monitored by the Audit Committee time to time.

THE GROUP CODE OF ETHICS & PROFESSIONAL CONDUCT

The Group Code of Ethics and Professional Conduct which includes a strong set of corporate values and conduct, is circulated to Directors and all employees. The Board ensures that Directors and all employees strictly comply with the Group code of ethics in exercising their duties, communications, role modelling and in any other circumstance, so as to uphold the Group's integrity and image. Strict disciplinary actions are initiated for any violation of the Group Code of Ethics and professional conduct.

CYBER SECURITY

The Group has become more technology driven, thus increasing the Group's reliance on cyber connectivity. In this era, securing and protecting the Group's information assets becomes a priority. The Board has taken necessary precautions to minimize the risk of a security breach. During the year under review, necessary steps were rolled out to manage the exposure to cyber-attacks by reducing the threat surface and potentially exploitable vulnerabilities.

GOING CONCERN

The statement of going concern is set out in the Annual Report of the Directors on page 136.

RISK MANAGEMENT

The Board has set up an ongoing process for identifying, monitoring and managing the principal and emerging risks faced by the Group.

An overview of the Group's risk management framework is set out on pages 50 to 57.

ANNUAL REPORT

The Board is responsible for the preparation of the Annual Report and confirm 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 have been prepared and presented in a reliable manner based

THE BOARD OF DIRECTORS' STATEMENT ON INTERNAL CONTROLS

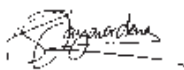
on a balanced and comprehensive assessment of the financial performance of the Group.

CONFIRMATION

Based on the above processes, the Board of Aitken Spence Hotel Holdings PLC confirms that the financial reporting system of the Group has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes and has been done in accordance with Sri Lanka Accounting Standards and regulatory requirements.



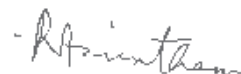
Deshamanya D.H.S. Jayawardena
Chairman



Ms. D.S.T. Jayawardena
Executive Director



Dr. M.P. Dissanayake
Managing Director



R.N. Asirwatham
Chairman
Audit Committee

Colombo
06th June 2023

AUGMENTED VALUE

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FINANCIAL CALENDAR

FINANCIAL CALENDAR

INTERIM FINANCIAL STATEMENTS CALENDAR - 2022/2023

Interim Financial Statements for the three months ended on 30th June 2022	Approved on 10th August 2022
Interim Financial Statements for the six months ended on 30th September 2022	Approved on 03rd November 2022
Interim Financial Statements for the nine months ended on 31st December 2022	Approved on 09th February 2023
Interim Financial Statements for the twelve months ended on 31st March 2023	Approved on 25th May 2023

AUDITED FINANCIAL STATEMENTS CALENDAR

Audited Financial Statements for the year ended on 31st March 2023	Approved on 06th June 2023
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ANNUAL GENERAL MEETING (AGM) CALENDAR

Forty Sixth Annual General Meeting	On 30th June 2023
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INDEPENDENT AUDITOR'S REPORT



KPMG
(Chartered Accountants)
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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 2023, 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 150 to 254.

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

BASIS FOR OPINION

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

ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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. 819 Mn as at 31st March 2023.

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 recognized 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,

- Assessing the objectivity, independence, competence, and qualification of the external valuers.
- 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.

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C.P. Jayatilake FCA
Ms. S. Joseph FCA
S.T.D.L. Perera FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA
Principals - S.R.L. Perera FCA(UK), LL.B., Attorney-at-Law, H.S. Goonewardene ACA,
Ms. F.R. Ziyad FCA(UK), FTE

T.J.S. Rajakarier FCA
Ms. S.M.B. Jayasekara FCA
G.A.U. Karunaratne FCA
R.H. Rajan FCA
A.M.R.P. Alahakoon ACA

W.W.J.C. Perera FCA
W.K.D.C. Abeyratne FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA
Ms. P.M.K. Sumanasekera FCA



Financial Instruments - Cash Flow Hedge	
Refer Accounting Policies Note 3.3 and Note 42.5.1.3 to the Financial Statements.	
Risk Description	Our response
The effective portion of a Cash Flow Hedge has been recognised under other comprehensive income amounting to Rs. 418 Mn as at 31st March 2023. Group is exposed to financial risks arising from exchange rates. A subsidiary company has hedged its Euro currency revenue against the contractual future loan repayments. Rules on hedge accounting requirements and documentation can be complicated. Lack of compliance with documentation rules, hedge effectiveness rules, and probability criteria could lead to income statement volatility. Hedge relationships are formally documented and designated at inception. The documentation includes identification of the hedged item and the hedging instrument and details of the risk that is being hedged and the way in which effectiveness will be assessed at inception and during the period of the hedge. If the hedge is not highly effective in offsetting changes in fair values or cash flows attributable to the hedged risk, consistent with the documented risk management strategy, hedge accounting is discontinued. We identified this as a key audit matter due to the complexities and high level of judgment involved in determining the hedging item, hedge instrument and the testing effectiveness as required by the accounting standards.	Our audit procedures 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 the disclosure in financial instruments by agreeing the financial statements to the underlying workings prepared by management and ensuring classification is consistent with the accounting principles.

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. 7,471 Mn and Rs. 1,008 Mn respectively as at 31st March 2023. Further the Group holds investments in equity accounted investees amounting to Rs. 93 Mn and goodwill amounting to Rs. 850 Mn as at 31st March 2023. 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 judgmental.	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 model (value in use computation), key assumptions, principles and accuracy of the forecasts. - Comparing the actual results of the current year with management's assumptions and estimates in the discounted cash flow forecast for the previous year to assess the historical accuracy of the management's forecasting process. - Evaluating the discounted cash flow forecast prepared by management of the Group by comparing with the relevant data, including forecast revenue, cost of sales and other operating expenses, contained in the financial budget of subsidiaries and investment in equity accounted investees which was approved by management and taking into account our understanding, experience and knowledge. - 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
06th June 2023

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Group		Company	
For the year ended 31 st March		2023	2022	2023	2022
	Notes	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Revenue	7	46,059,884	24,570,780	759,460	527,191
Revenue taxes		(1,000,584)	(543,819)	(15,020)	-
Net revenue		45,059,300	24,026,961	744,440	527,191
Other income	8	191,744	203,021	515,068	342,007
Staff costs		(7,957,453)	(4,242,700)	(203,162)	(144,632)
Depreciation		(3,890,512)	(2,569,002)	(61,496)	(55,613)
Amortisation and impairment		(1,495,287)	(864,484)	(343,797)	(53,357)
Other operating expenses - direct	9	(11,371,496)	(6,168,280)	(254,328)	(129,816)
Other operating expenses - indirect	10	(13,225,410)	(6,105,417)	(410,771)	(245,485)
Profit/(loss) from operations	11	7,310,886	4,280,099	(14,046)	240,295
Finance income		541,596	171,877	60,331	61,821
Finance expense		(5,809,973)	(2,278,833)	(299,770)	(76,684)
Net financing expense	12	(5,268,377)	(2,106,956)	(239,439)	(14,863)
Share of loss of equity accounted investees (net of tax)	20	(397,559)	(226,484)	-	-
Profit/(loss) before taxation		1,644,950	1,946,659	(253,485)	225,432
Income tax (expense)/refund	13	(1,598,141)	(912,354)	2,583	(65,362)
Profit/(loss) for the year		46,809	1,034,305	(250,902)	160,070
Attributable to:					
Equity holders of the parent company		(287,893)	623,542	(250,902)	160,070
Non - controlling interests		334,702	410,763	-	-
Profit/(loss) for the year		46,809	1,034,305	(250,902)	160,070
Earnings/(loss) per ordinary share - Basic/Diluted (Rs.)	14	(0.94)	1.85	(0.83)	0.48

Figures in brackets indicate deductions.

The notes on pages 158 to 254 form an integral part of these financial statements.

		Group		Company	
For the year ended 31 st March		2023	2022	2023	2022
	Notes	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Profit/(loss) for the year		46,809	1,034,305	(250,902)	160,070
Other comprehensive income/(loss)					
Items that will never be reclassified to profit or loss					
Revaluation of freehold land	16	818,850	950,470	133,200	-
Share of other comprehensive income of equity accounted investees (net of tax)	20	29,889	26,713	-	-
Actuarial gains/(losses) on defined benefit obligations	35.4	(8,597)	20,351	(4,177)	1,664
Income tax on other comprehensive income	13.9	(707,931)	(2,295)	(148,731)	(233)
		132,211	995,239	(19,708)	1,431
Items that are or may be reclassified to profit or loss					
Foreign currency translation differences of foreign operations		2,636,086	6,834,939	-	-
Net movement in cashflow hedging	42.5.1.3	(417,788)	(2,715,462)	-	-
		2,218,298	4,119,477	-	-
Other comprehensive income/(loss) for the year net of tax		2,350,509	5,114,716	(19,708)	1,431
Total comprehensive income/(loss) for the year net of tax		2,397,318	6,149,021	(270,610)	161,501
Attributable to:					
Equity holders of the parent company		1,213,993	3,885,478	(270,610)	161,501
Non - controlling interests		1,183,325	2,263,543	-	-
Total comprehensive income/(loss) for the year net of tax		2,397,318	6,149,021	(270,610)	161,501

Figures in brackets indicate deductions.

The notes on pages 158 to 254 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

		Group		Company	
As at		31.03.2023	31.03.2022	31.03.2023	31.03.2022
	Notes	Rs. '000	Rs. '000	Rs. '000	Rs. '000
ASSETS					
Non - current assets					
Property, plant and equipment	16	72,644,868	67,363,789	1,708,129	1,534,878
Right-of-use assets	17	16,888,712	16,379,328	-	-
Intangible assets	18	889,049	821,411	-	179
Investment in subsidiaries	19	-	-	7,470,779	8,006,841
Investment in equity accounted investees	20	93,040	461,073	1,008,176	1,215,732
Other financial assets	21	998,018	283,123	725,524	38,333
Deferred tax assets	22	486,592	648,820	-	-
		92,000,279	85,957,544	10,912,608	10,795,963
Current assets					
Inventories	23	1,690,992	1,627,072	44,024	20,003
Trade and other receivables	24	2,534,933	2,310,150	89,078	204,788
Amounts due from holding company	25	146,435	485,713	-	-
Amounts due from parent's group entities	26	939,895	620,304	603,407	609,567
Deposits and prepayments		795,287	553,452	39,689	66,526
Current tax receivable		28,723	36,480	4,731	-
Other financial assets	27	4,552,709	4,428,432	431,668	747,109
Cash and cash equivalents	28	5,262,311	4,033,614	186,710	478,255
		15,951,285	14,095,217	1,399,307	2,126,248
Assets classified as held for sale	29	-	1,586,969	-	-
Total assets		107,951,564	101,639,730	12,311,915	12,922,211
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	10,305,604	8,791,779	689,177	705,961
Retained earnings		7,181,065	7,524,885	6,202,154	6,499,604
		21,041,256	19,871,251	10,445,918	10,760,152
Non - controlling interests		9,139,015	8,269,807	-	-
Total equity		30,180,271	28,141,058	10,445,918	10,760,152

		Group		Company	
As at		31.03.2023	31.03.2022	31.03.2023	31.03.2022
	Notes	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Non - current liabilities					
Interest - bearing liabilities - banks	32	36,588,535	38,596,278	535,332	413,588
Interest - bearing liabilities - leases	33	13,588,054	13,483,051	-	-
Deferred tax liabilities	34	3,014,059	1,364,422	229,170	82,954
Employee benefits	35	315,641	265,214	47,235	38,065
		53,506,289	53,708,965	811,737	534,607
Current liabilities					
Trade payables		1,559,571	1,291,949	26,772	25,277
Other provisions and payables	36	5,482,238	5,359,084	159,131	79,168
Amounts due to holding company		1,313,017	1,201,857	502,434	409,987
Amounts due to parent's group entities	37	204,269	88,106	19,830	564,107
Interest - bearing liabilities - banks	32	6,114,421	5,356,106	177,154	401,781
Interest - bearing liabilities - leases	33	1,422,456	1,206,831	-	-
Current tax payable		222,700	50,364	-	3,330
Bank overdrafts and other short term borrowings	28	7,946,332	5,235,410	168,939	143,802
		24,265,004	19,789,707	1,054,260	1,627,452
Total liabilities		77,771,293	73,498,672	1,865,997	2,162,059
Total equity and liabilities		107,951,564	101,639,730	12,311,915	12,922,211

The above Statements of Financial Position are to be read in conjunction with notes to the financial statements on pages 158 to 254.

I certify that the financial statements for the year ended 31st March 2023 are in compliance with the requirements of the Companies Act No. 07 of 2007.



L.D.T. Perera

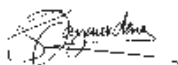
Head of Finance - Sri Lanka Hotels

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



Ms. D.S.T. Jayawardena
Executive Director



Dr. M.P. Dissanayake
Managing Director

06th June 2023
Colombo
Sri Lanka

STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March

Group		Attributable to equity holders of the parent										Non - Controlling Interests	Total Equity
		Notes	Stated Capital	General Reserve	Fair Value Reserve	Foreign Currency Translation Reserve	Cashflow Hedge Reserve	Revaluation Reserve	Retained Earnings	Total			
		Rs. '000	Rs. '000	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 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		
Adjustment on Surcharge tax levied under Surcharge Act		13.5	-	-	-	-	-	(13,924)	(13,924)	-	(13,924)		
Balance as at 01st April 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		
Profit/(loss) for the year		-	-	-	-	-	-	(287,893)	(287,893)	334,702	46,809		
Other comprehensive income/(loss) for the year		-	-	42,212	1,647,312	(250,673)	74,974	(11,939)	1,501,886	848,623	2,350,509		
Total comprehensive income/(loss) for the year		-	-	42,212	1,647,312	(250,673)	74,974	(299,832)	1,213,993	1,183,325	2,397,318		
Share of net assets of equity accounted investees		-	-	-	-	-	-	(364)	(364)	-	(364)		
Preference dividends for 2020/2021 and 2021/2022		15	-	-	-	-	-	(29,700)	(29,700)	-	(29,700)		
Dividends paid to non-controlling Interests		-	-	-	-	-	-	-	-	(314,117)	(314,117)		
Balance as at 31st March 2023		3,554,587	22,929	62,626	10,181,031	(3,109,161)	3,148,179	7,181,065	21,041,256	9,139,015	30,180,271		

Dividend per ordinary share - (Note No.15) Nil (2021/22- Nil)

Figures in brackets indicate deductions.

The notes on pages 158 to 254 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 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
Adjustment on Surcharge tax levied under Surcharge Act	13.5	-	-	-	(13,924)	(13,924)
Balance as at 01st April 2022 (Adjusted)		3,554,587	22,929	683,032	6,485,680	10,746,228
Loss for the year		-	-	-	(250,902)	(250,902)
Other comprehensive loss for the year		-	-	(16,784)	(2,924)	(19,708)
Total comprehensive loss for the year		-	-	(16,784)	(253,826)	(270,610)
Preference dividends for 2020/2021 and 2021/2022	15	-	-	-	(29,700)	(29,700)
Balance as at 31st March 2023		3,554,587	22,929	666,248	6,202,154	10,445,918

Dividend per ordinary share - (Note No. 15) Nil. (2021/22- Nil)

Figures in brackets indicate deductions.

The notes on pages 158 to 254 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

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		Group		Company	
For the year ended 31st March		2023	2022	2023	2022
	Notes	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash flow from operating activities					
Profit/(loss) before taxation		1,644,950	1,946,659	(253,485)	225,432
Adjustments for					
Depreciation	11	3,890,512	2,569,002	61,496	55,613
Amortisation of right-of-use assets and intangible assets	11	1,495,287	864,484	179	1,227
Reversal of impairment of trade debtors	11	(90,680)	(73,314)	(708)	(28,370)
Impairment/(reversal of impairment) of financial assets	11	(3,280)	100	(3,354)	47
Impairment of investment in subsidiaries and equity accounted investees	11	-	-	343,618	52,130
Reversal of impairment of inventories	11	-	(2,781)	-	-
Interest expense	12	5,809,973	2,278,833	299,770	76,684
Interest income	12	(541,596)	(171,877)	(60,331)	(61,821)
(Profit)/loss on sale of property, plant and equipment	8	23,715	(9,486)	32	125
Loss on retirement of assets held for sale	8	72,269	-	-	-
Provision for retirement benefit obligations	35	49,353	33,539	7,776	4,264
Share of loss of equity accounted investees (net of tax)	20	397,559	226,484	-	-
Effect of movement in exchange rates	8	153,461	(114,809)	(64,775)	(303,345)
Operating profit before working capital changes		12,901,523	7,546,834	330,218	21,986
(Increase)/decrease in inventories		(63,920)	(806,914)	(24,021)	(4,881)
(Increase)/decrease in trade and other receivables		(162,215)	(1,393,524)	116,418	(94,022)
(Increase)/decrease in amounts due from holding company		339,278	(8,809)	-	82,929
(Increase)/decrease in amount due from parent's group entities		(319,591)	(388,970)	32,820	(562,181)
(Increase)/decrease in deposits and prepayments		(241,835)	(184,939)	26,837	(62,398)
Increase/(decrease) in trade payables		267,622	378,560	1,495	9,143
Increase/(decrease) in other provisions and payables		123,154	2,071,019	79,962	23,305
Increase/(decrease) in amounts due to holding company		111,160	1,033,092	92,447	275,131
Increase/(decrease) in amount due to parent's group entities		116,163	12,799	(544,277)	30,400
Cash generated from/(used in) operations		13,071,339	8,259,148	111,899	(280,588)
Interest expenses paid		(4,464,564)	(987,749)	(247,148)	(58,279)
Retirement benefit obligations paid	35	(21,082)	(35,696)	(2,783)	(7,972)
Income taxes paid		(77,315)	(441,747)	(7,993)	(4,603)
Surcharge tax paid	13.5	(13,924)	-	(13,924)	-
Net cash flow generated from/(used in) operating activities		8,494,454	6,793,956	(159,949)	(351,442)

(carried forward to next page)

Figures in brackets indicate deductions.

		Group		Company	
For the year ended 31st March		2023	2022	2023	2022
	Notes	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Net cash flow generated from/(used in) operating activities		8,494,454	6,793,956	(159,949)	(351,442)
(brought forward from previous page)					
Cash flow from investing activities					
Acquisition of property, plant and equipment	16	(2,019,885)	(761,655)	(101,579)	(7,373)
Purchase of intangible assets	18	(1,330)	(999)	-	-
Proceeds from disposal of property, plant and equipment		1,223	374	-	-
Proceeds on retirement of assets held for sale	29	1,878,448	-	-	-
Purchase of term deposits		(737,890)	(3,106,555)	(357,744)	-
Interest received		443,594	132,240	23,020	22,184
Net cash (used in)/generated from investing activities		(435,840)	(3,736,595)	(436,303)	14,811
Cash flow from financing activities					
Repayment of interest bearing liabilities - banks	32	(6,889,954)	-	(155,505)	-
Proceeds from interest bearing liabilities - banks	32	321,921	(705,327)	-	-
Repayment of interest bearing liabilities - leases	33	(2,422,018)	(1,810,919)	-	-
Dividends paid to equity holders of the parent	15	(29,700)	-	(29,700)	-
Dividends paid to shareholders of non - controlling interests		(314,117)	-	-	-
Proceeds from redemption of preference shares	19	-	-	400,000	-
Net cash (used in)/generated from financing activities		(9,333,868)	(2,516,246)	214,795	-
Net (decrease)/increase in cash and cash equivalents		(1,275,254)	541,115	(381,457)	(336,631)
Cash and cash equivalents at the beginning of the year		(1,201,796)	(2,627,093)	334,453	367,739
Effect of movement in exchange rates		(206,971)	884,182	64,775	303,345
Cash and cash equivalents at the end of the year	28	(2,684,021)	(1,201,796)	17,771	334,453
Analysis of cash and cash equivalents at the end of the year					
Cash at bank and in hand		1,874,496	2,237,504	141,740	120,834
Short term deposits less than 90 days		3,387,815	1,796,110	44,970	357,421
Bank overdrafts and other short term bank borrowings		(7,946,332)	(5,235,410)	(168,939)	(143,802)
Cash and cash equivalents at the end of the year	28	(2,684,021)	(1,201,796)	17,771	334,453

Figures in brackets indicate deductions.

The notes on pages 158 to 254 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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 2023 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 tax liability arising from the Surcharge Tax Act No. 14 of 2022 has been accounted as recommended by the Statement of Alternative Treatment (SoAT) issued by the Institute of Chartered Accountants of Sri Lanka as disclosed under the Note 13.5 on Income Taxes.

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 2023 were approved and authorised for issue by the Board of Directors on 06th June 2023.

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
Assets classified as held for sale	Measured at the lower of carrying amount and fair value less cost to sell	29
Retirement benefit obligations	Measured at the present value of the defined benefit obligation	35
Interest bearing liabilities- leases	Measured at amortised cost using effective interest method	33

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 (Pvt) Ltd	Maldives	USD
Unique Resorts (Pvt) Ltd	Maldives	USD
Jetan Travel Services Company (Pvt) Ltd	Maldives	USD
Ace Resorts (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) Ltd	India	Indian Rupees
Aitken Spence Hotel Services (Pvt) Ltd	India	Indian Rupees
P.R Holiday Homes (Pvt) Ltd	India	Indian Rupees
Perumbalam Resorts (Pvt) Ltd	India	Indian Rupees
Crest Star (B.V.I.) Ltd	British Virgin Island	USD
Aitken Spence Hotel Managements Asia (Pvt) Ltd	Sri Lanka	USD
Aitken Spence Hotels International (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

NOTES TO THE FINANCIAL STATEMENTS

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.

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.

Items that have a significant effect on Judgements, estimates and assumptions and the respective notes that they are included in are as follows,

Item	Note Number
Going concern	2.11
Valuation of property, plant and equipment	16
Impairment of non-financial assets	3.3 (d)
Recognition of deferred tax assets	22
Measurement of fair value of unquoted investment	41
Measurement of loss rate to compute ECL Allowance for trade receivables	42
Measurement of assets classified as held for sale	29
Measurement of defined benefit obligations: key actuarial assumptions	35

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 2023 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 2023, 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 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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 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.

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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

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

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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.
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

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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.

(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. 16.3.2 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.

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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 the 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
- Motorboats 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.

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 liabilities - leases' 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.

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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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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.

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:

- 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.
- Restaurant revenue includes the revenue recognised on the sale food and beverage. All revenue is accounted for at the time of sale.
- Bar revenue are accounted for at the time of sale.
- 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.
- 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.
- 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.
- 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.

NOTES TO THE FINANCIAL STATEMENTS

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 the 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.

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. Social Security Contribution Levy (SSCL)

Social Security Contribution Levy shall be paid by any person carrying on the business of supplying financial services, on the liable turnover specified in the second

schedule of the Social Security Contribution Levy Act No 25 of 2022, at the rate of 2.5%, with effect from 1st October 2022.

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 No. 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

NOTES TO THE FINANCIAL STATEMENTS

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.

5. NEW ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE AS AT THE REPORTING DATE

The Institute of Chartered Accountants of Sri Lanka has issued a number of new amendments to Sri Lanka Accounting Standards (SLFRSs/ LKASs) that are effective for annual periods beginning after the current financial year. Accordingly, the Group has not early adopted them in preparing these financial statements.

The following amended standards are not expected to have a significant impact on the Group's financial statements.

- **Deferred tax related to assets and liabilities arising from a single transaction. (Amendments to LKAS 12)**

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. The amendments apply for annual reporting periods beginning on or after 1 January 2023. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment

to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

- **Classification of liabilities as current or non-current (Amendments to LKAS 01)**

The amendment aims to clarify the requirements on determining whether a liability is current or non-current and apply for annual reporting periods beginning on or after 1 January 2023. The amendments in classification of liabilities as current or non-current (Amendments to LKAS 01) affect only the presentation of liabilities in the statement of financial position not the amount or timing of recognition of any asset, liability income or expenses or the information that entities disclose about those items.

- **Disclosure of Accounting Policies (Amendment to LKAS 1) IFRS Practice Statement 2**

Amendments to LKAS 1 - Presentation of Financial Statements; intends to help companies provide useful accounting policy disclosures. Key amendments to LKAS 1 includes requiring companies to disclose their material accounting policies rather than their significant accounting policies, clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

- **Definition of Accounting Estimates (Amendments to LKAS 8)**

Distinguishing between accounting policies and accounting estimates is important because changes in accounting policies are generally applied retrospectively, while changes in accounting estimates are applied prospectively. The approach taken can therefore affect both the reported results and trends between periods. Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors will clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates.

OPERATING SEGMENTS

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.

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			2023	2022
	2023	2022		2023	2022		2023	2022			
	Rs. '000	Rs. '000		Rs. '000	Rs. '000		Rs. '000	Rs. '000		Rs. '000	Rs. '000
Geographical segment analysis of Group revenue and profit											
As at 31st March											
- External revenue	5,435,272	2,733,069		85,678	33,482		5,520,950	2,766,551		40,538,934	21,804,229
- Intra group revenue	29,502	6,124		1,626,341	773,456		1,655,843	779,580		-	154,337
Total revenue	5,464,774	2,739,193		1,712,019	806,938		7,176,793	3,546,131		40,538,934	21,958,566
Less: Total Intra group revenue										47,715,727	25,504,697
Net Segment Revenue (Revenue from external customers)										(1,655,843)	(933,917)
										46,059,884	24,570,780
Profit/(loss) from operations	(480,285)	(590,174)		33,067	72,088		(447,218)	(518,086)		7,758,104	4,798,185
Finance income	100,364	85,301		107,390	48,926		207,754	134,227		333,842	37,650
Finance cost	(911,296)	(253,772)		(869,138)	(283,807)		(1,780,434)	(537,579)		(4,029,539)	(1,741,254)
Share of loss of equity accounted investees	(373,163)	(188,070)		(24,396)	(38,414)		(397,559)	(226,484)		-	-
Profit/(loss) before taxation	(1,664,380)	(946,715)		(753,077)	(201,207)		(2,417,457)	(1,147,922)		4,062,407	3,094,581
Income tax (expense)/refund	(1,089,768)	(249,814)		(198,927)	(118,225)		(1,288,695)	(368,039)		(309,446)	(544,315)
Profit/(loss) for the year	(2,754,148)	(1,196,529)		(952,004)	(319,432)		(3,706,152)	(1,515,961)		3,752,961	2,550,266
Capital expenditure	247,529	69,482		1,309	484		248,838	69,966		1,772,377	691,328
Depreciation and amortisation	739,762	762,432		4,167	2,500		743,929	764,932		4,641,870	2,668,600
Other non-cash expenses	14,949	20,444		(37,040)	1,403		(22,091)	21,847		73,468	2,206
Geographical segment analysis of Group assets and liabilities											
As at 31st March											
Segmental non current assets	16,278,328	15,631,587		286,677	259,885		16,565,005	15,891,472		75,342,234	69,604,999
Segmental current assets	3,930,089	4,092,231		1,906,459	1,881,840		5,836,548	5,974,071		10,114,737	8,121,146
Equity accounted investees	20,410	401,892		72,630	59,181		93,040	461,073		-	-
Asset classified as held for sale	-	-		-	-		-	-		-	1,586,969
Total Assets	20,228,827	20,125,710		2,265,766	2,200,906		22,494,593	22,326,616		85,456,971	79,313,114
Segmental non current liabilities	14,584,555	13,091,345		3,095,104	3,902,952		17,679,659	16,994,297		35,826,630	36,714,668
Segmental current liabilities	5,556,960	3,591,833		2,990,260	2,922,276		8,547,220	6,514,109		15,717,784	13,275,598
Total Liabilities	20,141,515	16,683,178		6,085,364	6,825,228		26,226,879	23,508,406		51,544,414	49,990,266
										77,771,293	73,498,672
Net Assets	87,312	3,442,532		(3,819,598)	(4,624,322)		(3,732,286)	(1,181,790)		33,912,557	29,322,848
										30,180,271	28,141,058

NOTES TO THE FINANCIAL STATEMENTS

7 REVENUE

7.1 Revenue breakdown

	Group		Company	
For the year ended 31st March	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Total Revenue	47,715,727	25,504,697	759,460	527,191
Intra group revenue	(1,655,843)	(933,917)	-	-
Revenue excluding intra group revenue	46,059,884	24,570,780	759,460	527,191
Revenue tax	(1,000,584)	(543,819)	(15,020)	-
Net Revenue	45,059,300	24,026,961	744,440	527,191

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	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Revenue from contracts with customers	45,498,576	24,266,713	758,299	526,496
Other revenue				
- Rent and shop income	561,308	304,067	1,161	695
	46,059,884	24,570,780	759,460	527,191

7.3 Disaggregation of revenue from contracts with customers

7.3.1 Type of service rendered

	Group		Company	
For the year ended 31st March	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Apartment revenue	21,008,364	10,778,232	210,225	211,300
Restaurant revenue	11,270,303	6,053,421	478,093	265,153
Bar revenue	6,263,547	3,157,550	58,230	44,342
Spa related income	1,073,663	844,700	11,095	4,412
Transfers and excursions income	4,512,860	2,577,322	-	559
Telephone charges income	565	431	-	20
Diving and windsurfing income	1,246,222	805,539	-	-
Laundry revenue	37,373	16,036	656	710
Management fees income	85,679	33,482	-	-
	45,498,576	24,266,713	758,299	526,496
Rent and shop income	561,308	304,067	1,161	695
Total	46,059,884	24,570,780	759,460	527,191

7.3.2 Geographical markets

	Group		Company	
For the year ended 31st March	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
- Sri Lanka	5,520,950	2,766,551	759,460	527,191
- South Asia and Middle East	40,538,934	21,804,229	-	-
	46,059,884	24,570,780	759,460	527,191

7.3.3 Timing of revenue recognition

	Group		Company	
For the year ended 31st March	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
- Revenue recognized at a point in time	24,490,212	13,488,481	548,074	315,196
- Revenue recognized over time	21,569,672	11,082,299	211,386	211,995
	46,059,884	24,570,780	759,460	527,191

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 recognized 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		31.03.2023	31.03.2022	31.03.2023	31.03.2022
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Trade receivables	(Note 24)	2,289,251	2,046,348	83,077	83,015
Contract liabilities	(Note 7.6.2)	(2,143,152)	(2,226,159)	(33,664)	(19,687)
		146,099	(179,811)	49,413	63,328

7.6.2 Contract liabilities

		Group		Company	
As at		31.03.2023	31.03.2022	31.03.2023	31.03.2022
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Contract liabilities balance as at 01 st April		2,226,159	1,388,944	19,687	20,372
Revenue recognized in the reporting period that was included in the contract liability balance at the beginning of the period		(2,190,639)	(1,273,933)	(17,897)	(20,372)
Advances received from customers during the reporting period		24,243,039	15,208,339	286,655	456,903
Revenue recognized in the reporting period from performance obligations satisfied during current period		(22,410,484)	(13,819,863)	(254,781)	(437,216)
Effect of movement in exchange rates		275,077	722,672	-	-
Contract liabilities balance as at 31st March (Note 36)		2,143,152	2,226,159	33,664	19,687

8 OTHER INCOME

		Group		Company	
For the year ended 31st March		2023	2022	2023	2022
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Recreation		115,370	27,956	194	83
Dividends from investments		-	-	448,472	37,200
Loss on sale of property, plant and equipment		(23,715)	(9,486)	(32)	(125)
Loss on retirement of assets held for sale	(Note 29)	(72,269)	-	-	-
Net foreign exchange gain / (loss)		(153,461)	114,809	64,775	303,345
Insurance claims received		184,581	8,862	-	-
Sundry income		141,238	60,880	1,659	1,504
Total		191,744	203,021	515,068	342,007

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		2023	2022	2023	2022
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Administration and establishment		4,896,333	2,266,528	143,414	100,610
Repairs and maintenance		2,252,282	1,223,844	74,457	42,075
Energy		4,110,334	1,327,118	131,109	61,871
Selling and marketing		1,615,989	1,116,824	38,083	20,762
Management fees		350,472	171,103	23,708	20,167
Total		13,225,410	6,105,417	410,771	245,485

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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	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Cost of inventories and services	11,371,496	6,168,280	254,328	129,816
Directors fees and emoluments	-	-	-	-
Auditors' remuneration				
- KPMG	16,082	14,144	1,260	1,120
- Other auditors	4,797	5,141	-	-
Fees paid to Auditors for non audit services				
- KPMG	5,077	2,655	148	356
- Other auditors	13,228	4,374	-	-
Depreciation of property, plant and equipment	3,890,512	2,569,002	61,496	55,613
Amortisation and impairment				
- Amortisation of right-of-use assets and intangible assets	1,495,287	864,484	179	1,227
- Impairment of investment in subsidiaries and equity accounted investees	-	-	343,618	52,130
Donations	2,126	400	673	-
Defined contribution plan cost - EPF	60,702	42,782	7,776	11,161
Defined contribution plan cost - ETF	15,701	10,199	3,184	2,724
Defined contribution plan cost - India	15,088	8,096	-	-
Defined contribution plan cost - Oman	22,943	12,537	-	-
Defined contribution plan cost - Maldives	91,308	41,365	-	-
Defined benefit plan cost - retirement benefit	49,353	33,539	7,776	4,264
Reversal of impairment of trade receivables	(90,680)	(73,314)	(708)	(28,370)
Impairment / (reversal of impairment) of financial assets	(3,280)	100	(3,354)	47
Reversal of impairment of inventories	-	(2,781)	-	-
Legal expenses	3,928	9,576	1,146	2,592
Expenses relating to short-term leases and leases of low value assets	470,828	218,927	-	-

12 NET FINANCING EXPENSE

	Group		Company	
For the year ended 31st March	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Finance income				
Interest income on financial assets measured at amortised cost	541,596	171,877	60,331	61,821
	541,596	171,877	60,331	61,821
Finance expense				
Interest expense on financial liabilities measured at amortised cost	(4,834,909)	(1,663,690)	(299,770)	(76,684)
Interest expense on lease liabilities	(975,064)	(615,143)	-	-
	(5,809,973)	(2,278,833)	(299,770)	(76,684)
Net Finance expense	(5,268,377)	(2,106,956)	(239,439)	(14,863)

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 and the circular issued by the Department of Inland Revenue on 9th May 2023 (No. SEC/2023/E/03) on the subject "Calculation of Income Tax Payable for the Year of Assessment commencing on April 1, 2022".

As specified in the Inland Revenue (Amendment) Act No. 45 of 2022, certified on December 19, 2022, and the aforementioned circular, the income tax payable for the year of assessment 2022/23 is calculated separately for two periods: the first 6 months ("First Period") from April 1, 2022, to September 30, 2022, and the second 6 months ("Second Period") from October 1, 2022, to March 31, 2023. The separation of business income included under taxable income into two periods can be done either on a pro-rata basis or actual basis.

Aitken Spence Hotel Holdings PLC, being a Company engaged in the promotion of tourism is liable for tax at a concessionary rate of 14% up to 30th September 2022 and at a standard rate of 30% thereafter in terms of the Inland Revenue (Amendment) Act No. 45 of 2022.

Section 84A of the Inland Revenue (Amendment) Act No. 45 of 2022 introduced Advance Income Tax (AIT) on dividend distributions made by resident companies of the Group from their taxable profits, starting from January 1, 2023. The income tax expense for the year includes the deduction of AIT at a rate of 15% on dividend distributions made by subsidiaries. Dividends received from April 1, 2022, to December 31, 2022, from taxable profits of companies subject to tax adjustments are subject to income tax rates of 14% and 15% for the periods of April 1, 2022, to September 30, 2022, and October 1, 2022, to December 31, 2022, respectively.

The Group has adjusted any adjustments relating to income tax payable or receivable balances in respect of previous years.

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% up to 30th September 2022 and 30% thereafter in terms of the Inland Revenue (Amendment) Act No. 45 of 2022.

Companies liable to income tax at concessionary rates up to 30th September 2022 and at standard rate thereafter

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% up to 30th September 2022 and at a standard rate of 30% thereafter in terms of the Inland Revenue (Amendment) Act No. 45 of 2022.

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.

NOTES TO THE FINANCIAL STATEMENTS

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 (Pvt) 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.

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 company 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% up to 30th September 2022 and 30% thereafter in terms of the Inland Revenue (Amendment) Act No. 45 of 2022.

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% up to 30th September 2022 and 30% thereafter in terms of the Inland Revenue (Amendment) Act No. 45 of 2022.

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% up to 30th September 2022 and at a standard rate of 30% thereafter in terms of the Inland Revenue (Amendment) Act No. 45 of 2022.

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 up to 30th September 2022 and at a standard rate of 30% thereafter in terms of the Inland Revenue (Amendment) Act No. 45 of 2022.

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% up to 30th September 2022 and 30% thereafter in terms of the Inland Revenue (Amendment) Act No. 45 of 2022.

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. However, the Inland Revenue (Amendment) Act No. 45 of 2022 introduced changes to the previously granted concessionary income tax rates and increased the standard income tax rate. These changes came into effect on October 1, 2022, and resulted in an increase in the standard tax rate from 24% to 30%. As per LKAS 12 - "Income Taxes," any resulting deferred tax due to these rate changes must be recognised in the Statement of Profit or Loss. Consequently, the companies in the Group have reported a significant deferred tax expense for the year as a result of these tax rate adjustments.

According to Note 13.8.1, the primary impact of the tax rate change is related to the revaluation of deferred tax assets/liabilities at the beginning of the year. Previously, these assets/liabilities were accounted for at concessionary tax rates or the standard rate of 24%, totaling Rs. 976.7 Mn and Rs. 15.2 Mn for the Group and the company respectively. Additionally, there is a deferred tax charge attributed to the Group and the company amounting of Rs. 17.2 Mn and Rs. 6.8 Mn respectively on the impact of rate changes on temporary differences throughout the year.

The deferred tax expense associated with the revaluation of non-depreciable assets, such as land, takes into account the tax implications that would arise upon the sale of those assets. Furthermore, the Group recognises deferred tax expense for the taxes that are applicable to the undistributed profits of its subsidiary companies.

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

According to the Surcharge Tax Act No. 14 of 2022, which was certified on April 8, 2022, the parent company of the Group is liable for surcharge tax amounting to Rs. 13.9 Mn for the assessment year 2020/21. This surcharge tax is considered as an expenditure for the year ended March 31, 2021. Since this Act supersedes the requirements of the Sri Lanka Accounting Standards, the surcharge tax expense is treated as an adjustment to the opening retained earnings on April 1, 2022, in the Group's/Company's Statement of Changes in Equity. This treatment is in accordance with the "Addendum to the Statement of Alternative Treatment (SoAT) on Accounting for Surcharge Tax" issued by the Institute of Chartered Accountants of Sri Lanka in August 2022. The Group/Company paid Rs. 13.9 Mn in two installment payments, on April 20, 2022, and July 20, 2022, as specified by the Surcharge Tax Act.

13.6 Tax losses carried forward

As per section 19 of the Inland Revenue Act No. 24 of 2017 and amendments thereto, any unclaimed tax losses incurred during the year from business or investment 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.

NOTES TO THE FINANCIAL STATEMENTS

13.8 Tax recognised in income statement

		Group		Company	
For the year ended 31st March		2023	2022	2023	2022
	Notes	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Current tax expense/(refund)					
Tax on current year profits	13.10	444,192	166,425	-	11,600
Under/(over) provision in respect of previous years		7,592	23,370	(68)	8,467
Withholding tax on dividends paid by subsidiaries		-	30,887	-	-
		451,784	220,682	(68)	20,067
Deferred tax expense/ (income)					
Impact of changes in tax rates	13.11	993,959	-	(8,445)	-
Origination/(reversal) of temporary differences		152,398	691,672	5,930	45,295
		1,146,357	691,672	(2,515)	45,295
Total		1,598,141	912,354	(2,583)	65,362
Effective tax rate (including deferred tax)		97.2%	46.9%	1.0%	29.0%
Effective tax rate (excluding deferred tax)		27.5%	11.3%	0.0%	8.9%

Income tax expense excludes, the Group's share of tax expense of the equity-accounted investees recognised in profit/(loss) of Rs. 123.7 Mn (2021/2022 - Rs. 36.8 Mn) which is included in 'share of profit of equity-accounted investees (net of tax)'.

13.8.1 Impact of changes in tax rates

	Group	Company
For the year ended 31st March	2023	2023
	Rs. '000	Rs. '000
Related to deferred tax assets/liabilities at the beginning of the year	976,741	(15,220)
Related origination/(reversal) of temporary differences during the year	17,218	6,775
	993,959	(8,445)

13.9 Tax recognised in other comprehensive income

13.9.1 Group

For the year ended 31st March	2023			2022		
	Before Tax	Tax (expense)/ reversal	Net of Tax	Before Tax	Tax expense	Net of Tax
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Items that will never be reclassified to profit or loss						
Revaluation of property, plant and equipment	818,850	(710,167)	108,683	950,470	-	950,470
Share of other comprehensive income of equity accounted investees (net of tax)	29,889	-	29,889	26,713	-	26,713
Actuarial gains / (losses) arising from retirement benefit obligations	(8,597)	2,236	(6,361)	20,351	(2,295)	18,056
	840,142	(707,931)	132,211	997,534	(2,295)	995,239
Items that are or may be reclassified to profit or loss						
Foreign Currency translation differences of foreign operations	2,636,086	-	2,636,086	6,834,939	-	6,834,939
Net movement in cash flow hedging	(417,788)	-	(417,788)	(2,715,462)	-	(2,715,462)
	2,218,298	-	2,218,298	4,119,477	-	4,119,477
Total	3,058,440	(707,931)	2,350,509	5,117,011	(2,295)	5,114,716

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. 5.6 Mn (2021/2022 - Rs. 1.5 Mn) 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	2023			2022		
	Before Tax	Tax (expense)/ reversal	Net of Tax	Before Tax	Tax expense	Net of Tax
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Items that will never be reclassified to profit or loss						
Revaluation of property, plant and equipment	133,200	(149,984)	(16,784)	-	-	-
Actuarial gains / (losses) arising from retirement benefit obligations	(4,177)	1,253	(2,924)	1,664	(233)	1,431
Total	129,023	(148,731)	(19,708)	1,664	(233)	1,431

NOTES TO THE FINANCIAL STATEMENTS

13.10 Reconciliation of accounting profit and current year tax

	Group		Company	
For the year ended 31st March	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Profit/ (loss) before tax	1,644,950	1,946,659	(253,485)	225,432
Consolidated adjustments	397,559	226,484	-	-
Profit/(loss) after adjustments	2,042,509	2,173,143	(253,485)	225,432
Income not liable for income tax	39,098	144,770	(22,965)	(68)
Effect of revenue subject to tax at source	1,840,448	1,038,879	-	-
Adjusted Profit/(loss)	3,922,055	3,356,792	(276,450)	225,364
Aggregate disallowed expenses	6,191,801	5,221,427	426,471	93,477
Capital allowances	(4,985,340)	(4,684,154)	(60,745)	(45,953)
Aggregate allowable deductions	(1,243,146)	(1,075,708)	(94,101)	(315,355)
Utilisation of tax losses	(4,199,005)	(4,223,918)	(485,784)	(37,200)
Current year tax losses not utilised	3,810,884	2,822,835	490,609	127,721
Taxable Income	3,497,249	1,417,274	-	48,054
Income Tax charged at:				
- Standard rate 30%	27,068	19,229	-	11,600
- Standard rate 24%	2,700	550	-	-
- Concessionary rates of 10%, 12%, 15% or 20%	50,057	-	-	-
- Varying rates on off - shore profits	364,367	146,646	-	-
Tax on current year profits	444,192	166,425	-	11,600
Under / (Over) provision in respect of previous years	7,592	23,370	(68)	8,467
Withholding tax on dividends paid by subsidiaries	-	30,887	-	-
	451,784	220,682	(68)	20,067

13.11 Deferred tax expense / (income)

	Group		Company	
For the year ended 31st March	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Origination / (reversal) of temporary differences arising from:				
Accelerated depreciation for tax purposes on property, plant and equipment	1,543,325	190,398	113,393	(1,541)
Defined benefit obligations	(27,255)	98	(7,588)	519
Expected credit losses	4,485	12,983	514	3,965
Tax losses carried forward	(360,221)	433,677	(90,369)	-
Right-of-use assets	674	(365)	-	-
Unrealized exchange gain/(loss)	(38,209)	54,881	(18,465)	42,352
Undistributed profits of consolidated entities	23,558	-	-	-
Total	1,146,357	691,672	(2,515)	45,295

13.12 Tax losses carried forward

	Group		Company	
For the year ended 31st March	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Tax losses brought forward	14,532,847	11,842,662	1,487,014	1,340,818
Adjustments to prior year tax losses brought forward	1,357,337	4,226,799	2,412	55,675
Tax losses arising during the year	3,810,884	2,822,835	490,609	127,721
Utilisation of tax losses	(4,199,005)	(4,223,918)	(485,784)	(37,200)
Write off of unclaimable tax losses	(197,027)	(135,531)	-	-
Total	15,305,036	14,532,847	1,494,251	1,487,014

Group tax expense is based on the taxable profit of individual companies within the Group.

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. 1,562,835,914 (2021/2022 - Rs. 1,273,774,527/-) since utilization against future taxable profits are not probable. For Aitken Spence Hotel Holdings PLC, deferred tax assets unaccounted on losses as at 31.03.2023 amounted to Rs. 208,906,556/- (2021/2022 - Rs. 59,182,104/-).

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	2023	2022	2023	2022
Amounts used as numerator				
Profit/(loss) for the year attributable to equity holders of the company (Rs.)	(287,893,355)	623,542,251	(250,902,003)	160,070,219
Less: Dividends on preference shares (Rs.)	(29,700,000)	-	(29,700,000)	-
	(317,593,355)	623,542,251	(280,602,003)	160,070,219
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.)	(0.94)	1.85	(0.83)	0.48

There were no potentially dilutive ordinary shares outstanding at any time during the year, hence the dilutive earnings per share is equal to the basic earnings per share.

15 DIVIDENDS

	Company	
For the year ended 31st March	2023	2022
	Rs. '000	Rs. '000
Final Dividends declared and paid		
Preference Dividend		
Preference dividend paid	29,700	-
Ordinary Dividend		
Final ordinary dividend paid	-	-
	29,700	-
Final ordinary dividends proposed	-	-
Preference dividends proposed	14,850	29,700
Ordinary Dividend per Share - (Rs.)	-	-

NOTES TO THE FINANCIAL STATEMENTS

16 PROPERTY, PLANT AND EQUIPMENT 16.1 Group

	Land (Freehold)	Buildings (Freehold)	Plant Machinery and Equipment	Motor Vehicles	Furniture and Fittings	Soft furnishing, Cutlery, Crocery 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 01.04.2022	10,481,053	64,635,858	12,825,268	863,495	5,188,729	2,586,407	222,919	96,803,729
Surplus on revaluation	818,850	-	-	-	-	-	-	818,850
Additions	48,122	159,731	661,818	114,736	120,508	392,574	522,396	2,019,885
Transfers	-	201,689	286,504	-	-	-	(488,193)	-
Disposals	-	-	(54,012)	(483)	(3,512)	(211,027)	-	(269,034)
Effect of movement in exchange rates	847,370	5,967,853	1,059,069	85,176	408,702	239,543	33,485	8,641,198
Balance as at 31.03.2023	12,195,395	70,965,131	14,778,647	1,062,924	5,714,427	3,007,497	290,607	108,014,628
Accumulated depreciation / Impairment								
Balance as at 01.04.2022	-	15,559,549	8,519,186	673,376	2,800,500	1,887,329	-	29,439,940
Charge for the year	-	1,939,646	1,072,574	97,413	478,877	302,002	-	3,890,512
Disposals	-	-	(50,153)	(459)	(2,248)	(192,400)	-	(245,260)
Effect of movement in exchange rates	-	1,276,926	609,269	59,431	173,029	165,913	-	2,284,568
Balance as at 31.03.2023	-	18,776,121	10,150,876	829,761	3,450,158	2,162,844	-	35,369,760
Carrying value								
As at 31.03.2023	12,195,395	52,189,010	4,627,771	233,163	2,264,269	844,653	290,607	72,644,868
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

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 2023 was Rs. 10,228,814/- (2021/2022- Rs. 8,310,142,405/-).

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. During the current financial year, lands of the Group have been revalued and details of the revalued lands are given in the Note 16.3.2 to the financial statements. Tax impact on revaluation of land is given in note 13 to the financial statements determined impairment as at the reporting date.

16.1.6 On re-assessment of the fair value of the Group's assets, it has been identified that there is no impairment of property plant and equipment which requires provision in the financial statements.

16.1.7 There were no borrowing costs capitalised on interest-bearing liabilities - loans and interest - bearing liabilities - leases by the Group on qualifying assets during the financial years 2022/2023 and 2021/2022.

16.2 Company

	Land (Freehold)	Buildings (Freehold)	Plant Machinery and Equipment	Motor Vehicles	Furniture and Fittings	Softfurnishing, 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 01.04.2022	710,300	1,082,091	597,220	47	264,115	134,781	2,788,554
Surplus on revaluation	133,200	-	-	-	-	-	133,200
Additions	-	21,400	74,865	-	5,296	18	101,579
Disposals	-	-	-	-	-	(1,013)	(1,013)
Balance as at 31.03.2023	843,500	1,103,491	672,085	47	269,411	133,786	3,022,320
Accumulated depreciation/impairment							
Balance as at 01.04.2022	-	433,728	460,269	47	238,643	120,989	1,253,676
Charge for the year	-	20,003	32,115	-	5,570	3,808	61,496
Disposal	-	-	-	-	-	(981)	(981)
Balance as at 31.03.2023	-	453,731	492,384	47	244,213	123,816	1,314,191
Carrying value							
As at 31.03.2023	843,500	649,760	179,701	-	25,198	9,970	1,708,129
As at 31.03.2022	710,300	648,363	136,951	-	25,472	13,792	1,534,878

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 2023 was Rs. 778,985,478 /-. (2021/2022 - 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.

16.2.3 There were no borrowing costs capitalised on interest-bearing liabilities - loans by the Company on qualifying assets during the financial years 2022/2023 and 2021/2022.

16.3 Freehold land

16.3.1 Total carrying amount of land

	Group	
As at	2023 Rs. '000	2022 Rs. '000
Land carried at revalued amount (Note 16.3.2)	12,147,273	10,481,053
Land carried at cost (fair value) (Note 16.3.3)	48,122	-
	12,195,395	10,481,053

NOTES TO THE FINANCIAL STATEMENTS

16.3.2 Land carried at revalued amounts

Company	Location	Last revaluation date	Estimated price per perch (Significant unobservable inputs)	Land extent	Carrying amount as at 31.03.2023	Revaluation surplus	Carrying amount at cost
			Rs.		Rs. '000	Rs. '000	Rs. '000
Aitken Spence Hotel Holdings PLC (i) *	Heritance Ahungalla	24.12.2022	475,000	11 A 3 R 34.02 P	825,000	806,798	18,202
	Galle Road, Ahungalla	24.12.2022	475,000	0 A 0 R 39.26 P	18,500	13,293	5,207
Heritance (Pvt) Ltd (i) *	Moragalla, Beruwala	13.12.2022	375,000	5 A 3 R 6.80 P	347,500	338,420	11,080
	Meeraladuwa Island	27.12.2022	43,500 - 86,500	29 A 2 R 9.00 P	226,350	126,088	100,262
Kandalama Hotels (Pvt) Ltd (i) *	Balapitiya						
	Kandalama, Dambulla	18.10.2022	370	169 A 2 R 22.00 P	10,000	2,616	7,384
Neptune Ayurvedic Village (Pvt) Ltd (i) *	Ayurvedic Village, Moragalla, Beruwala	13.12.2022	252,000	0 A 0 R 19.30 P	4,860	797	4,063
Turyaa (Pvt) Ltd (i) *	418, Parallel Road	13.12.2022	550,000	5 A 1 R 37.90 P	440,000	420,235	19,765
	Kudawaskaduwa, Kalutara						
Turyaa Resorts (Pvt) Ltd (i) *	49, Sea Beach Road, Kalutara	13.12.2022	700,000	0 A 1 R 30.32 P	39,775	38,287	1,488
	Kudawaskaduwa, Kalutara	13.12.2022	550,000	1 A 3 R 33.20 P	172,000	115,221	56,779
Ahungalla Resorts Ltd (i) *	Kudawaskaduwa, Kalutara	13.12.2022	550,000	0 A 1 R 34.30 P	40,000	30,826	9,174
	Galle Road, Ahungalla	24.12.2022	523,500	10 A 2 R 39.29 P	900,000	170,000	730,000
Aitken Spence Hotel Management South India (Pvt) Ltd (iii) *	Galle Road Ahungalla	24.12.2022	600,000	2 A 0 R 35.92 P	213,500	43,623	169,877
	144/7, Rajiv Gandhi Salai, Perungudi, Chennai, India	11.11.2022	14,000,000	0 A 3 R 15.14 P	1,887,670	839,700	1,047,970
P.R. Holiday Homes (Pvt) Ltd (ii)	Cochin - Kerala, India	23.01.2022	182,000	14 A 0 R 7.52 P	409,457	188,668	220,789
	Cochin - Kerala	23.01.2022	176,000	4 A 0 R 9.00 P	114,265	96,852	17,413
Aitken Spence Resorts (Middle East) LLC (iv)	Al Hamriya, Sultanate of Oman	15.02.2022	8,000,000	5 A 0 R 8.00 P	6,498,396	785,966	5,712,430
					12,147,273	4,015,390	8,131,883

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 the lands except P.R. Holiday Homes (Pvt) Ltd, Perumbalam Resorts (Pvt) Ltd and Aitken Spence Resorts (Middle East) LLC were revalued during the current financial year ended 31st March 2023. The lands belonging to those three companies were revalued during the last financial year ended 31st March 2022.

16.3.3 Land carried at cost (fair value)

Company	Location	Estimated price per perch (Significant unobservable inputs)	Acquisition date	Land extent	Carrying amount as at 31.03.2023
Rs.					Rs. '000
Kandalama Hotels (Pvt) Ltd	Kandalama, Dambulla	20,500	17.11.2022	13A 3R 38.00P	48,122
					48,122

17 Right - of - use assets

17.1 Movement during the year

	Group		
As at	Right-of-use Land	Right-of-use buildings	Total
	Rs. '000	Rs. '000	Rs. '000
Cost or valuation			
Balance as at 01st April 2022	25,671,117	11,975	25,683,092
Impact on exchange rate fluctuation	2,895,216	-	2,895,216
Balance as at 31st March 2023	28,566,333	11,975	28,578,308
Accumulated depreciation / impairment			
Balance as at 01st April 2022	9,295,871	7,893	9,303,764
Charge for the year	1,463,887	2,041	1,465,928
Impact on exchange rate fluctuation	919,904	-	919,904
Balance as at 31 st March 2023	11,679,662	9,934	11,689,596
Carrying value			
As at 31 March 2023	16,886,671	2,041	16,888,712
As at 31 March 2022	16,375,246	4,082	16,379,328

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 2022	763,126	290,355	1,053,481
Additions	-	1,330	1,330
Effect of movement in exchange rates	86,924	26,251	113,175
Balance as at 31st March 2023	850,050	317,936	1,167,986
Accumulated amortisation / impairment			
Balance as at 01st April 2022	-	232,070	232,070
Effect of movement in exchange rates	-	17,508	17,508
Amortisation	-	29,359	29,359
Balance as at 31st March 2023	-	278,937	278,937
Carrying value			
As at 31.03.2023	850,050	38,999	889,049
As at 31.03.2022	763,126	58,285	821,411

The gross carrying amount of fully amortised intangible assets that are still in use for the Group as at 31st March 2023 was Rs. 188,133,953/- (2021/2022 - Rs. 170,486,863 /-).

There were no intangible assets pledged by the Group as security for facilities obtained from banks as at 31.03.2023. (2021/2022- nil)

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. (2022/2023 - 17.21%, 2021/2022 - 16%)
Inflation	-	Based on current inflation rate.
Discount rate	-	Risk free rate adjusted for the specific risk relating to the industry. (2022/2023 - 9.24%, 2021/2022 - 8.04%)
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 2022	13,101	13,101
Additions	-	-
Balance as at 31st March 2023	13,101	13,101
Accumulated amortisation / impairment		
Balance as at 01st April 2022	12,922	12,922
Amortisation	179	179
Balance as at 31st March 2023	13,101	13,101
Carrying value		
As at 31.03.2023	-	-
As at 31.03.2022	179	179

The gross carrying amount of fully amortised intangible assets that are still in use for the Company as at 31st March 2023 was Rs. 13,102,576/- (2021/2022 - Rs. 10,958,808/-).

There were no intangible assets pledged by the Company as security for facilities obtained from banks as at 31.03.2023. (2021/2022- 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	31.03.2023 Rs. '000	31.03.2022 Rs. '000
a) Equity shares						
Aitken Spence Hotels Ltd	Sri Lanka	14,701,904	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	41.00%	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%	59.13%	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	121,920,001	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%	-	-
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
Provision for Impairment of investment in Turyaa (Pvt) Ltd *					(260,840)	(124,778)
					7,470,779	7,606,841
b) Preference shares						
Aitken Spence Hotels Ltd **	Sri Lanka	40,000,000	-	-	-	400,000
Net carrying amount of investments in subsidiaries - unquoted as at 31st March					7,470,779	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 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.

The key assumptions used are given below.

- Discount factor
- Inflation
- Forecasted Terminal Growth Rate for future period
- Margin
- 15.2% to 28.3%
- Based on the current inflation rate
- 3%
- Based on past performance and budgeted expectations

** Aitken Spence Hotels Ltd has redeemed the preference shares invested by Company during the current financial year ended 31st March 2023.

19.2 Investments in sub subsidiaries / inter company shareholding- unquoted

	Country of incorporation	Number of Shares	Company Holding	Group Holding	31.03.2023 Rs. '000	31.03.2022 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	9,999	99.99%	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	462,599	100.00%	51.00%	37,008	740,155
- Aitken Spence Resorts (Middle East) LLC	Oman	11,748,275	100.00%	51.00%	4,817,994	4,451,435
- Aitken Spence Global Operations (Pvt) Ltd (Note 19.3)	Sri Lanka	-	-	-	-	1,000
					8,912,862	9,250,450
Aitken Spence Hotel Managements Asia (Pvt) Ltd						
- P.R Holiday Homes (Pvt) Ltd	India	621,310	84.57%	43.13%	178,144	174,949
- Aitken Spence Hotels International (Pvt) Ltd	Sri Lanka	5,196,916	20.00%	10.00%	1,931,128	764,999
					2,109,272	939,948
P.R Holiday Homes (Pvt) Ltd						
- Perumbalam Resorts (Pvt) Ltd	India	9,999	99.99%	43.12%	218	218
					218	218
Aitken Spence Hotel Services (Pvt) Ltd						
- Aitken Spence Hotel Managements South India (Pvt) Ltd	India	01	0.00%	0.00%	-	-
					-	-
Aitken Spence Hotel Managements South India (Pvt) Ltd						
- Perumbalam Resorts (Pvt) Ltd	India	01	0.01%	0.01%	-	-
					-	-
Unique Resorts (Pvt) Ltd						
- Ace Resorts (Pvt) Ltd	Maldives	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 are subsidiaries of Aitken Spence Hotels International (Pvt) Ltd.

P.R Holiday Homes (Pvt) Ltd is a subsidiary of Aitken Spence Hotel Managements Asia (Pvt) Ltd.

Perumbalam Resorts (Pvt) Ltd is a subsidiary of P.R Holiday Homes (Pvt) Ltd.

NOTES TO THE FINANCIAL STATEMENTS

19.3 Merger Accounting for common control combinations

During 2022/2023 the Group commenced adopting the Statement of Recommended Practice (SORP) for Merger Accounting for Common Control Combinations approved by the Council of the Institute of Chartered Accountants of Sri Lanka on 19 December, 2012, for business combinations in which all of the combining entities are ultimately controlled by the same party both before and after the business combination.

During the period under review, Aitken Spence Global Operations (Pvt) Ltd which is a fully owned subsidiary of Aitken Spence Hotels International (Pvt) Ltd, was amalgamated with its immediate parent, Aitken Spence Hotels International (Pvt) Ltd and was accounted as a common control combination in accordance with the above SORP. There was no impact to the Consolidated financial statements of the Group due to this amalgamation as both combining entities were accounted for as subsidiaries prior to the amalgamation.

Further, on 01 April 2023, Turyaa Resorts (Pvt) Ltd was amalgamated with Turyaa (Pvt) Ltd, both being wholly own subsidiaries of Aitken Spence Hotel Holdings PLC and will be accounted as per the same SORP.

19.4 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 31.03.2023	As at 31.03.2022
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- Resorts and 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 Investments (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	
	2022/2023	2021/2022	2022/2023	2021/2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Revenue	19,909,769	10,910,804	2,459,385	853,391
Profit/(loss) after tax	431,092	1,016,278	(1,371,293)	(1,016,216)
Profit/(loss) attributable to NCI	172,437	391,544	(548,517)	(406,486)
Other comprehensive income/(loss)	875,368	2,411,167	(413,826)	(2,711,982)
Total comprehensive income/(loss)	1,306,460	3,427,445	(1,785,119)	(3,728,198)
Total comprehensive income/(loss) attributable to NCI	522,584	1,370,978	(714,048)	(1,491,279)
Current assets	2,497,162	3,000,089	1,665,343	901,556
Non- current assets	40,256,816	37,111,675	9,247,681	9,460,707
Current liabilities	(7,529,165)	(5,329,699)	(2,934,216)	(1,242,183)
Non- current liabilities	(26,293,523)	(27,157,235)	(12,005,208)	(11,361,362)
Net Assets	8,931,290	7,624,830	(4,026,400)	(2,241,282)
Net assets attributable to NCI	3,572,516	3,049,932	(1,610,560)	(896,513)
Cash flow from operating activities	2,338,977	2,305,563	341,721	14,005
Cash flow from investing activities	(834,145)	(278,753)	(43,661)	(21,520)
Cash flow from financing activities	(4,528,896)	(986,776)	(316,827)	(40,690)
Effect of exchange rate changes on cash and cash equivalents	237,818	529,446	-	-
Net increase/(decrease) in cash and cash equivalents	(2,786,246)	1,569,480	(18,767)	(48,205)

NOTES TO THE FINANCIAL STATEMENTS

20 INVESTMENT IN EQUITY ACCOUNTED INVESTEEES

	Group		Company	
As at	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Recognised in the statement of financial position				
- Interest in joint ventures	-	-	-	-
- Interest in associates	93,040	461,073	1,008,176	1,215,732
Carrying amount as at 31 st March	93,040	461,073	1,008,176	1,215,732
Recognised in the statement of changes in equity				
- Interest in joint ventures	-	-	-	-
- Interest in associates	(364)	29,317	-	-
Share of adjustment on equity accounted investees	(364)	29,317	-	-
Recognised in the income statement				
- Interest in joint ventures	-	-	-	-
- Interest in associates	(397,559)	(226,484)	-	-
Share of loss of equity accounted investees (net of tax)	(397,559)	(226,484)	-	-
Recognised in the statement of profit or loss and other comprehensive income				
- Interest in joint ventures	-	-	-	-
- Interest in associates	29,889	26,713	-	-
Share of other comprehensive income of equity accounted investees (net of tax)	29,889	26,713	-	-

20.1 Investment in associates

		Group		Company	
As at		31.03.2023	31.03.2022	31.03.2023	31.03.2022
	Notes	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Investment in associates - quoted	20.1.1	-	323,012	736,513	906,602
Investment in associates - unquoted	20.1.2	93,040	138,061	271,663	309,130
Total equity value of investment in associates as at 31st March		93,040	461,073	1,008,176	1,215,732

20.1.1 Investment in associates - quoted

	Group				Company			
As at	No. of	Group	31.03.2023	31.03.2022	No. of	Company	31.03.2023	31.03.2022
	Shares	Holding	Rs. '000	Rs. '000	Shares	Holding	Rs. '000	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 net assets of equity accounted investees directly recognised in equity due to surcharge tax			(364)	-				
Share of movement in equity value *			(924,746)	(602,098)			-	-
Equity value of Investment as at 31st March			-	323,012			906,602	906,602
Less: Provision for Impairment of investment **			-	-			(170,089)	-
Equity value of Investment as at 31st March - net of impairment			-	323,012			736,513	906,602
Market value of quoted investment as at 31st March			588,388	437,644			574,215	427,102

* As the Group's share of losses arising from Browns Beach Hotels PLC has exceeded its interest in equity accounted investee, the carrying amount has been reduced to nil and the recognition of further losses was discontinued. The unrecognised losses as at 31.03.2023 is amounting to Rs. 64,433,835.

** Impairment to the carrying value of investment in Brown Beach PLC was calculated with reference to its Market value adjusted with appropriate premium (0.5 - 3.5) as at 31st March 2023 (Level 02 - Fair value hierarchy).

NOTES TO THE FINANCIAL STATEMENTS

20.1.2 Investment in associates - unquoted

	Group				Company			
As at	No. of	Group	31.03.2023	31.03.2022	No. of	Company	31.03.2023	31.03.2022
	Shares	Holding	Rs. '000	Rs. '000	Shares	Holding	Rs. '000	Rs. '000
Amethyst Leisure Ltd								
(Consolidated with Paradise Resorts Passikudah (Pvt) Ltd)								
Net book value as at 01st April	218,345,163	32.17%	334,808	305,491	218,345,163	32.17%	332,848	332,848
Investments made during the year	-	-	-	-	-	-	-	-
Effect of change in percentage holding recognised directly in equity	-	(4.28%)	-	29,317	-	(4.28%)	-	-
Net book value as at 31st March	218,345,163	27.89%	334,808	334,808	218,345,163	27.89%	332,848	332,848
Share of movement in equity value			(314,398)	(255,928)			-	-
Equity value of Investment as at 31st March			20,410	78,880			332,848	332,848
Less : Provision for Impairment of investment ***			-	-			(289,064)	(251,597)
Equity value of Investment as at 31st March - net of impairment			20,410	78,880			43,784	81,251
Aitken Spence Hotel Managements (Pvt) Ltd								
(Consolidated with Aitken Spence Resources (Pvt) Ltd)								
Net book value as at 01st April	3,862,353	49.00%	227,879	227,879	3,862,353	49.00%	227,879	227,879
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			(155,249)	(168,698)			-	-
Equity value of Investment as at 31st March			72,630	59,181			227,879	227,879
Total equity value of investment of investments in associates - unquoted as at 31st March			93,040	138,061			271,663	309,130

*** 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 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.

The key assumptions used are given below.

- Discount factor
- Inflation
- Forecasted Terminal Growth Rate for future period
- Margin
- 15.0% to 24.1%
- Based on the current inflation rate
- 3%
- Based on past performance and budgeted expectations

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 2023	Fair Value of ownership interest (if listed) Rs.'000
Browns Beach Hotels PLC	Sri Lanka	Owns Negombo Beach Resorts (Pvt) Ltd	37.42%	588,388
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.)	
	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Revenue	81,597	46,858	660,084	422,126	947,271	591,012
Loss after tax	(209,599)	(87,877)	(1,013,059)	(437,128)	(49,787)	(78,396)
Other comprehensive income/(loss)	248	15	(21,447)	15,560	77,235	42,626
Total comprehensive income/(loss)	(209,351)	(87,862)	(1,034,506)	(421,568)	27,448	(35,770)
Attributable to NCI	(150,877)	(63,357)	(647,425)	(263,830)	13,999	(18,242)
Attributable to Investees Shareholders	(58,474)	(24,505)	(387,081)	(157,738)	13,449	(17,528)
Effect of change in percentage holding recognised directly in equity	-	29,317	-	-	-	-
Share of net assets of equity accounted investees directly recognised in equity	-	-	(364)	-	-	-
Unrecognised losses due to negative net assets	-	-	64,433	-	-	-
Share of movement in equity value attributable to the Group	(58,474)	4,812	(323,012)	(157,738)	13,449	(17,528)
Current Assets	28,051	33,473	486,726	414,258	1,159,153	239,715
Non Current Assets	491,187	506,876	4,791,863	5,004,872	325,048	1,044,343
Current Liabilities	(299,185)	(180,331)	(1,095,881)	(856,157)	(1,456,244)	(75,796)
Non- Current Liabilities	(419,927)	(350,243)	(4,354,913)	(3,699,698)	(76,321)	(1,222,323)
Net Assets	(199,874)	9,775	(172,205)	863,275	(48,364)	(14,061)
Attributable to NCI	(220,284)	(69,105)	(172,205)	540,263	(120,994)	(73,242)
Attributable to Investees Shareholders	20,410	78,880	-	323,012	72,630	59,181
Groups interest in net assets of investee at the beginning of the year	78,880	74,068	323,012	480,750	59,181	76,709
Investments made during the year	-	-	-	-	-	-
Share of movement in equity value attributable to the Group	(58,470)	4,812	(323,012)	(157,738)	13,449	(17,528)
Group's interest in net assets of investee at the end of the year	20,410	78,880	-	323,012	72,630	59,181

NOTES TO THE FINANCIAL STATEMENTS

21 OTHER FINANCIAL ASSETS - NON CURRENT

21.1 Unquoted equity securities, debt securities and unsecured loans

	Notes	Group		Company	
		31.03.2023 Rs. '000	31.03.2022 Rs. '000	31.03.2023 Rs. '000	31.03.2022 Rs. '000
As at					
Financial assets at fair value through OCI					
- Unquoted equity securities	21.1.1	272,494	244,790	-	-
Financial assets at amortised cost					
- Unquoted debt securities and unsecured loans	21.1.2	799,459	785,442	799,459	785,442
Carrying amount as at 31st March		1,071,953	1,030,232	799,459	785,442
Current unquoted equity and debt securities	27	(73,935)	(747,109)	(73,935)	(747,109)
Non-current unquoted debt and equity securities		998,018	283,123	725,524	38,333

21.1.1 Unquoted equity securities

	Group		Company	
	31.03.2023 Rs. '000	31.03.2022 Rs. '000	31.03.2023 Rs. '000	31.03.2022 Rs. '000
As at				
Investment in Floatels India (Pvt) Ltd				
Balance brought forward	244,790	166,450	-	-
(716,037 shares at INR 55/- each)				
Effect of movement in exchange rates	27,704	78,340	-	-
Balance carried forward	272,494	244,790	-	-
(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 2022/2023, 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	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Secured redeemable debentures				
Earl's Court Hotel Management (Pvt) Ltd	70,571	63,282	70,571	63,282
Less: Reversal/(provision) of impairment	3,364	(3,364)	3,364	(3,364)
	73,935	59,918	73,935	59,918
Unsecured loans				
Negombo Beach Resorts (Pvt) Ltd	725,524	725,524	725,524	725,524
Carrying amount as at 31st March	799,459	785,442	799,459	785,442
Current unquoted debt securities	(73,935)	(747,109)	(73,935)	(747,109)
Non-current unquoted debt securities and unsecured loans	725,524	38,333	725,524	38,333

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	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance brought forward	648,820	717,802	-	-
Effect of movement in exchange rates	47,634	320,339	-	-
Reversal of temporary differences				
-Recognised in income statement	(90,316)	(389,321)	-	-
-Recognised in other comprehensive income	(119,546)	-	-	-
Balance carried forward	486,592	648,820	-	-

22.2 Composition of deferred tax assets

	Group		Company	
As at	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Deferred tax assets attributable to:				
Defined benefit obligations	3,384	3,432	-	-
Tax losses carried forward	856,086	1,075,646	-	-
Expected credit loss	10,163	21,118	-	-
Accelerated depreciation for tax purposes on				
Property, plant and equipment	(263,495)	(451,376)	-	-
Revaluation surplus on freehold land	(119,546)	-	-	-
Net deferred tax assets	486,592	648,820	-	-

NOTES TO THE FINANCIAL STATEMENTS

22.3 Movement in tax effect of temporary differences - Group - 2022/2023

	2022/2023				
	Balance as at 01.04.2022	Recognised in profit and (loss)	Recognised in other comprehensive income	Exchange differences	Balance as at 31.03.2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Deferred Tax Asset					
Defined benefit obligations	3,432	(644)	-	596	3,384
Tax losses carried forward	1,075,646	(314,219)	-	94,659	856,086
Expected credit losses	21,118	(15,236)	-	4,281	10,163
	1,100,196	(330,099)	-	99,536	869,633
Deferred Tax Liabilities					
Accelerated depreciation for tax purposes on property, plant and equipment	(451,376)	239,783	-	(51,902)	(263,495)
Revaluation surplus on freehold land	-	-	(119,546)		(119,546)
	(451,376)	239,783	(119,546)	(51,902)	(383,041)
Net deferred tax assets	648,820	(90,316)	(119,546)	47,634	486,592

22.4 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 differences	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

23 INVENTORIES

	Group		Company	
As at	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Food	422,014	343,671	19,186	9,464
Beverage	342,901	339,185	4,449	3,501
Maintenance	406,994	417,618	5,284	2,609
Stationery	27,931	30,567	979	632
House keeping	181,806	227,069	2,016	940
Ayurveda stocks	5,421	7,096	-	-
Fuel and others	303,925	261,866	12,110	2,857
	1,690,992	1,627,072	44,024	20,003

None of the inventories are pledged as security for facilities obtained by the Group or Company from banks as at 31st March 2023. (Group and Company 2021/2022-nil).

24 Trade and other receivables

	Group		Company	
As at	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Trade receivables	2,434,181	2,253,846	83,407	84,053
Provision for impairment	(144,930)	(207,498)	(330)	(1,038)
	2,289,251	2,046,348	83,077	83,015
Non trade receivables	130,354	96,342	3,231	75,199
	2,419,605	2,142,690	86,308	158,214
Other Taxes receivable	46,987	134,441	-	43,137
Other receivable	68,341	33,019	2,770	3,437
Total	2,534,933	2,310,150	89,078	204,788

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	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Short term investments	146,435	485,713	-	-
Total	146,435	485,713	-	-

The above short term investments were made on normal market interest rates.

26 AMOUNTS DUE FROM PARENT'S GROUP ENTITIES

	Group		Company	
As at	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Aitken Spence Travels (Pvt) Ltd	551,683	244,976	74,066	90,630
Aitken Spence Hotel Managements (Pvt) Ltd	315,415	374,068	-	66,308
Aitken Spence Hotels International (Pvt) Ltd	-	-	524,197	449,029
Aitken Spence Exports (Pvt) Ltd	534	160	-	-
Negombo Beach Resorts (Pvt) Ltd	2,698	325	-	-
Turyaa (Pvt) Ltd	-	-	4,754	3,327
Meeraladuwa (Pvt) Ltd	-	-	382	273
Hapag Lloyd Lanka (Pvt) Ltd	70	-	-	-
Ace Aviation Services Maldives (Pvt) Ltd	65,983	-	-	-
Aitken Spence International Consulting (Pvt) Ltd	234	-	-	-
Paradise Resorts Passikudah (Pvt) Ltd	3,278	775	8	-
Total	939,895	620,304	603,407	609,567

27 OTHER FINANCIAL ASSETS

	Group		Company	
As at	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Other financial assets - current (Note 21.1.2)	73,935	747,109	73,935	747,109
Bank deposits	4,478,774	3,681,323	357,733	-
Total	4,552,709	4,428,432	431,668	747,109

28 CASH AND CASH EQUIVALENTS

	Group		Company	
As at	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Short term deposits less than 90 days	3,387,815	1,796,110	44,970	357,421
Cash at bank and in hand	1,874,496	2,237,504	141,740	120,834
Cash and cash equivalents in the statement of financial position	5,262,311	4,033,614	186,710	478,255
Less: Bank overdrafts and other short term borrowings	(7,946,332)	(5,235,410)	(168,939)	(143,802)
Cash and cash equivalents in the statement of cash flows	(2,684,021)	(1,201,796)	17,771	334,453

29 ASSETS CLASSIFIED AS HELD FOR SALE

During the current financial year, a subsidiary company Ace Resorts (Pvt) Ltd., disposed its leasehold rights of Raafushi Island which was previously included under assets classified as held for sale. The disposal value is amounting to Rs. 1,878 Mn.

	Group		Company	
As at	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Net current assets of Group companies classified as held for sale	-	1,586,969	-	-
	-	1,586,969	-	-

NOTES TO THE FINANCIAL STATEMENTS

30 STATED CAPITAL

	Company	
As at	31.03.2023	31.03.2022
	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 recognized 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

		Group		Company	
As at		31.03.2023	31.03.2022	31.03.2023	31.03.2022
	Notes	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Revaluation reserve	31.1	3,148,179	3,073,205	666,248	683,032
General reserve	31.2	22,929	22,929	22,929	22,929
Cashflow hedge reserve	31.3	(3,109,161)	(2,858,488)	-	-
Fair value reserve	31.4	62,626	20,414	-	-
Foreign currency translation reserve	31.5	10,181,031	8,533,719	-	-
Total		10,305,604	8,791,779	689,177	705,961
Transaction movement					
Balance brought forward		8,791,779	5,554,233	705,961	705,961
Transfers to / (from) foreign currency translation reserve during the year		1,647,312	4,380,628	-	-
Transfer to / (from) cashflow hedge reserve		(250,673)	(1,629,277)	-	-
Movement in fair value reserve		42,212	9,169	-	-
Movement in revaluation reserve		74,974	477,026	(16,784)	-
Balance carried forward		10,305,604	8,791,779	689,177	705,961

31.1 Revaluation reserves

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 Movement in Interest - bearing liabilities - banks

	Group		Company	
As at	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Loan Capital				
Balance brought forward	43,819,989	30,649,610	815,369	796,964
Effect of movement in exchange rates	4,921,755	13,222,717	-	-
Loans received during the year	321,921	-	-	-
Interest capitalised during the year	361,034	652,989	52,622	18,405
Transaction cost	7,690	-	-	-
Loan repayments during the year	(6,889,954)	(705,327)	(155,505)	-
	42,542,435	43,819,989	712,486	815,369
Loan Interest				
Balance brought forward	132,395	66,615	-	-
Effect of movement in exchange rates	18,820	42,827	-	-
Interest accrued during the period	3,731,805	1,314,251	156,255	21,658
Interest capitalised during the period	(361,034)	(652,989)	(52,622)	(18,405)
Interest paid during the period	(3,361,465)	(638,309)	(103,633)	(3,253)
	160,521	132,395	-	-
Total	42,702,956	43,952,384	712,486	815,369
Current portion of interest bearing liabilities - banks	(6,114,421)	(5,356,106)	(177,154)	(401,781)
Non current portion of interest bearing liabilities - banks	36,588,535	38,596,278	535,332	413,588

32.2 Analysed by currency equivalent in Rupees

	Group		Company	
As at	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Sri Lanka rupees	1,731,199	1,688,801	712,486	815,369
United States dollars	27,123,100	28,896,037	-	-
Euro	11,994,118	11,425,226	-	-
Oman riyal	1,865,541	1,958,513	-	-
Transaction cost to be amortised	(11,002)	(16,193)	-	-
Total	42,702,956	43,952,384	712,486	815,369

32.3 Analysed by repayment period

	Group		Company	
As at	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Payable within one year	6,114,421	5,356,106	177,154	401,781
Payable between one and two years	5,916,576	5,052,415	217,206	340,962
Payable between two and five years	20,667,444	20,962,867	318,126	72,626
Payable after five years	10,004,515	12,580,996	-	-
Total	42,702,956	43,952,384	712,486	815,369

32.4 Analysed by interest rate

	Group		Company	
As at	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Fixed rate term loans	855,626	9,530,081	47,410	92,000
Term loans linked to LIBOR	24,753,447	27,543,771	-	-
Term loans linked to AWPLR	1,674,333	700,297	665,076	134,200
Term loans linked to EURIBOR	11,994,119	5,334,356	-	-
Term loans linked to SOFR	1,570,892	-	-	-
Term loans linked to T-bill rate (Sri Lanka)	-	860,072	-	589,169
Term loans linked to T-bill rate (Oman)	1,865,541	-	-	-
Transaction cost to be amortised	(11,002)	(16,193)	-	-
Total	42,702,956	43,952,384	712,486	815,369

NOTES TO THE FINANCIAL STATEMENTS

32.5 Analysed by lending institutions, credit terms and security details

32.5.1 Analysed by lending institutions, credit terms and security details - Group

Bank / financial institution	Loan No	Currency	Linked interest basis	Assets pledged and collaterals
Hatton National Bank	Loan No. 1	USD	LIBOR	Mortgage agreement over the head lease of the hotel property
	Loan No. 2	USD	LIBOR	Corporate Guarantee from Aitken Spence Hotels International (Pvt) Ltd and mortgage agreement over the head lease of the hotel property
	Loan No. 3	USD	LIBOR	Corporate Guarantee from Aitken Spence Hotels International (Pvt) Ltd and mortgage agreement over the head lease of the hotel property
	Loan No. 4	USD	LIBOR	Corporate Guarantee from Aitken Spence Hotels International (Pvt) Ltd
	Loan No. 5	USD	LIBOR	Corporate Guarantee from Aitken Spence Hotels International (Pvt) Ltd
	Loan No. 6	USD	Fixed rate	Third party letter of set-off and lien over deposits owned by another Group's subsidiary
	Loan No. 7	USD	Fixed rate	Mortgage agreement over the head lease of the hotel property
	Loan No. 8	LKR	Fixed rate	None (Loan obtained under Enterprise Sri Lanka Loan Scheme)
	Loan No. 9	LKR	Fixed rate	None (Loan obtained under Credit Guarantee and Interest Subsidy Loan Scheme)
	Loan No. 10	LKR	Fixed rate	None (Loan obtained under Credit Guarantee and Interest Subsidy Loan Scheme)
	Loan No. 11	LKR	Fixed rate	None (Loan obtained under Saubhagya Loan Scheme)
	Loan No. 12	LKR	Fixed rate	None (Loan obtained under Saubhagya Loan Scheme)
DFCC Bank	Loan No. 1	USD	LIBOR	Corporate Guarantee from Aitken Spence Hotels International (Pvt) Ltd and mortgage agreement over the head lease of the hotel property
	Loan No. 2	USD	Fixed rate	Corporate Guarantee from Aitken Spence Hotels International (Pvt) Ltd and mortgage agreement over the head lease of the hotel property
	Loan No. 3	LKR	AWPLR	Corporate Guarantee from Aitken Spence Hotel Holdings PLC
	Loan No. 4	LKR	AWPLR	Corporate Guarantee from Aitken Spence Hotel Holdings PLC
	Loan No. 5	LKR	AWPLR	Corporate Guarantee from Aitken Spence Hotel Holdings PLC
Hongkong and Shanghai Banking Corporation	Loan No. 1	EUR	EURIBOR	Corporate Guarantee from Aitken Spence PLC and primary mortgage over the hotel property
	Loan No. 2	EUR	EURIBOR	Corporate Guarantee from Aitken Spence PLC and primary mortgage over the hotel property
	Loan No. 3	EUR	EURIBOR	Corporate Guarantee from Aitken Spence PLC and primary mortgage over the hotel property
	Loan No. 4	USD	SOFR *	Corporate Guarantee from Aitken Spence PLC and primary mortgage over the hotel property
	Loan No. 5	USD	SOFR *	Corporate Guarantee from Aitken Spence Hotel Holdings PLC
	Loan No. 6	OMR	Central Bank of Oman T-Bill rate	Primary mortgage over the hotel property

Repayment Terms	Maturity	31.03.2023	31.03.2022
		Rs' 000	Rs' 000
Repayment commenced. Monthly instalments.	Mar - 2030	10,757,938	10,511,184
Repayment commenced. Monthly instalments.	Mar - 2026	1,615,826	1,887,959
Fully settled during the financial year.	Oct - 2022	-	89,397
Repayment commenced. Monthly instalments.	Apr - 2023	40,893	477,555
Repayment commenced. Monthly instalments.	Nov - 2024	33,628	46,824
60 Monthly instalments starting Aug-2024.	Jul - 2031	290,646	-
Repayment commenced. Monthly instalments.	Sep - 2023	155,354	808,485
Repayment commenced. Monthly instalments.	Sep - 2023	36,540	67,000
Repayment commenced. Monthly instalments.	Sep - 2023	10,870	25,000
Repayment commenced. Monthly instalments.	Sep - 2023	5,425	12,400
Repayment commenced. Monthly instalments.	Oct - 2023	2,060	4,713
Repayment commenced. Monthly instalments.	Oct - 2023	1,091	2,508
		12,950,271	13,933,025
Repayment commenced. Monthly instalments.	Mar - 2030	7,910,935	7,729,044
Fully settled during the financial year.	Jun - 2022	-	540,150
Restructured during the financial year.	Feb - 2023	-	14,609
Restructured during the financial year. 71 Monthly instalments starting from Nov-2023.	Oct - 2029	542,097	566,097
Restructured during the financial year. 71 Monthly instalments starting from Nov-2023.	Oct - 2029	467,160	270,902
		8,920,192	9,120,802
Repayment commenced. Monthly instalments and 75% final balloon payment.	Apr - 2025	5,704,697	5,843,487
Repayment commenced. Monthly instalments.	Jul - 2024	639,767	-
Restructured during the financial year.	Jul - 2022	-	247,383
Bullet repayment at maturity.	Mar - 2026	1,570,892	1,496,042
Fully settled during the financial year.	Dec - 2022	-	233,018
Restructured during the financial year. 20 quarterly instalments starting from Aug-2023.	May - 2028	1,865,541	1,962,144
		9,780,897	9,782,074

NOTES TO THE FINANCIAL STATEMENTS

Bank / financial institution	Loan No	Currency	Linked interest basis	Assets pledged and collaterals
People's Bank	Loan No. 1	USD	LIBOR	Corporate Guarantee from Aitken Spence Hotel Holdings PLC and negative pledge over the shares of Aitken Spence Hotels International (Pvt) Ltd
	Loan No. 2	USD	LIBOR	Corporate Guarantee from Aitken Spence Hotel Holdings PLC and negative pledge over the shares of Aitken Spence Hotels International (Pvt) Ltd
	Loan No. 3	USD	Fixed rate	Corporate Guarantee from Aitken Spence Hotel Holdings PLC and negative pledge over the shares of Aitken Spence Hotels International (Pvt) Ltd
	Loan No. 4	USD	LIBOR	Corporate Guarantee from Aitken Spence Hotel Holdings PLC and negative pledge over the shares of Aitken Spence Hotels International (Pvt) Ltd
ABANCA Corporación Bancaria	Loan No. 1	EUR	EURIBOR	Corporate Guarantee from Ruisa II SA
Habib Bank	Loan No. 1	LKR	AWPLR**	Corporate Guarantee from Aitken Spence PLC
	Loan No. 2	LKR	AWPLR	Corporate Guarantee from Aitken Spence PLC
	Loan No. 3	LKR	Central Bank of Sri Lanka T-Bill rate	Corporate Guarantee from Aitken Spence PLC
Sampath Bank	Loan No. 1	LKR	Fixed rate	Corporate Guarantee from Aitken Spence Hotel Holdings PLC
Total				
Transaction cost to be amortised				

32.5.2 Analysed by lending institutions, credit terms and security details - Company

Bank / financial institution	Loan No	Currency	Linked interest basis	Assets pledged and collaterals
Hatton National Bank	Loan No. 1	LKR	Fixed rate	None (Loan obtained under Enterprise Sri Lanka Loan Scheme)
	Loan No. 2	LKR	Fixed rate	None (Loan obtained under Credit Guarantee and Interest Subsidy Loan Scheme)
Habib Bank	Loan No. 1	LKR	AWPLR**	Corporate Guarantee from Aitken Spence PLC
	Loan No. 2	LKR	AWPLR	Corporate Guarantee from Aitken Spence PLC
	Loan No. 3	LKR	Central Bank of Sri Lanka T-Bill rate	Corporate Guarantee from Aitken Spence PLC
TOTAL				

* Interest rate changed from LIBOR to SOFR during the current financial year ended 31st March 2023.

** Interest rate changed from T-bill rate (Sri Lanka) to AWPLR during the current financial year ended 31st March 2023.

Repayment Terms	Maturity	31.03.2023	31.03.2022
		Rs' 000	Rs' 000
Repayment commenced. Quarterly instalments.	Oct - 2026	3,780,839	4,911,494
Repayment commenced. Monthly instalments.	Nov - 2024	613,388	-
Repayment commenced. Monthly instalments.	Nov - 2024	352,759	-
Fully settled during the financial year.	Mar - 2023	-	161,255
		4,746,986	5,072,749
Repayment commenced. Quarterly instalments and 72% final bullet repayment at maturity.	Apr - 2025	5,649,655	5,334,356
		5,649,655	5,334,356
Repayment commenced. Quarterly instalments.	Mar - 2026	665,076	581,011
Restructured during the financial year.	Jul - 2022	-	134,200
Restructured during the financial year.	Jul - 2022	-	8,158
		665,076	723,369
Repayment commenced. Monthly instalments.	Nov - 2023	881	2,202
		881	2,202
		42,713,958	43,968,577
		(11,002)	(16,193)
		42,702,956	43,952,384

Repayment Terms	Maturity	31.03.2023	31.03.2022
		Rs' 000	Rs' 000
Repayment commenced. Monthly instalments.	Sep - 2023	36,540	67,000
Repayment commenced. Monthly instalments.	Sep - 2023	10,870	25,000
		47,410	92,000
Repayment commenced. Quarterly instalments.	Mar - 2026	665,076	581,011
Restructured during the financial year.	Jul - 2022	-	134,200
Restructured during the financial year.	Jul - 2022	-	8,158
		665,076	723,369
		712,486	815,369

NOTES TO THE FINANCIAL STATEMENTS

33 INTEREST BEARING LIABILITIES - LEASES

33.1 Movement of lease liabilities

	Group		Company	
As at	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 01.04.2022	14,689,882	11,033,234	-	-
New Leases during the period	-	6,122	-	-
Payment of lease liabilities	(2,422,018)	(1,810,919)	-	-
Impact on exchange rate fluctuation	1,767,582	4,846,302	-	-
Interest expense charged to income statement	975,064	615,143	-	-
Balance as at 31.03.2023	15,010,510	14,689,882	-	-
Current portion of interest bearing liabilities - leases	(1,422,456)	(1,206,831)	-	-
Non current portion of interest bearing liabilities - leases	13,588,054	13,483,051	-	-

33.2 Analysed by capital repayment

	Group		Company	
As at	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Payable within one year	1,422,456	1,206,831	-	-
Payable between one and two years	1,494,614	1,271,696	-	-
Payable between two and five years	1,642,668	2,629,916	-	-
Payable after five years	10,450,772	9,581,439	-	-
Total	15,010,510	14,689,882	-	-

33.3 Details of lease liabilities recognised due to ROU assets

Company	Nature of the leasing activities	Remaining lease period as at 31.03.2023 (No of years)
Aitken Spence Hotels Ltd	Lease Land	20
	Lease building for Neptune Ayurvedic centre	1
Hethersett Hotels Ltd	Lease Land	72
Kandalama Hotels (Pvt) Ltd	Lease Land	20
Unique Resorts (Pvt) Ltd	Lease Land	22
Jetan Travel Services Company (Pvt) Ltd	Lease Land	18
ADS Resorts (Pvt) Ltd	Lease Land	3
Cowrie Investment (Pvt) Ltd	Meedhupparu island - Lease Land	25
	Heritance Aarah island - Lease Land	42

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 2023.

Further, Group has not entered in to any sale and lease back transaction as at 31st March 2023.

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 2023.

33.4 Amounts recognised in profit or loss

	Group	
For the year ended 31st March	2023	2022
	Rs. '000	Rs. '000
Amortisation charge of right-of-use assets (Note 17.1)	1,465,928	841,343
Interest on lease liabilities	975,064	615,143
Expenses relating to short term leases and low value assets	470,828	218,927

33.5 Amounts recognised in the Statement of cash flows

	Group	
For the year ended 31st March	2023	2022
	Rs. '000	Rs. '000
Total cash out flow for leases	(2,422,018)	(1,810,919)

34 DEFERRED TAX LIABILITIES

34.1 Movement in deferred tax liabilities

	Group		Company	
As at	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance brought forward	1,364,422	1,019,424	82,954	37,426
Effect of movement of exchange rates	5,211	40,353	-	-
Origination of temporary differences				
- recognised in income statement	1,056,041	302,350	(2,515)	45,295
- recognised in other comprehensive income	588,385	2,295	148,731	233
Balance carried forward	3,014,059	1,364,422	229,170	82,954

34.2 Composition of deferred tax liabilities

	Group		Company	
As at	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Deferred tax liabilities attributable to;				
Property, plant and equipment	3,218,092	1,335,924	212,669	99,276
Revaluation surplus on freehold land	856,291	265,669	246,255	96,271
Unrealised exchange gain	16,672	54,881	23,887	42,352
Undistributed profits of consolidated entities	23,558	-	-	-
Right-of-use assets	1,911	1,237	-	-
Defined benefit obligations	(49,843)	(19,707)	(14,170)	(5,329)
Carried forward tax losses	(1,035,750)	(266,727)	(239,369)	(149,000)
Expected credit loss	(16,872)	(6,855)	(102)	(616)
Net deferred tax liabilities	3,014,059	1,364,422	229,170	82,954

NOTES TO THE FINANCIAL STATEMENTS

34.3 Movement in tax effect of temporary differences - Group - 2022/2023

	2022/2023				
	Balance as at 01st April 2022	Recognised in profit and (loss)	Recognised in Other Comprehensive Income	Exchange differences	Balance as at 31 st March 2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Deferred tax - liabilities					
Accelerated depreciation for tax purposes on Property, plant and equipment	1,335,924	1,783,108	-	99,060	3,218,092
Revaluation surplus on freehold land	265,669	-	590,622	-	856,291
Unrealised exchange gain	54,881	(38,209)	-	-	16,672
Undistributed profits of consolidated entities	-	23,558	-	-	23,558
Right-of-use assets	1,237	674	-	-	1,911
Total liabilities	1,657,711	1,769,131	590,622	99,060	4,116,524
Deferred tax - assets					
Defined benefit obligations	(19,707)	(27,899)	(2,237)	-	(49,843)
Tax losses carried forward	(266,727)	(674,440)	-	(94,583)	(1,035,750)
Expected credit loss	(6,855)	(10,751)	-	734	(16,872)
Total assets	(293,289)	(713,090)	(2,237)	(93,849)	(1,102,465)
Net deferred tax liabilities	1,364,422	1,056,041	588,385	5,211	3,014,059

34.4 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 differences	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

34.5 Movement in tax effect of temporary differences - Company

	2022/2023				2021/2022		
	Balance as at 31st March 2023	Recognised in profit and (loss)	Recognised in Other Comprehensive Income	Balance as at 31st March 2022	Recognised in profit and (loss)	Recognised in Other Comprehensive Income	Balance as at 01st April 2021
	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	212,669	113,393	-	99,276	(1,541)	-	100,817
Revaluation surplus on freehold land	246,255	-	149,984	96,271	-	-	96,271
Unrealised exchange gain	23,887	(18,465)	-	42,352	42,352	-	-
Total liabilities	482,811	94,928	149,984	237,899	40,811	-	197,088
Deferred tax - assets							
Defined benefit obligations	(14,170)	(7,588)	(1,253)	(5,329)	519	233	(6,081)
Tax losses carried forward	(239,369)	(90,369)	-	(149,000)	-	-	(149,000)
Expected credit loss	(102)	514	-	(616)	3,965	-	(4,581)
Total assets	(253,641)	(97,443)	(1,253)	(154,945)	4,484	233	(159,662)
Net deferred tax liabilities	229,170	(2,515)	148,731	82,954	45,295	233	37,426

35 EMPLOYEE BENEFITS

35.1 Retirement benefit obligations

	Group		Company	
As at	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Retirement benefit obligations				
Present value of unfunded obligations	315,641	265,214	47,235	38,065
Recognised liability for defined benefit obligations	315,641	265,214	47,235	38,065

35.2 Movement in present value of the defined benefit obligations

	Group		Company	
As at	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Defined benefit obligations as at 01st April	265,214	248,550	38,065	43,437
Charge for the year (Note 35.3)	49,353	33,539	7,776	4,264
Actuarial losses/(gains) (Note 35.4)	8,597	(20,351)	4,177	(1,664)
Benefits paid	(21,082)	(35,696)	(2,783)	(7,972)
Effect of movement in exchange rates	13,559	39,172	-	-
Defined benefit obligations as at 31st March	315,641	265,214	47,235	38,065

NOTES TO THE FINANCIAL STATEMENTS

35.3 Expenses recognised in income statement

	Group		Company	
For the year ended 31 st March,	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
- Current service cost	20,001	24,171	2,637	2,364
- Past service cost	-	(4,404)	-	(1,662)
- Interest cost	29,352	13,772	5,139	3,562
	49,353	33,539	7,776	4,264

35.4 Losses/(gains) recognised in other comprehensive income

	Group		Company	
For the year ended 31 st March,	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Actuarial losses/(gains) on retirement benefit obligations;				
- Due to change in financial assumptions	7,158	(27,500)	2,464	(6,305)
- Due to change in demographic assumptions	-	36,711	-	9,013
- Due to experience adjustment	1,439	(29,562)	1,713	(4,372)
	8,597	(20,351)	4,177	(1,664)

- 35.5 The provision for retirement benefits obligations as at 31st March 2023 is based on the actuarial valuation carried out by professionally qualified actuaries, Mr. Poopalanathan of Messrs. Actuarial & 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 2023 amounted to Rs. 315,641,211/-.
(Company- Rs. 47,234,862/-)

The liability is not externally funded.

35.6 The principal actuarial assumptions

The principal actuarial assumptions used in determining the cost are given below;

	2022/2023	2021/2022
Financial assumptions		
Discount rate *	19.5%	13.5%
Salary increment rate **		
- Executive staff	20% in July 2023 with 15% p.a. from 2024	11% p.a. with next increment due in July 2022
- Non - executive staff and other staff	20% in July 2023 with 15% p.a. from 2024	8% p.a. with next increment due in July 2022

* In the absence of a deep market in long-term bonds in Sri Lanka, a long-term interest rate of 19.5% p.a. (2022/2023 – 13.5% p.a.) has been used to discount future retirement benefits obligations. As per the guidelines issued by the Institute of Chartered Accountants of Sri Lanka, the discount rates has been adjusted to remove the risk from the market interest rate in arriving at the discount rate for the purpose of valuing Employee benefit obligations as per LKAS 19.

** 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.

It is also assumed that the company will continue in business as a going concern.

		2022/2023	2021/2022
Demographic assumptions			
- Mortality and Disability		A 1967/1970 mortality table, issued by the Institute of Actuaries, London	
- Retirement age		60 years	
- Staff turnover rate			
	Executive staff	Non- Executive staff	Other Staff
* 18 - 24 years	21%	27%	80%
* 25 - 29 years	23%	28%	57%
* 30 - 34 years	16%	25%	44%
* 35 - 39 years	11%	15%	34%
* 40 - 44 years	11%	13%	32%
* 45 - 49 years	7%	16%	27%
* 50 - 54 years	9%	9%	27%
* 55 - 59 years	0%	0%	0%

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 2022/2023.

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 2023 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%	(10,725)	10,725	(1,589)	1,589
+1%	9,984	(9,984)	1,491	(1,491)
Increase /(decrease) in salary escalation rate				
-1%	10,940	(10,940)	1,642	(1,642)
+1%	(11,587)	11,587	(1,727)	1,727

35.8 Maturity analysis of the payment

The following payment are expected on defined benefit obligations in future years.

	Group		Company	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
As at	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Within next 12 months	79,248	73,937	11,376	9,869
Between 1-2 years	94,025	83,928	12,002	12,957
Between 2-5 years	65,427	48,539	11,745	7,047
Beyond five years	76,941	58,810	12,112	8,192
	315,641	265,214	47,235	38,065

35.9 Weighted average duration (years) of defined benefit obligation

The following payment are expected on defined benefit obligations in future years.

	Group		Company	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
As at				
Weighted average duration of defined benefit obligation (no of years)	3.9	3.82	3.9	3.52

36 OTHER PROVISIONS AND PAYABLES

	Group		Company	
As at	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Accrued payables	1,996,179	1,583,202	52,185	31,859
Contract liabilities (Note 7.6.2)	2,143,152	2,226,159	33,664	19,687
	4,139,331	3,809,361	85,849	51,546
Unclaimed dividends	45,988	16,268	40,927	11,227
Taxes and other miscellaneous payables and provisions	1,296,919	1,533,455	32,355	16,395
Total	5,482,238	5,359,084	159,131	79,168

37 AMOUNTS DUE TO PARENT'S GROUP ENTITIES

	Group		Company	
As at	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Aitken Spence Exports (Pvt) Ltd	1,676	717	-	-
Aitken Spence Travels (Pvt) Ltd	13,620	-	-	-
Elpitiya Plantations PLC	424	324	25	-
Aitken Spence Printing and Packaging (Pvt) Ltd	10	89	-	-
Aitken Spence Hotel Managements (Pvt) Ltd	186,871	86,541	19,703	-
Jetan Travel Services Company (Pvt) Ltd	-	-	4	4
Hethersett Hotels Ltd	-	-	98	-
Aitken Spence PLC	-	270	-	-
Aitken Spence Cargo (Pvt) Ltd	1,628	130	-	-
Aitken Spence Agriculture (Pvt) Ltd	-	33	-	-
Negombo Beach Resorts (Pvt) Ltd	2	2	-	-
Kandalama Hotels (Pvt) Ltd	-	-	-	564,103
Global Parcel Delivery (Pvt) Ltd	38	-	-	-
Total	204,269	88,106	19,830	564,107

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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	31.03.2023	31.03.2022
US Dollar	327.14	293.88
Indian Rupee	3.99	3.88
UK Pound	405.97	385.81
Oman Riyal	850.05	763.13
Euro	357.10	326.38

39 CONTINGENT LIABILITIES

The contingent liability as at 31st March 2023 on guarantees given by Aitken Spence Hotel Holdings PLC to third parties on facilities obtained by subsidiaries amounted to Rs. 13,373,529,709/- (as at 31.03.2022 - Rs.27,340,461,036/-). Liability as at 31st March 2023 on guarantees given by subsidiaries to third parties amounted to Rs. 16,418,824,200/- (as at 31.03.2022 - 15,381,914,400/-).

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 2023		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	272,494	-	-	272,494
- Unquoted debt securities and unsecured loans	21.1.2 & 27	-	799,459	-	799,459
- Bank deposits	27	-	4,478,774	-	4,478,774
Trade and other receivables	24	-	2,419,605	-	2,419,605
Amount due from holding company	25	-	146,435	-	146,435
Amount due from parent's group entities	26	-	939,895	-	939,895
Cash and cash equivalents	28	-	5,262,311	-	5,262,311
Total financial assets		272,494	14,046,479	-	14,318,973
Financial liabilities					
Interest bearing liabilities - banks	32	-	-	42,702,956	42,702,956
Interest bearing liabilities - leases	33	-	-	15,010,510	15,010,510
Trade payables		-	-	1,559,571	1,559,571
Other provisions and payables	36	-	-	4,139,331	4,139,331
Amount due to holding company		-	-	1,313,017	1,313,017
Amount due to parent's group entities	37	-	-	204,269	204,269
Bank overdrafts and other short term borrowings	28	-	-	7,946,332	7,946,332
Total financial liabilities		-	-	72,875,986	72,875,986

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

NOTES TO THE FINANCIAL STATEMENTS

40.1.2 Accounting classifications of financial instruments - Company

As at 31st March 2023,		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	-	799,459	-	799,459
- Bank deposits	27	-	357,733	-	357,733
Trade and other receivables	24	-	86,308	-	86,308
Amount due from parent's group entities	26	-	603,407	-	603,407
Cash and cash equivalents	28	-	186,710	-	186,710
Total financial assets		-	2,033,617	-	2,033,617
Financial liabilities					
Interest bearing liabilities - banks	32	-	-	712,486	712,486
Trade payables		-	-	26,772	26,772
Other provisions and payables	36	-	-	85,849	85,849
Amount due to holding company		-	-	502,434	502,434
Amount due to parent's group entities	37	-	-	19,830	19,830
Bank overdrafts and other short term borrowings	28	-	-	168,939	168,939
Total financial liabilities		-	-	1,516,310	1,516,310

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

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 2023	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	272,494	272,494	-	-
- Unquoted debt securities and unsecured loans	799,459	799,459	799,459	799,459
- Bank deposits	4,478,774	4,478,774	357,733	357,733
Trade and other receivables	2,419,605	2,419,605	86,308	86,308
Amount due from holding company	146,435	146,435	-	-
Amount due from parent's group entities	939,895	939,895	603,407	603,407
Cash and cash equivalents	5,262,311	5,262,311	186,710	186,710
Total financial assets	14,318,973	14,318,973	2,033,617	2,033,617
Financial Liabilities				
Interest bearing liabilities - banks	42,702,956	42,702,956	712,486	712,486
Interest bearing liabilities - leases	15,010,510	15,010,510	-	-
Trade payables	1,559,571	1,559,571	26,772	26,772
Other provisions and payables	4,139,331	4,139,331	85,849	85,849
Amount due to holding company	1,313,017	1,313,017	502,434	502,434
Amount due to parent's group entities	204,269	204,269	19,830	19,830
Bank overdrafts and other short term borrowings	7,946,332	7,946,332	168,939	168,939
Total financial liabilities	72,875,986	72,875,986	1,516,310	1,516,310
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

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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.

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%.

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.

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.

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)

The following table provides the fair value measurement hierarchy of the Group's and Company's assets and liabilities.

41.1.1 Fair value measurement hierarchy -2022/2023

		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	16.3.2	-	-	12,147,273	12,147,273	-	-	843,500	843,500
Other financial assets									
- Unquoted equity securities	21.1.1	-	-	272,494	272,494	-	-	-	-
		-	-	12,419,767	12,419,767	-	-	843,500	843,500
Assets for which fair values are disclosed									
Other Financial Assets									
- Unquoted debt securities and unsecured loans	21.1.2	-	799,459	-	799,459	-	799,459	-	799,459
- Bank deposits	27	-	4,478,774	-	4,478,774	-	357,733	-	357,733
Investment in equity accounted investees - quoted	20.1.1	588,388	-	-	588,388	574,215	-	-	574,215
		588,388	5,278,233	-	5,866,621	574,215	1,157,192	-	1,731,407
Liabilities for which fair values are disclosed									
- Interest bearing liabilities - banks	32	-	42,702,956	-	42,702,956	-	712,486	-	712,486
- Interest bearing liabilities - leases	33		15,010,510		15,010,510	-	-	-	-
		-	57,713,466	-	57,713,466	-	712,486	-	712,486

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41.1.2 Fair value measurement hierarchy -2021/2022

		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	16.3.2	-	-	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	-	-	-	-

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	
As at	31.03.2023 Rs. '000	31.03.2022 Rs. '000	31.03.2023 Rs. '000	31.03.2022 Rs. '000
Balance brought forward	244,790	166,450	-	-
Effect of movement in exchange rates	27,704	78,340	-	-
Balance carried forward	272,494	244,790	-	-

Assets classified as held for sale

	Group		Company	
As at	31.03.2023 Rs. '000	31.03.2022 Rs. '000	31.03.2023 Rs. '000	31.03.2022 Rs. '000
Balance brought forward	1,586,969	1,079,094	-	-
Effect of movement in exchange rates	363,748	507,875	-	-
Disposals	(1,950,717)	-	-	-
Balance carried forward	-	1,586,969	-	-

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
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 (Note 16.3.2)	Estimated fair value would increase (decrease) if price per perch increases / (decreases)
Other financial assets			
- Unquoted equity securities	Market return on a comparable investment	Valuation based on the recent and agreed sale price of shares (of INR 55/- per share)	Not applicable

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	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)
- Bank deposits		
Interest-bearing liabilities - banks	Discounted cash flows	current market interest rate (Note 32)
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 the asset being 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 that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and through the use of other financial instruments.

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. 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.

	Group				Company			
As at	31.03.2023		31.03.2022		31.03.2023		31.03.2022	
	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	272,494	2%	244,790	2%	-	-	-	-
Financial assets at amortised cost								
Other financial assets - Unquoted debt securities and unsecured loans	799,459	6%	785,442	7%	799,459	39%	785,442	39%
Bank deposits	4,478,774	31%	3,681,323	31%	357,733	18%	-	-
Trade and other receivables	2,419,605	17%	2,142,690	18%	86,308	4%	158,214	8%
Amount due from holding company	146,435	1%	485,713	4%	-	0%	-	0%
Amount due from parent's group entities	939,895	7%	620,304	5%	603,407	30%	609,567	30%
Cash and cash equivalents	5,262,311	36%	4,033,614	33%	186,710	9%	478,255	23%
Total credit exposure	14,318,973	100%	11,993,876	100%	2,033,617	100%	2,031,478	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.

		Group		Company	
As at 31st March		31.03.2023	31.03.2022	31.03.2023	31.03.2022
	Note	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Trade receivables	24	2,434,181	2,253,846	83,407	84,053
(-) Provision of impairment		(144,930)	(207,498)	(330)	(1,038)
Total		2,289,251	2,046,348	83,077	83,015

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 Mn. 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.

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The aging of trade receivables - out side the Group as at the reporting date was:

As at	Group		Company	
	31.03.2023 Rs.'000	31.03.2022 Rs.'000	31.03.2023 Rs.'000	31.03.2022 Rs.'000
Less than 30 days	1,986,657	1,546,026	62,125	41,874
30-60 days	236,235	354,626	17,622	33,978
60-90 days	59,812	84,244	1,625	4,994
90-180 days	55,781	58,209	2,500	1,807
180-365 days	3,619	8,211	475	257
more than 365 days	122,024	202,530	285	1,143
Advances received	(29,947)	-	(1,225)	-
Total gross trade receivables	2,434,181	2,253,846	83,407	84,053
Less: Impairment provision on trade receivables				
- Life time ECL - credit impaired	(122,024)	(202,530)	(285)	(1,143)
- Life time ECL - not credit impaired	(22,906)	(4,968)	(45)	105
Carrying value of trade receivables	2,289,251	2,046,348	83,077	83,015

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

As at	Group		Company	
	31.03.2023 Rs.'000	31.03.2022 Rs.'000	31.03.2023 Rs.'000	31.03.2022 Rs.'000
Balance at the beginning of the year	207,498	230,305	1,038	29,408
Impairment provision - recognised for the year	(90,680)	(73,314)	(708)	(28,370)
Effect of movement in exchange rate	28,112	50,507	-	-
Balance at the end of the year	144,930	207,498	330	1,038

Short term bank 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.

As at	Group				Company			
	31.03.2023		31.03.2022		31.03.2023		31.03.2022	
	Rs. '000	Allocation %	Rs. '000	Allocation %	Rs. '000	Allocation %	Rs. '000	Allocation %
Government owned Banking Institutions	505,507	11%	495,508	13%	-	0%	-	-
Commercial Banks *	3,973,267	89%	3,185,815	87%	357,733	100%	-	-
Total	4,478,774	100%	3,681,323	100%	357,733	100%	-	-

* Commercial banks - Investments made with other commercial banks consist of fixed deposits and term deposits held with private commercial banks.

Short term bank deposits and credit ratings of the banks

As at	Group				Company			
	31.03.2023		31.03.2022		31.03.2023		31.03.2022	
	Rs. '000	Allocation %	Rs. '000	Allocation %	Rs. '000	Allocation %	Rs. '000	Allocation %
Fitch ratings								
AAA	1,502,288	34%	1,164,549	32%	69,476	19%	-	-
AA-	-	0%	2,516,774	68%	-	0%	-	-
A	2,976,486	66%	-	0%	288,257	81%	-	-
	4,478,774	100%	3,681,323	100%	357,733	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 prepares 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 term 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 prevailing macro economic conditions.

Maturity analysis - Group

The table below summarises the maturity profile of the Group's financial liabilities at 31st March 2023 based on contractual undiscounted payments.

As at 31st March 2023,	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	42,702,956	-	2,459,992	7,175,043	8,900,284	26,043,738	10,675,139	55,254,196
Interest bearing liabilities- leases	15,010,510	-	557,187	1,672,715	2,230,017	3,488,980	20,365,103	28,314,002
Trade payables	1,559,571	1,559,571	-	-	-	-	-	1,559,571
Other provisions and payables	4,139,331	4,139,331	-	-	-	-	-	4,139,331
Amount due to holding company	1,313,017	1,313,017	-	-	-	-	-	1,313,017
Amount due to parent's group entities	204,269	204,269	-	-	-	-	-	204,269
Bank overdrafts and other short term bank borrowings	7,946,332	7,946,332	-	-	-	-	-	7,946,332
	72,875,986	15,162,520	3,017,179	8,847,758	11,130,301	29,532,718	31,040,242	98,730,718

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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
Bank overdrafts and other short term bank borrowings	5,235,410	5,235,410	-	-	-	-	-	5,235,410
	70,268,949	11,626,683	2,196,793	6,608,585	8,711,748	28,527,737	32,254,666	89,926,212

Maturity analysis - Company

The table below summarises the maturity profile of the Company's financial liabilities at 31st March 2023 based on contractual undiscounted payments.

As at 31st March 2023,	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	712,486	-	57,446	167,218	249,392	353,878	-	827,934
Trade payables	26,772	26,772	-	-	-	-	-	26,772
Other provisions and payables	85,849	85,849	-	-	-	-	-	85,849
Amount due to holding company	502,434	502,434	-	-	-	-	-	502,434
Amount due to parent's group entities	19,830	19,830	-	-	-	-	-	19,830
Bank overdrafts and other short term bank borrowings	168,939	168,939	-	-	-	-	-	168,939
	1,516,310	803,824	57,446	167,218	249,392	353,878	-	1,631,758

The table below summarises the maturity profile of the Company's financial liabilities at 31st March 2022 based on contractual undiscounted payments.undiscounted payments.

As at 31st March 2022	Contractual undiscounted cash flows							Total
	Carrying	On	Less than	3 to 12	1 to 2	2 to 5	More than	
	Amount	demand	3 months	months	years	years	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
Bank overdrafts and other short term bank borrowings	143,802	143,802	-	-	-	-	-	143,802
	2,010,088	1,194,719	75,481	354,623	351,509	72,766	-	2,049,098

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

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has exposure to foreign currency risk where it has cash flows in overseas operations and foreign currency transactions which are affected by foreign exchange movements.

Transaction exposure arises where there are contracted cashflows (receivables and payables) of which the values are subject to unanticipated changes in exchange rates due to contracts being denominated in a foreign currency. Translation exposure occurs due to the fluctuations in foreign exchange rates and arises to the extent to which financial reporting is affected by exchange rate movements when the reporting currency is different to those currencies in which revenues, expenses, assets and liabilities are denominated.

Foreign currency sensitivity

As the Group transacts in many foreign currencies other than the Sri Lankan rupee which is the reporting currency, it is exposed to currency risk on revenue generation, expenses, investments and borrowings. The Group has significant investments in the Maldives, India, Oman where the net assets are exposed to foreign currency translation risk. Revenue generations and expenses incurred in foreign currency are exposed to foreign currency transaction risk.

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The Sri Lankan Rupee depreciated significantly in the first two quarters of the financial year and witnessed significant volatility during certain periods of the financial year. The foreign exchange markets were largely inactive and liquid during the first half of the financial year amidst significant foreign exchange shortages and macroeconomic uncertainty. However, from the second half of the financial year, the foreign exchange liquidity improved on the back of a trade surplus given the sharp contraction of imports due to the fiscal and monetary policy measures adopted in the country and the continuation of import restrictions at the time. The Rupee appreciated during the final quarter with the improving foreign exchange liquidity situation in the country and the impending New Extended Fund Facility (EFF) from the International Monetary Fund (IMF), at the time.

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. 27,123.1 Mn. (31-03-2022 - Rs. 28,896 Mn) The total interest bearing borrowings of the Group denominated in EURO amounted to Rs. 11,994.1 Mn. (31-03-2022 - Rs. 11,425.2 Mn) 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.

The Group actively evaluates the possibility of employing hedge accounting to mitigate the exposure to currency risk by designating an effective relationship between foreign currency denominated transaction with assets or liabilities. Hedge accounting enables to minimise the timing differences in recognising foreign currency translation impact to the income statement or other comprehensive income statement and to effectively capture the economic substance of the transaction. Group's significant portion of the foreign currency borrowings (EURO denominated borrowings) have been made by the Group companies with incomes in foreign currencies.

The sensitivity analysis relates only to assets and liabilities depicted in Financial Statements as at the end of the financial year.

425.1.1 Effect on profit before tax

As at 31st March 2023	Group			Company		
	USD denominated net financial assets/(liabilities)	EURO denominated net financial assets/ (liabilities)	GBP denominated net financial assets/ (liabilities)	USD denominated net financial assets/ (liabilities)	EURO denominated net financial assets/ (liabilities)	GBP denominated net financial assets/ (liabilities)
	in USD '000	in EURO '000	in GBP '000	in USD '000	in EURO '000	in GBP '000
As at 31st March 2023						
Foreign currency exposure	4,922	(32,913)	5	1,560	6	0
LKR depreciated by 15% (Rs.'000)	241,552	(1,763,005)	303	76,565	310	14
LKR appreciated by 15% (Rs.'000)	(241,552)	1,763,005	(303)	(76,565)	(310)	(14)
As at 31st March 2022						
Foreign currency exposure	3,343	(33,157)	86	1,592	66	24
LKR depreciated by 40% (Rs.'000)	392,974	(4,328,673)	13,294	187,191	8,648	3,703
LKR appreciated by 40% (Rs.'000)	(392,974)	4,328,673	(13,294)	(187,191)	(8,648)	(3,703)

42.5.1.2 Effect on equity

	Group	Company
	in USD '000	in USD '000
As at 31st March 2023		
Foreign currency exposure	127,001	-
LKR depreciated by 15% (Rs.'000)	6,232,089	-
LKR appreciated by 15% (Rs.'000)	(6,232,089)	-
As at 31st March 2022		
Foreign currency exposure	116,771	-
LKR depreciated by 40% (Rs.'000)	13,726,614	-
LKR appreciated by 40% (Rs.'000)	(13,726,614)	-

42.5.1.3 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 2023 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 off from the variability of exchange rates from 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.

During the year the effective portion of the hedging instrument being a loss of Rs. 418 Mn (2021/2022 - loss of Rs. 2,715.4 Mn) was recognised in the other comprehensive income statement (OCI) and the ineffective portion of Rs. 84.3 Mn (2021/2022 - loss of Rs. 29.0 Mn) relating to current financial year and future periods were recognised 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 2023.

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In respect of the cash flow hedge instrument, Group recognized Rs. 3,109.1 Mn (2021/2022- Rs. 2,858.4 Mn) under cash flow hedge reserve being the Group's portion of the fair value loss recognised by the subsidiary.

As at	Group		Company	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance at the beginning of the year	(2,858,488)	(1,229,211)	-	-
Net movement in cash flow hedge reserve	(250,673)	(1,629,277)	-	-
Balance at the end of the year	(3,109,161)	(2,858,488)	-	-

42.5.2 Interest rate risks

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

The Central Bank of Sri Lanka (CBSL) continued the tightening of monetary policy stance during current financial year, resulting in a sharp upward trend in the first half of the financial year, particularly with the uncertainty of a domestic debt restructuring being factored in to secondary market yields on Government Securities. The shortage of liquidity in the first half of the financial year further put pressure on market interest rates. There was a decrease in interest rates in the last three months of the financial year on account of the reduced Government debt financing requirements and improved liquidity position in the country.

The Group's investment portfolio consists of a range of financial instruments with both fixed and variable interest rates which are subject to interest rate risk. Liabilities with variable interest rates such as AWPLR, LIBOR, SOFR and EURIBOR linked borrowings would expose the Group to cashflow risk as the amount of interest paid would change depending on the changes in market interest rates. Investments with fixed interest rates would expose the Group to variations in fair values during the marking to market of portfolios. Suitable strategies are used by the Central Treasury Department of the Holding Company to manage the interest rate risks in portfolio investments. The use of long-term interest rate forecasts to determine the most suitable duration of investments with the objective of overcoming the re-investment risk as well as to minimise any adverse impact in marking to market of the portfolio is one of the often used strategies. Interest rate swaps could be used when there is a need to hedge the risks on debt instruments with variable rates. Close monitoring of market trends is carried out to improve the accuracy of such decisions.

At the reporting date the interest rate sensitivity analysis of interest-bearing financial instruments of the Group and Company are given below. This analysis depicts the impact of the probable movement in interest rate on profit before tax with all other variables held constant. Due to the significant volatility in interest rates, a fluctuation of 1000 basis points (2021/22 - 400 basis points) is considered for the sensitivity analysis for LKR financial liabilities as at reporting date, compared to a fluctuation of 400 basis points considered in the last financial year. In line with observed trend in the market, sensitivity threshold for USD financial liabilities is also increased to 250 basis points from last year's 25 basis points.

Financial year 2022/2023	Group			Company		
	Exposure (Rs.'000)	Increase/ decrease in basis points	Effect on Profit before Tax	Exposure (Rs.'000)	Increase/ decrease in basis points	Effect on Profit before Tax
Sri Lanka rupee borrowings (Interest linked to AWPLR)	1,674,333	-1000	167,433	665,076	-1000	66,508
USD loans (LIBOR and SOFR)	26,324,339	-250	658,108	-	-250	-
Sri Lanka rupee borrowings (Interest linked to AWPLR)	1,674,333	+1000	(167,433)	665,076	+1000	(66,508)
USD loans (LIBOR and SOFR)	26,324,339	+250	(658,108)	-	+250	-

Financial year 2021/2022	Group			Company		
	Exposure (Rs.'000)	Increase/ decrease in basis points	Effect on Profit before Tax	Exposure (Rs.'000)	Increase/ decrease in basis points	Effect on Profit before Tax
Sri Lanka rupee borrowings (Interest linked to AWPLR and T-bill rate)	1,560,369	-400	62,415	723,369	-400	28,935
USD loans (LIBOR)	27,543,771	-25	68,859	-	-25	-
Sri Lanka rupee borrowings (Interest linked to AWPLR and T-bill rate)	1,560,369	+400	(62,415)	723,369	+400	(28,935)
USD loans (LIBOR)	27,543,771	+25	(68,859)	-	+25	-

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. The 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.

42.5.3 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.

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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

	Group		Company	
As at,	31.03.2023	31.03.2022	31.03.2023	31.03.2022
Debt to Equity ratio (times)	1.22	1.39	0.07	0.05

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 preference share capital excluding lease liabilities and total equity consist of total equity including minority interest excluding 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 fee of the Group for the year ended 31st March 2023 is nil. (2021/2022 - Rs. nil)

45 RELATED PARTY TRANSACTIONS

Aitken Spence Hotel Holdings PLC 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, Stasson Foods (Pvt) Ltd, Lanka Milk Foods (CWE) PLC, Lanka Bell (Pvt) Ltd, Bell Solutions (Pvt) Ltd, Periceyl (Pvt) Ltd, Lanka Diaries (Pvt) Ltd, Pattipola Live Stock Company Ltd, Ambewela Products (Pvt) Ltd, Melstacorp PLC and 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, 45.1.4 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.

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 is a Director for Browns Beach Hotels PLC, Crest Star (BVI) Ltd, Cowrie Investments (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, P.R Holiday Homes (Pvt) Ltd, Perumbalam Resorts (Pvt) Ltd, Aitken Spence Hotels Ltd, Heritage (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, Aitken Spence Cargo (Pvt) Ltd, Ace Distriparks (Pvt) Ltd, Aitken Spence Agriculture (Pvt) Ltd, Aitken Spence Industrial Solutions (Pvt) Ltd, Aitken Spence Printing &

Packaging (Pvt) Ltd, Global Parcel Delivery (Pvt) Ltd, Aitken Spence Aviation (Pvt) Ltd, Aitken Spence Elevators (Pvt) Ltd, Aitken Spence Property Developments (Pvt) Ltd, Aitken Spence Ports International (Pvt) Ltd, Spence Maldives (Pvt) Ltd, 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 Investments (Pvt) Ltd, ADS Resorts (Pvt) Ltd, Unique Resorts (Pvt) Ltd, Ace Resorts (Pvt) Ltd, Aitken Spence Hotels International (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 Stassons Foods (Pvt) Ltd, Stassons Exports (Pvt) Ltd, Lanka Milk Foods (CWE) PLC, Lanka Dairies (Pvt) Ltd, Pattipola Livestock Company Ltd, Ambewela Products (Pvt) Ltd, Melstacorp PLC and Ambewela Livestock Company 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 Adithya, 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 and Melstacorp 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 Lanka 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. He is also a director of Aitken Spence Resources (Pvt) Ltd.

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 Investments (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, and Aitken Spence Hotels International (Pvt) Ltd, which are subsidiaries of the Group. He is also a director of Amethyst Leisure Ltd and Paradise Resorts Pasikudah (Pvt) Ltd; which are equity accounted investees 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. and 45.1.3.

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 45.1.5.

NOTES TO THE FINANCIAL STATEMENTS

45.1 Details of transactions carried out with related companies

Group							Company	
Name of the Related Party	Relationship	Nature of transaction	Terms of the transaction	Group		Company		
				Transaction Value	Outstanding As at 31.03.2023	Transaction Value	Outstanding As at 31.03.2023	
				Rs. '000	Rs. '000	Rs. '000	Rs. '000	
Transactions with Parent Company								
Aitken Spence PLC	Parent Company	Interest income earned	Market terms	55,855	-	-	-	
		Interest expense paid	Market terms	241,626	-	79,417	-	
		Lease rent paid	Contractual Payment	3,437	-	-	-	
		Corporate guarantee fees paid	Market terms	41,831	-	41,831	-	
		Fees paid for services	Market terms	320,659	(1,313,017)	27,539	(502,434)	
		Payment made on allocation of expenses	Market terms	2,451	-	318	-	
		Sale of goods and services	Market terms	3,600	-	2,768	-	
		Net borrowings/withdrawals/(Investments) of short term funds	Market terms	445,520	146,435	86,400	-	
Transactions with Subsidiaries								
Aitken Spence Hotels International (Pvt) Ltd	Subsidiary	Short term advances	Market terms	-	-	-	524,197	
Aitken Spence Hotel Management Asia (Pvt) Ltd	Subsidiary	Interest on advances	Market terms	-	-	26,659	-	
		Allocation of expenses	Market terms	-	-	654	-	
Jetan Travel Services Company (Pvt) Ltd	Subsidiary	Allocation of expenses	Market terms	-	-	-	(4)	
Turyaa (Pvt) Ltd	Subsidiary	Purchase of goods and services	Market terms	-	-	256	4,754	
		Sale of goods and services	Market terms	-	-	1,470	-	
Turyaa Resorts (Pvt) Ltd	Subsidiary	Purchase of goods and services	Market terms	-	-	27	-	
Kandalama Hotels (Pvt) Ltd	Subsidiary	Allocation of expenses	Market terms	-	-	8	-	
Hethersett Hotels Ltd	Subsidiary	Purchase of goods and services	Market terms	-	-	98	(98)	
Aitken Spence Hotels Ltd	Subsidiary	Sale of goods and services	Market terms	-	-	18	-	
		Purchase of goods and services	Market terms	-	-	6,629	-	
Meeraladuwa (Pvt) Ltd	Subsidiary	Short term advances	Short term	-	-	109	382	
Transactions with equity accounted investees								
Paradise Resorts Passikudah (Pvt) Ltd	Associate	Purchase of goods and services	Market terms	53	3,278	-	8	
		Sale of goods and services	Market terms	1,334	-	50	-	
Negombo Beach Resorts (Pvt) Ltd	Associate	Interest received for shareholder loan	Market terms	-	725,524	-	725,524	
		Sale of goods and services	Market terms	606	2,698	-	-	

Name of the Related Party	Relationship	Nature of transaction	Terms of the transaction	Group		Company	
				Transaction Value	Outstanding As at 31.03.2023	Transaction Value	Outstanding As at 31.03.2023
				Rs. '000	Rs. '000	Rs. '000	Rs. '000
Aitken Spence Hotel Managements (Pvt) Ltd	Associate	Purchase of goods and services	Market terms	3,206	(2)	1,751	-
		Management fees paid for managing Sri Lankan hotels	Percentage of revenue and profits	141,582	-	26,932	-
		Central purchasing and merchandising unit handling charges	Market terms	20,727	-	5,120	-
		Online Reservations handling charges	Market terms	29,746	-	1,864	-
		Allocation of expenses	Market terms	109,771	(186,871)	23,844	(19,703)
		Rent income	Contractual payment	882	-	-	-
		Provision of restaurant services	Market terms	3,371	-	13	-
		Purchase of hotel supplies to maldivian hotels	Market terms	689,818	315,415	-	-
45.1.4 Transactions 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	1,035,315	551,683	232,467	74,066
		Purchase of air tickets for overseas travel	Market terms	8,876	(13,620)	-	-
Aitken Spence Exports (Pvt) Ltd	Subsidiary of the Parent Company	Purchase of mineral water	Market terms	14,152	(1,676)	6,040	-
		Reimbursement of expenses received	Market terms	3,000	534	-	-
Aitken Spence Printing & Packaging (Pvt) Ltd	Subsidiary of the Parent Company	Printing and typesetting hotel promotional literature and annual reports	Market terms	675	(10)	210	-
		Sale of goods and services	Market terms	86	-	-	-
Aitken Spence Elevators (Pvt) Ltd	Subsidiary of the Parent Company	Repairs and maintenance of hotel elevators	Market terms	7,752	-	1,210	-
Aitken Spence Engineering Solutions (Pvt) Ltd	Subsidiary of the Parent Company	Repairs and maintenance of hotel elevators	Market terms	7,161	-	-	-
Elpitiya Plantations PLC	Associate of the Parent Company	Purchase of tea leaves	Market terms	4,113	(424)	722	(25)
		Sale of goods and services	Market terms	270	-	270	-

NOTES TO THE FINANCIAL STATEMENTS

Name of the Related Party	Relationship	Nature of transaction	Terms of the transaction	Group		Company	
				Transaction Value	Outstanding As at 31.03.2023	Transaction Value	Outstanding As at 31.03.2023
				Rs. '000	Rs. '000	Rs. '000	Rs. '000
Aitken Spence Aviation (Pvt) Ltd	Subsidiary of the Parent Company	Sale of goods and services	Market terms	317	-	33	-
Ace Distriparks (Pvt) Ltd	Subsidiary of the Parent Company	Sale of goods and services	Market terms	105	-	41	-
Global Parcel Delivery (Pvt) Ltd	Subsidiary of the Parent Company	Courier Services	Market terms	1,325	(38)	301	-
Ace Aviation Services Maldives (Pvt) Ltd	Subsidiary of the Parent Company	Interest income	Market terms	19,188	65,983	-	-
		Net borrowings/withdrawals/(investments) of short term funds	Market terms	75,000	-	-	-
Hapag Lloyd Lanka (Pvt) Ltd	Subsidiary of the Parent Company	Sale of goods and services	Market terms	70	70	-	-
Aitken Spence International Consulting (Pvt) Ltd	Subsidiary of the Parent Company	Sale of goods and services	Market terms	234	234	-	-
Aitken Spence Garments (Pvt) Ltd	Subsidiary of the Parent Company	Sale of goods and services	Market terms	42	-	42	-
Ace Cargo (Pvt) Ltd	Subsidiary of the Parent Company	Sale of goods and services	Market terms	104	-	-	-
Aitken Spence Property Developments (Pvt) Ltd	Subsidiary of the Parent Company	Purchase of services	Market terms	3,169	-	-	-
		Reimbursement of expenses	Market terms	360	-	-	-
Aitken Spence Shipping Ltd	Subsidiary of the Parent Company	Sale of goods and services	Market terms	2,967	-	108	-
Clark Spence and Company Ltd	Subsidiary of the Parent Company	Sale of goods and services	Market terms	104	-	104	-

Name of the Related Party	Relationship	Nature of transaction	Terms of the transaction	Group		Company	
				Transaction Value	Outstanding As at 31.03.2023	Transaction Value	Outstanding As at 31.03.2023
				Rs. '000	Rs. '000	Rs. '000	Rs. '000
Aitken Spence Cargo (Pvt) Ltd	Subsidiary of the Parent Company	Clearing of imported items	Market terms	2,099	(1,628)	1,181	-
Aitken Spence Ports International (Pvt) Ltd	Subsidiary of the Parent Company	Sale of goods and services Clearing of imported items	Market terms Market terms	195 494	- -	- -	- -
Aitken Spence Agriculture (Pvt) Ltd	Subsidiary of the Parent Company	Purchase of vegetables	Market terms	64	-	-	-
45.1.5 Transactions with other related companies							
Distilleries Company of Sri Lanka PLC	Other related company	Purchase of beverages	Market terms	18,642	(1,223)	4,728	(687)
Stassen Exports (Pvt) Ltd.	Other related company	Purchase of food items	Market terms	240,277	(55)	60	-
Lanka Milk Foods (CWE) PLC	Other related company	Sale of goods and services Purchase of milk powder	Market terms Market terms	6,293 10,317	398 (1,511)	83 3,645	- -
Lanka Dairies (Pvt) Ltd	Other related company	Purchase of food items	Market terms	132	(12)	-	-
Lanka Bell (Pvt) Ltd	Other related company	Provision of telecommunication services	Market terms	1,408	(167)	175	(14)
Bell Solutions (Pvt) Ltd	Other related company	Provision of telecommunication services	Market terms	1,110	-	-	-
Percey (Pvt) Ltd	Other related company	Purchase of beverages	Market terms	112,457	(1,886)	-	-
Patipola Livestock Company Ltd	Other related company	Purchase of food items	Market terms	120	-	-	-
Royal Ceramics Lanka PLC	Other related company	Purchase of goods	Market terms	298	-	-	-
Continental Insurance Lanka Ltd	Other related company	Provision of insurance services	Market terms	740,399	(2,331)	18,254	(10)
Splendor Media (Pvt) Ltd	Other related company	Sale of goods and services Purchase of services	Market terms Market terms	141 21	141 -	- -	- -

NOTES TO THE FINANCIAL STATEMENTS

Name of the Related Party	Relationship	Nature of transaction	Terms of the transaction	Group		Company	
				Transaction Value	Outstanding As at 31.03.2023	Transaction Value	Outstanding As at 31.03.2023
				Rs. '000	Rs. '000	Rs. '000	Rs. '000
Stassons Foods (Pvt) Ltd	Other related company	Purchase of food items	Market terms	856,317	(80,583)	29,141	(2,938)
Ambewela Products (Pvt) Ltd	Other related company	Purchase of milk products	Market terms	11,956	-	1,164	-
Formula World (Pvt) Ltd	Other related company	Provision of vehicle maintenance services	Market terms	2,822	(130)	-	-
Melista Laboratories (Pvt) Ltd	Other related company	Purchase of services	Market terms	331	(53)	-	-
Ceylon Grain Elevators PLC	Other related company	Purchase of food items	Market terms	12,457	(960)	-	-
Melstacorp PLC	Immediate Parent of Aitken Spence PLC	Sale of hotel rooms in the ordinary course of business	Market terms	103	-	-	-

45.1.6

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 2023 is disclosed above.

45.1.7

The Company and the subsidiaries in the ordinary course of business have generated revenues amounting to Rs. 23,753,751 (Company- Rs. 8,412,300) from sale of hotel packages to Aitken Spence PLC and its Subsidiaries (excluding Hotel Companies). Balances outstanding from these companies as at 31st March 2023 is reflected in Note No. 26 - Amounts due from parent's group entities.

45.2 Non recurrent transactions with related Parties

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 2023	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	1,035,315	2.25%	Market Terms
Continental Insurance Lanka Ltd	Other related Company	Provision of insurance services	740,399	1.61%	Market Terms
Stassen Foods (Pvt) Ltd	Other related Company	Purchase of goods in the ordinary course of business	856,317	1.86%	Market Terms
Stassen Exports (Pvt) Ltd	Other related Company	Purchase of goods in the ordinary course of business	240,277	0.52%	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.

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	2023	2022	2023	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Short term employment benefits	12,665	10,068	12,665	10,068
Post employment benefits	-	-	-	-
Total	12,665	10,068	12,665	10,068

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 2023 held 98.01% of the equity share capital of Aitken Spence Hotels Ltd.

NOTES TO THE FINANCIAL STATEMENTS

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 2023.

With effect from 01st April 2023, Turyaa Resorts (Pvt) Ltd was amalgamated with Turyaa (Pvt) Ltd under shortform amalgamation as per Companies Act No. 07 of 2007 of Sri Lanka, which are fully owned subsidiaries of Aitken Spence Hotel Holdings PLC. There will be no impact to the consolidated financial statements due to this amalgamation.

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	
As at	31.03.2023	31.03.2022
	Rs. '000	Rs. '000
Approximate amount approved but not contracted for	-	4,304,252
Approximate amount contracted for but not accounted	775,363	747,318
Total	775,363	5,051,570

The above includes Rs. 774 Mn (2020/2021 - Rs. 4,998.1 Mn) for the acquisition of property, plant and equipment, Rs. 882,308/= (2020/2021 - Rs. 53.5 Mn) for the acquisition of intangible assets.

49 AVERAGE NUMBER OF EMPLOYEES

The average number of employees of the Group (excluding equity-accounted investees) at as at 31st March 2023 was 2,989 (as at 31.03.2022 - 2,943).

The number of employees of the Company as at 31st March 2023 was 234 (as at 31.03.2022 - 232).

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.

QUARTERLY STATISTICS

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	30th June	30th September	31st December	31st March
For the three months ended	2022 Rs. '000	2022 Rs. '000	2022 Rs. '000	2023 Rs. '000
Net Turnover	8,657,119	9,596,659	11,856,688	14,948,834
Other income/(expenses)	194,399	100,945	(201,472)	97,872
Staff costs	(1,877,905)	(1,977,587)	(2,054,669)	(2,047,292)
Depreciation	(959,745)	(990,437)	(979,275)	(961,055)
Amortisation and impairment	(365,458)	(379,417)	(381,719)	(368,693)
Other Operating Expenses - Direct	(2,254,072)	(2,637,143)	(3,096,170)	(3,384,111)
Other Operating Expenses - Indirect	(3,037,933)	(3,528,337)	(3,201,682)	(3,457,458)
Profit from operations	356,405	184,683	1,941,701	4,828,097
Finance income	104,991	147,786	151,399	137,420
Finance expenses	(1,136,300)	(1,399,588)	(1,638,962)	(1,635,123)
Share of loss of equity accounted investees net of tax	(4,402)	(101,627)	(104,609)	(186,921)
Income tax expense	(196,253)	(316,349)	(573,511)	(512,028)
Net Profit/(loss) for the period	(875,559)	(1,485,095)	(223,982)	2,631,445
Attributable to:				
Equity holders of the parent company	(460,847)	(1,022,189)	(258,660)	1,453,803
Non - controlling interests	(414,712)	(462,906)	34,678	1,177,642
Net Profit/(loss) for the period	(875,559)	(1,485,095)	(223,982)	2,631,445

Consolidated Statement of Financial Position

	30th June	30th September	31st December	31st March
As at	2022 Rs. '000	2022 Rs. '000	2022 Rs. '000	2023 Rs. '000
Assets				
Non current assets	101,383,258	100,723,881	99,945,977	92,000,279
Current assets	17,029,293	17,019,643	18,576,709	15,951,285
Total assets	118,412,551	117,743,524	118,522,686	107,951,564
Equity and liabilities				
Equity	22,201,544	21,657,922	20,841,827	21,041,256
Non - controlling interest	9,415,680	8,937,074	8,577,287	9,139,015
Total equity	31,617,224	30,594,996	29,419,114	30,180,271
Non current liabilities	62,057,791	61,122,168	59,899,893	53,506,289
Current liabilities	24,737,536	26,026,360	29,203,679	24,265,004
Total liabilities	86,795,327	87,148,528	89,103,572	77,771,293
Total equity and liabilities	118,412,551	117,743,524	118,522,686	107,951,564

Share Information - Group

As at		30th June	30th September	31st December	31st March
		2022	2022	2022	2023
Earnings / (loss) per ordinary share	(Rs)	(1.37)	(3.04)	(0.77)	4.24
Net asset value per share	(Rs)	65.53	63.91	61.49	62.08
Market price per share					
- Highest	(Rs)	38.50	68.00	62.80	62.90
- Lowest	(Rs)	28.00	28.30	50.00	48.00
- Last traded price	(Rs)	29.00	61.00	50.50	60.50
- Closing price	(Rs)	29.00	61.10	50.80	59.90
Percentage of shares held by public		25.41%	25.41%	25.41%	25.41%
Number of public shareholders		3,815	3,861	3,843	3,724
Float adjusted market capitalisation	(Rs)	2,477,654,846	5,220,162,455	4,340,167,799	5,117,638,803

INDICATIVE US DOLLAR FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME IN USD

For the year ended 31 st March	2023	2022
	USD '000	USD '000
Revenue	140,796	83,608
Revenue tax	(3,059)	(1,850)
Net revenue	137,737	81,758
Other income	586	691
Staff costs	(24,324)	(14,437)
Depreciation	(11,892)	(8,742)
Amortisation and impairment	(4,571)	(2,942)
Other operating expenses - direct	(34,760)	(20,989)
Other operating expenses - indirect	(40,427)	(20,775)
Profit from operations	22,349	14,564
Finance income	1,656	585
Finance expense	(17,760)	(7,754)
Net finance expense	(16,104)	(7,169)
Share of loss of equity accounted investees (net of tax)	(1,215)	(771)
Profit before income tax	5,030	6,624
Income tax expense	(4,885)	(3,105)
Profit for the year	145	3,519
Attributable to:		
Equity holders of the parent	(879)	2,122
Non - controlling interest	1,024	1,397
Profit for the year	145	3,519
Earnings/(loss) per ordinary share - Basic/Diluted (USD)	(0.00)	0.01
Exchange rate used for translation	327.14	293.88

For the year ended 31 st March	2023	2022
	USD '000	USD '000
Profit for the year	143	3,519
Other comprehensive income		
Items that will never be reclassified to profit or loss		
Revaluation of freehold land	2,503	3,234
Share of other comprehensive income of equity accounted investees	91	91
Actuarial gains/ (losses) on defined benefit plans	(26)	69
Income tax on other comprehensive income	(2,164)	(8)
	404	3,386
Items that are or may be reclassified to profit or loss		
Foreign currency translation differences of foreign operations	8,058	23,258
Net movement in cashflow hedging	(1,277)	(9,240)
	6,781	14,018
Other comprehensive income for the year net of tax	7,185	17,404
Total comprehensive income for the year net of tax	7,328	20,923
Attributable to:		
Equity holders of the parent company	3,711	13,221
Non - controlling interests	3,617	7,702
Total comprehensive income for the year net of tax	7,328	20,923
Exchange rate used for translation	327.14	293.88

INDICATIVE US DOLLAR FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN USD

As at	31.03.2023	31.03.2022
	USD '000	USD '000
ASSETS		
Non-current assets		
Property, plant and equipment	222,060	229,222
Right -of-use assets	51,625	55,735
Intangible assets	2,718	2,795
Investment in equity accounted investees	284	1,569
Other financial assets	3,051	963
Deferred tax assets	1,487	2,208
	281,225	292,492
Current assets		
Inventories	5,169	5,537
Trade and other receivables	7,749	7,860
Amounts due from holding company	448	1,653
Amount due from parent's group entities	2,873	2,111
Deposits and prepayments	2,431	1,883
Current tax receivable	88	124
Other financial assets	13,917	15,069
Cash and cash equivalents	16,086	13,725
	48,761	47,962
Assets classified as held for sale	-	5,400
Total assets	329,986	345,854
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the company		
Stated capital	10,866	12,095
Reserves	31,502	29,916
Retained earnings	21,951	25,605
	64,319	67,616
Non -controlling interests	27,936	28,140
Total Equity	92,255	95,756

As at	31.03.2023	31.03.2022
	USD '000	USD '000
Non-current liabilities		
Interest - bearing liabilities - banks	111,844	131,333
Interest - bearing liabilities - leases	41,536	45,879
Deferred tax liabilities	9,213	4,643
Employee benefits	965	902
	163,558	182,757
Current liabilities		
Trade payables	4,767	4,396
Other provisions and payables	16,758	18,237
Amounts due to holding company	4,014	4,090
Amounts due to parent's group entities	624	300
Interest - bearing liabilities - banks	18,691	18,225
Interest - bearing liabilities - leases	4,348	4,107
Current tax payable	681	171
Bank overdrafts and other short term borrowings	24,290	17,815
	74,173	67,341
Total liabilities	237,731	250,098
Total equity and liabilities	329,986	345,854
Exchange rate used for translation	327.14	293.88

PASSION FOR EXCELLENCE

SUPPLEMENTARY INFORMATION

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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 3,735 registered ordinary shareholders as at 31st March 2023 distributed as follows:

Range	31.03.2023			31.03.2022		
	No. of Shareholders	No. of Shareholding	%	No. of Shareholders	No. of Shareholding	%
1 to 1,000 shares	2,303	683,159	0.2	2,310	719,287	0.21
1,001 to 10,000 shares	1,042	3,588,218	1.07	1,117	3,962,198	1.18
10,001 to 100,000 shares	306	9,192,203	2.73	323	9,171,358	2.73
100,001 to 1,000,000 shares	70	18,777,762	5.59	59	16,773,564	4.99
1,000,001 & Above	14	304,048,668	90.41	15	305,663,603	90.89
	3,735	336,290,010	100.00	3,824	336,290,010	100.00

3. ANALYSIS OF SHAREHOLDERS

Category	31.03.2023		31.03.2022	
	Shareholding	%	Shareholding	%
Nationals	333,955,246	99.31	334,181,341	98.01
Non - Nationals	2,334,764	0.69	2,108,669	1.99
	336,290,010	100.00	336,290,010	100.00
Category	31.03.2023		31.03.2022	
	Shareholding	%	Shareholding	%
Aitken Spence PLC & Subsidiaries	250,507,418	74.49	250,507,418	74.49
Other Institutions	60,902,668	18.11	60,668,468	18.04
Individuals	24,879,924	7.4	25,114,124	7.47
	336,290,010	100.00	336,290,010	100.00

* Percentage of shares held by the public as at 31st March 2023 was 25.41% and Number of public shareholders as at 31st March 2023 were 3,724.

4. SHARE TRADING

	2022/23	2021/22	2020/21	2019/20	2018/19
Number of Shares Traded During the Year	16,557,254	14,095,777	14,455,930	6,998,161	3,736,586
Value of Shares Traded During the Year (Rs.)	891,882,424	557,995,507	381,490,589	171,349,406	95,540,393
Number of Transactions	9,022	9,983	8,216	4,440	2,068

INVESTOR INFORMATION

5. MARKET VALUE

Financial Year	Highest Rs.	Lowest Rs.	Year End Rs.
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
2022/23	68.00	28.00	60.50

* Closing price of the share as at 31st March 2023 was Rs. 59.90.

6. RATIOS

	2022/23	2021/22	2020/21	2019/20	2018/19
Earnings Per Share (Rs.)	(0.94)	1.85	(13.93)	(1.90)	2.37
Price Earnings Ratio (Times)	(63.72)	19	(2.17)	(7.94)	10.02
Net Assets per Share as at 31st March (Rs.)	62.08	58.60	(46.96)	60.66	62.96

7. DIVIDENDS

Year	Dividend Per Share Rs.	Dividend Yield %
2018/2019	1	4.26
2019/2020	-	-
2020/2021	-	-
2021/2022	-	-
2022/2023	-	-

8. MARKET CAPITALIZATION (AS AT 31ST MARCH)

Year	Stated Capital & Reserves Rs.'000	Market Capitalization Rs.'000
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
2022/23	21,041,256	20,143,772

The float adjusted market capitalisation as at 31st March 2023 was Rs. 5,117,638,803 with reference to the rule no.7.6 (iv) of the listing rules of the Colombo Stock Exchange.

As the float adjusted market capitalization is more than Rs. 5 Bn, Aitken Spence Hotel Holdings PLC complies under option 3 with the minimum public holding requirement.

9. GROUP EFFECTIVE HOLDING IN SUBSIDIARY, JOINT VENTURES AND ASSOCIATE COMPANIES

Company	31.03.2023	31.03.2022
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%
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	61.75%	61.75%
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%	27.89%
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%	27.89%
Negombo Beach Resorts (Private) Limited	37.42%	37.42%
Aitken Spence Resources (Private) Limited	49.00%	49.00%

* Aitken Spence Global Operations (Private) Limited which is a fully owned subsidiary of Aitken Spence Hotels International (Private) Limited was amalgamated with Aitken Spence Hotels International (Private) Limited with effect from 21st December 2022.

INVESTOR INFORMATION

10. SHAREHOLDING OF DIRECTORS TOGETHER WITH THEIR SPOUSES IN AITKEN SPENCE HOTEL HOLDINGS PLC

As at 31st March	2023	2022
Deshamanya D.H.S. Jayawardena	-	-
Ms. D.S.T. Jayawardena	16,000	16,000
Dr. M.P. Dissanayake	-	-
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	31.03.2023	
	No. of Shares	%
1 Aitken Spence PLC	239,472,667	71.21
2 Employees Provident Fund	31,501,601	9.37
3 Sri Lanka Insurance Corporation Ltd-Life Fund	5,428,727	1.61
4 Ace Cargo (Private) Limited	4,423,601	1.32
5 Aitken Spence Hotel Managements (Private) Limited	3,530,639	1.05
6 Mr. K. Balendra	2,764,946	0.82
7 Aitken Spence Aviation (Private) Limited	2,604,140	0.77
8 Ceylon Guardian Investment Trust PLC A/C No. 02	2,557,315	0.76
9 Bank of Ceylon No. 1 A/C	2,547,424	0.76
10 Employees Trust Fund Board	2,370,705	0.70
11 Ceylon Investment PLC A/C No. 02	2,269,575	0.67
12 Mr. G.C. Wickremasinghe	2,082,241	0.62
13 Citibank Newyork S/A Norges Bank Account 2	1,250,083	0.37
14 Miss. A.T. Wickremasinghe	1,245,004	0.37
15 Mr. M.J. Fernando	1,000,000	0.30
16 MR. S.R. Perera	1,000,000	0.30
17 Mrs. K. Fernando	991,149	0.29
18 Rubber Investment Trust Ltd A/C No. 01	990,634	0.29
19 Hatton National Bank PLC A/C No.04 (HNB Retirement Pension Fund)	933,966	0.28
20 J.B. Cocoshell (Private) Ltd	791,271	0.24
Total	309,755,688	92.10

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 2023	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, 2023	16,500,000

DECADE AT A GLANCE

Year ended 31st March	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
OPERATING RESULTS										
Revenue	46,059,884	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
Profit/(loss) from operations	7,310,886	4,280,099	(5,188,495)	1,563,667	2,734,959	3,013,834	2,298,164	2,883,023	3,858,199	3,966,497
Profit/(loss) before taxation	1,644,950	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
Taxation	(1,598,141)	(912,354)	353,405	(462,701)	(707,161)	(606,496)	(535,823)	(432,889)	(484,494)	(561,435)
Profit/(loss) after taxation	46,809	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
Profit/(loss) attributable to equity holders of the parent	(287,893)	623,542	(4,669,045)	(624,953)	810,581	1,169,314	675,873	1,403,766	2,234,804	2,340,934
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	17,486,669	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
Shareholders' funds	21,041,256	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
LIABILITIES										
Non-current interest bearing liabilities	50,176,589	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
Amount due to ultimate holding company	1,313,017	1,201,857	168,765	134,293	110,020	834,985	348,329	155,804	37,518	92,315
Current liabilities	22,951,987	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
Other non current liabilities	3,329,700	1,629,636	1,267,974	1,201,019	2,462,557	1,722,855	1,144,318	411,798	344,196	321,148
Non-controlling interest	9,139,015	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
Total Equity and Liabilities	107,951,564	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
ASSETS										
Property, plant and equipment	72,644,868	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
Right-of-use assets	16,888,712	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
Prepaid operating leases	-	-	-	-	1,924,329	1,772,172	1,791,169	1,811,071	1,067,063	1,048,621
Intangible assets	889,049	821,411	581,137	580,627	472,879	416,053	404,612	380,166	2,842	13,390
Investments	93,040	461,073	631,527	910,478	1,249,902	1,158,581	1,294,427	4,982,212	3,098,474	1,336,814
Other financial assets	998,018	283,123	772,508	764,245	778,986	763,780	126,650	202,395	180,191	197,478
Deferred tax assets	486,592	648,820	717,802	295,849	160,942	143,906	157,760	147,969	119,017	115,977
Current assets	15,951,285	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
Assets classified as held for sale	-	1,586,969	1,079,094	1,025,525	-	-	-	-	-	-
Total Assets	107,951,564	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
CASH FLOW										
From operating activities	8,494,454	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
From investing activities	(435,840)	(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)
From financing activities	(9,333,868)	(2,516,246)	(414,643)	(1,437,348)	767,316	3,266,138	120,782	1,409,694	2,412,926	(607,312)
Net cash inflow/(outflow)	(1,275,254)	541,115	(2,509,912)	(1,348,337)	(2,645,979)	3,017,321	428,679	(1,618,145)	261,682	(232,790)
KEY INDICATORS										
Earnings per ordinary share (Rs.)	(0.94)	1.85	(13.93)	(1.90)	2.37	3.43	1.97	4.13	6.60	6.92
Net Assets value per ordinary share (Rs.)	62.08	58.60	46.96	60.66	62.96	58.30	56.49	54.24	50.75	45.24
Closing price per share (Rs.)	59.90	35.50	30.20	15.10	23.70	33.50	35.20	53.00	67.00	70.00
Dividend per share (Rs.)	-	-	-	-	1.00	1.25	0.75	1.25	1.50	1.50
Dividend cover (Times)	-	-	-	-	2.37	2.75	2.62	3.30	4.40	4.61
Price to earnings ratio (Times)	(63.72)	19.19	(2.17)	(7.94)	10.02	9.76	17.91	12.83	10.15	10.12
Gearing (debt/(debt+equity)) %	62.65	65.13	63.73	53.73	43.65	39.78	34.90	26.08	20.30	13.94
Interest cover (Times)	1.35	1.95	(2.32)	0.94	3.18	3.45	3.31	8.73	22.21	22.03
Return on average shareholders' funds (%)	1.81	3.51	(25.89)	(3.08)	3.90	5.98	3.55	7.87	13.75	16.63

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 31/03/23 (Rs.'000)	
					Freehold	Leasehold	Land	Buildings
Aitken Spence Hotel Holdings PLC								
Heritance Ahungalla	152	Ahungalla	253,590	3	12.21	-	843,500	649,760
Meeraladuwa (Pvt) Ltd								
Meeraladuwa Island	-	Balapitiya	-	-	29.55	-	226,350	
Kandalama Hotels (Pvt) Ltd								
Heritance Kandalama	152	Dambulla	470,438	3	183.62	50.00	106,244	468,492
Hethersett Hotels Ltd								
Heritance Tea Factory	50	Nuwara Eliya	66,120	4	-	25.00	-	129,763
Aitken Spence Hotels Ltd								
Heritance Ayurveda	64	Beruwala	135,372	3	-	6.44	-	332,583
Heritance (Pvt) Ltd	-	Beruwala	-	-	5.79	-	347,500	-
Neptune Ayurvedic Village (Pvt) Ltd	-	Beruwala	12,500	-	0.12	-	4,860	42,969
Turyaa (Pvt) Ltd								
Turyaa Kalutara	109	Kalutara	192,686	20	5.93	-	479,775	587,407
Turyaa Resorts (Pvt) Ltd								
Turyaa Kalutara	90	Kalutara	113,060	3	2.42	-	212,000	983,909
Ahungalla Resorts Ltd								
Hotel RIU Sri Lanka	501	Ahungalla	601,751	11	12.97	-	1,113,500	7,331,419
Jetan Travel Services Co. (Pvt) Ltd								
Adaaran Club Rannalhi	122	Maldives	98,043	43	-	11.69	-	1,367,423
Cowie Investments (Pvt) Ltd								
Adaaran Select Meedhuparu	221	Maldives	302,102	122	-	44.45	-	4,197,937
Heritance Aarah	150	Maldives	257,642	244	-	26.90	-	23,180,328
ADS Resorts (Pvt) Ltd								
Adaaran Select Hudhuranfushi	192	Maldives	307,407	210	-	78.00	-	558,812
Unique Resorts (Pvt) Ltd								
Adaaran Prestige Vadoo	50	Maldives	57,855	53	-	4.48	-	2,699,303
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	-	1,887,670	4,198,081
Perumbalam Resorts (Pvt) Ltd	-	Chennai/India	-	-	4.05	-	114,265	-
P.R Holiday Homes (Pvt) Ltd	-	Chennai/India	-	-	14.04	-	409,457	836
Aitken Spence Resorts (Middle East) LLC								
Al Falaj Hotel	150	Oman	16,408	3	5.05	-	6,498,396	5,514,119

GROUP COMPANIES AND DIRECTORATE

SUBSIDIARIES

Ace Resorts Private Limited *

Owned the Raa Fushi island which was disposed of during the year. The Company will be wound up in the future.

Directors:

Dr. M.P. Dissanayake,
Ms. D.S.T. Jayawardena,
C.M.S. Jayawickrama (*Managing Director*),
M. Mahdy.

A.D.S Resorts Private Limited *

Owens 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 *

Amalgamated with Aitken Spence Hotels International (Private) Limited w.e.f. 21.12.2022.

Directors held office until the date of amalgamation :

Dr. M.P. Dissanayake,
Ms. D.S.T. Jayawardena,
Mr. C.M.S. Jayawickrama.

Aitken Spence Hotel Managements (South India) Private Limited

Owens 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,
Ms. D.S.T. Jayawardena,
Dr. R.M. Fernando,
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 and in the Republic of Maldives.

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:

C.M.S. Jayawickrama,
T.K. Dewanarayana.

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.

Authorised 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 in Ahungalla.

Directors:

Dr. M.P. Dissanayake,
Ms. D.S.T. Jayawardena,
J.T. Riu (*Managing Director*),
L. Riu Guell,
C.M.S. Jayawickrama.

Cowrie Investment Private Limited *

Owens 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 of Jetan Travel Services Company Private Limited.

Directors:

Dr. M.P. Dissanayake,
Ms. D.S.T. Jayawardena (*Appointed w.e.f. 14.02.2023*),
C.M.S. Jayawickrama.

Heritance (Private) Limited *

Owens 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 *

Owens the Heritance Tea Factory hotel in Kandapola.

Directors:

Ms. D.S.T. Jayawardena (*Chairperson*),
Dr. M.P. Dissanayake,
C.M.S. Jayawickrama.

* The companies' Financial Statements are audited by Messrs. KPMG, Chartered Accountants.

Jetan Travel Services Company Private Limited *

Owens 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 *

Owens the Heritance Kandalama Hotel.

Directors:

Ms. D.S.T. Jayawardena (*Chairperson*),
Dr. M.P. Dissanayake,
C.M.S. Jayawickrama.

Meeraladuwa (Private) Limited *

Owens 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

Owens 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

The Company is 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 *

Owens 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 *

Amalgamated with Turyaa (Private) Limited w.e.f. 01.04.2023.

Directors held office until the date of amalgamation:

Ms. D.S.T. Jayawardena (*Chairperson*),
Dr. M.P. Dissanayake,
C.M.S. Jayawickrama.

Unique Resorts Private Limited *

Owens the Adaaran Prestige Vadoo resort in the Republic of Maldives.

Directors:

Ms. D.S.T. Jayawardena (*Chairperson*),
C.M.S. Jayawickrama (*Managing Director*),
M.D.B.J. Gunatilake.

* The companies' Financial Statements are audited by Messrs. KPMG, Chartered Accountants.

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,

C.M.S. Jayawickrama (*Appointed w.e.f. 15.09.2022*),

B.G.D.L.P. Wijerathne (*Appointed w.e.f. 15.09.2022*),

J.C. Weerakone (*Resigned w.e.f. 20.08.2022*)

Browns Beach Hotels PLC *

Owns the property leased out to Negombo Beach Resorts (Private) Limited.

Directors:

Deshamanya D.H.S. Jayawardena (*Chairman*),

Ms. D.S.T. Jayawardena,

Dr. M.P. Dissanayake,

C.R. Stanislaus,

R.N. Asirwatham,

N.J. de Silva Deva Aditya,

M.A.N.S. Perera (*Appointed w.e.f. 02.01.2023*),

A.L. Gooneratne (*Resigned w.e.f. 30.06.2022*).

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,

C.M.S. Jayawickrama (*Appointed w.e.f. 15.09.2022*),

B.G.D.L.P. Wijerathne (*Appointed w.e.f. 15.09.2022*),

J.C. Weerakone (*Resigned w.e.f. 20.08.2022*).

* The companies' Financial Statements are audited by Messrs. KPMG, Chartered Accountants.

CORPORATE INFORMATION

< 2-1

NAME

Aitken Spence Hotel Holdings PLC

LEGAL FORM

A Public Quoted Company with limited liability, incorporated in Sri Lanka on March 14, 1978

COMPANY REGISTRATION NUMBER

PQ 97

REGISTERED OFFICE

No. 315, Vauxhall Street Colombo 2,
Sri Lanka

DIRECTORS

Deshamanya D.H.S. Jayawardena - *Chairman*

Ms. D.S.T. Jayawardena

Dr. M.P. Dissanayake -

Managing Director

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

Mr. M.A.N.S. Perera

(Appointed w.e.f 25.04.2023)

GROUP AUDIT COMMITTEE

Mr. R.N. Asirwatham - *Chairman*

Mr. C.H. Gomez

Mr. N.J. de Silva Deva Aditya/Mr. M.A.N.S. Perera (Mr. A.L. Gooneratne who served as Alternate Director to Mr. N.J. de Silva Deva Aditya in the parent company resigned w.e.f 01.07.2022 and Mr. M.A.N.S. Perera was appointed as the Alternate Director to Mr. Deva Aditya in the parent company w.e.f. 02.01.2023)

Mr. J.M.S. Brito

Mr. G.C. Wickremasinghe

(Resigned w.e.f. 30.11.2022)

GROUP REMUNERATION COMMITTEE

Mr. R.N. Asirwatham *(Appointed as the Chairman of the Committee w.e.f. 23.03.2023)*

Mr. J.M.S. Brito *(Appointed w.e.f. 23.03.2023)*

Mr. C.H. Gomez

Mr. G.C. Wickremasinghe *(Resigned w.e.f. 30.11.2022)*

GROUP NOMINATION COMMITTEE

Mr. R.N. Asirwatham *(Appointed as the Chairman of the Committee w.e.f. 23.03.2023)*

Deshamanya D.H.S. Jayawardena

Mr. J.M.S. Brito *(Appointed w.e.f. 23.03.2023)*

Mr. G.C. Wickremasinghe *(Resigned w.e.f. 30.11.2022)*

GROUP RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Mr. R.N. Asirwatham (Chairman)

Mr. J.M.S. Brito

Mr. C.H. Gomez

Mr. N.J. de Silva Deva Aditya/ Mr. M.A.N.S. Perera (Mr. A.L. Gooneratne who served as Alternate Director to Mr. N.J. de Silva Deva Aditya in the parent company resigned w.e.f 01.07. 2022 and Mr. M.A.N.S. Perera was appointed as the Alternate Director to Mr. Deva Aditya in the parent company w.e.f. 02.01.2023)

Mr. G.C. Wickremasinghe *(Resigned w.e.f. 30.11.2022)*

SECRETARIES

Aitken Spence Corporate Finance (Private) Limited

No. 315, Vauxhall Street,
Colombo 02, Sri Lanka.

T: (+94 11) 2308308

F: (+94 11) 2445406

E: benji@aitkenspence.lk,
comsec@aitkenspence.lk

REGISTRARS

Central Depository Systems (Private) Limited

Ground Floor, M&M Center,
No. 341/5, Kotte Road, Rajagiriya.

T: (+94 11) 2356456

F: (+94 11) 2440396

E: registrars@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 Ltd

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 CorporaciOn Bancaria, S.A.

HOLDING COMPANY

Aitken Spence PLC

Contact Details

No. 315, Vauxhall Street,

Colombo 02,

Sri Lanka.

T: (+94 11) 2308308

F: (+94 11) 2445406

Web: www.aitkenspencehotels.com

INDEPENDENT ASSURANCE REPORT



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

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

Independent Assurance Report to the Board of Directors of Aitken Spence Hotel Holdings PLC on the Integrated Annual Report- 2022/23

SCOPE

We have been engaged by Aitken Spence Hotel Holdings PLC ("the Entity") to perform a 'limited assurance engagement,' as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, on its Integrated Annual Report for the year ended 31st March 2023.

CRITERIA APPLIED BY AITKEN SPENCE HOTEL HOLDINGS PLC

In preparing the Subject Matter, Aitken Spence Hotel Holdings PLC applied the Guiding Principles and Content Elements given in the IFRS Foundation/International Integrated Reporting Council (IIRC)'s Integrated Reporting Framework (<IR> Framework) ("Criteria").

Such Criteria were specifically designed for purpose of assisting in determining whether the capital management, stakeholder engagement, business model, strategy, organizational overview & external environment outlook presented in the Integrated Annual Report is in accordance with the relevant criteria; As a result, the subject matter information may not be suitable for another purpose.

AITKEN SPENCE HOTEL HOLDINGS PLC'S RESPONSIBILITIES

Aitken Spence Hotel Holdings PLC's management is responsible for selecting the Criteria, preparation and presentation and self-declaration of the information and statements contained within the Integrated Annual Report in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

ERNST & YOUNG'S RESPONSIBILITIES

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised)), and the terms of reference for this engagement as agreed with the Aitken Spence Hotel Holdings PLC on 02 May 2023. Those standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

OUR INDEPENDENCE AND QUALITY CONTROL

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Professional Accountants issued by CA Sri Lanka and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

DESCRIPTION OF PROCEDURES PERFORMED

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Partners: H M A Jayasinghe FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, W R H De Silva FCA ACMA, Ms. Y A De Silva FCA, Ms. K R M Fernando FCA ACMA, N Y R L Fernando ACA, W K B S P Fernando FCA FCMA, Ms. L K H L Fonseka FCA, D N Gamage ACA ACMA, A P A Gunasekera FCA FCMA, A Herath FCA, D K Hulangomuru FCA FCMA LLB (London), Ms. G G S Manatunga FCA, A A J R Perera ACA ACMA, Ms. P V X N Sajeewani FCA, N M Sulaiman ACA ACMA, B E Wijesuriya FCA FCMA, C A Yalagala ACA ACMA

Principals: W S J De Silva BSc (Hons)-MIS MSc-T, G B Goudien ACA, D L B Karunathilaka ACA, Ms. P S Parandawana ACA ACMA LLB (Colombo), T P M Ruberu FCA FCCA

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Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Performed a comparison of the content of the Integrated Annual Report against the Guiding Principles and Content Elements given in the Integrated Reporting Framework (<IR> Framework).
- Checked whether the information contained in the Integrated Annual Report
 - Financial Capital element information has been properly derived from the audited financial statements.

- Conducted interviews with the selected key management personnel and relevant staff and obtained an understanding of the internal controls, governance structure and reporting process relevant to the Integrated Report.

- Obtained an understanding of the relevant internal policies and procedures developed, including those relevant to determining what matters most to the stakeholders, how the organization creates value, the external environment, strategy, approaches to putting members first, governance and reporting.

- Obtained an understanding of the description of the organization's strategy and how the organization creates value, what matters most to the stakeholders and enquiring the management as to whether the description in the Integrated Report accurately reflects their understanding.

- Checked the Board of Directors meeting minutes during the financial year to ensure consistency with the content of the Integrated Report.

- Tested the relevant supporting evidence related to qualitative & quantitative disclosures within the Integrated Report against identified material aspects.

- Read the Integrated Report in its entirety for consistency with our overall knowledge obtained during the assurance engagement

We also performed such other procedures as we considered necessary in the circumstances.

EMPHASIS OF MATTER

Economic, Natural, Social and Intellectual capital management data/information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Integrated Annual Report.

CONCLUSION

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Entity's Integrated Annual Report as of 31st March 2023 in order for it to be in accordance with the Criteria.

Colombo
06th June 2023

INDEPENDENT ASSURANCE REPORT



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

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

Independent Assurance Report to the Board of Directors of Aitken Spence Hotel Holdings PLC

SCOPE

We have been engaged by Aitken Spence Hotel Holdings PLC ("the Entity") to perform a 'limited assurance engagement,' as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on the Economic, Environment, Social and Governance (EESG) indicators of the Entity's Integrated Annual Report (the "Subject Matter") as of 31st March 2023.

CRITERIA APPLIED BY AITKEN SPENCE HOTEL HOLDINGS PLC

In preparing the Subject Matter, Aitken Spence Hotel Holdings PLC applied the following criteria ("Criteria"):

- The Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines, publicly available at GRI's global website www.globalreporting.org.

GRI 13: Agriculture, Aquaculture and Fishing Sectors standard 2022

Such Criteria were specifically designed for purpose of assisting you in determining whether Entity's Economic, Environment, Social and Governance (EESG) indicators of the Entity's Integrated Annual Report FY 2022/23 is in accordance with the relevant criteria; As a result, the subject matter information may not be suitable for another purpose.

AITKEN SPENCE HOTEL HOLDINGS PLC'S RESPONSIBILITIES

Aitken Spence Hotel Holdings PLC's management is responsible for selecting the Criteria, and for presenting the EESG indicators contained in the Integrated Annual Report in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

ERNST & YOUNG'S RESPONSIBILITIES

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised)), and the terms of reference for this engagement as agreed with the Aitken Spence Hotel Holdings PLC on 02 May 2023. Those standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment,

including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

OUR INDEPENDENCE AND QUALITY CONTROL

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Professional Accountants issued by CA Sri Lanka and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

DESCRIPTION OF PROCEDURES PERFORMED

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures

Partners: H M A Jayasinghe FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, W R H De Silva FCA ACMA, Ms. Y A De Silva FCA, Ms. K R M Fernando FCA ACMA, N Y R L Fernando ACA, W K B S P Fernando FCA FCMA, Ms. L K H L Fonseka FCA, D N Gamage ACA ACMA, A P A Gunasekera FCA FCMA, A Herath FCA, D K Hulangamure FCA FCMA LLB (London), Ms. G G S Mahatunga FCA, A A J R Perera ACA ACMA, Ms. P V K N Sajeewani FCA, N M Sulaiman ACA ACMA, B E Wijesuriya FCA FCMA, C A Yalagala ACA ACMA

Principals: W S J De Silva BSc (Hons)-MIS MSc-T, G B Goudien ACA, D L B Karunathilaka ACA, Ms. P S Parandawana ACA ACMA LLB (Colombo), T P M Ruberu FCMA FCCA

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were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

OUR PROCEDURES INCLUDED:

- Validated the information presented and checked the calculations performed by the organization through recalculation
- Performed a comparison of the content given in the Report against the criteria given in the selected sustainability standards/frameworks.
- Conducted interviews with relevant organization's personnel to understand the process for collection, analysis, aggregation and presentation of data. Interviews included selected key management personnel and relevant staff
- Read the content presented in the Report for consistency with our overall knowledge obtained during the course of

our assurance engagement and requested changes wherever required.

- Provided guidance, recommendations and feedback on the improvement of the sustainability reporting indicators to improve the presentation standard.

We also performed such other procedures as we considered necessary in the circumstances.

EMPHASIS OF MATTER

Economic, Environment, Social management data/information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Integrated Annual Report.

CONCLUSION

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Economic, Environment, Social and Governance (EESG) indicators of the Entity's Integrated Annual Report as of 31st March 2023 in order for it to be in accordance with the Criteria.

Colombo
06th June 2023

GRI CONTENT INDEX

GRI Standard / Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement Omitted	Reason	Explanation	
General disclosures						
GRI 2: General Disclosures 2021	2-1 Organisational details	Pg 271				
	2-2 Entities included in the organisation's sustainability reporting	Pg 13-15				
	2-3 Reporting period, frequency and contact point	Pg 10, 11				
	2-4 Restatements of information	Pg 12				
	2-5 External assurance	Pg 11				
	2-6 Activities, value chain and other business relationships	Page 19, 38-41	None			
	2-7 Employees	Pg 84	None			
	2-8 Workers who are not employees	Pg 84	None			
	2-9 Governance structure and composition	Pg 111	None			
	2-10 Nomination and selection of the highest governance body	Pg132-133	None			
	2-11 Chair of the highest governance body	Pg 115	None			
	2-12 Role of the highest governance body in overseeing the management of impacts	Pg 113	None			
	2-13 Delegation of responsibility for managing impacts	Pg127	None			
	2-14 Role of the highest governance body in sustainability reporting	Pg 113	None			
	2-15 Conflicts of interest	Pg 117	None			
	2-16 Communication of critical concerns	Pg 110	None			
	2-17 Collective knowledge of the highest governance body	Pg 29-33	None			
	2-18 Evaluation of the performance of the highest governance body	Pg 117	None			
	2-19 Remuneration policies	Pg 117	None			
	2-20 Process to determine remuneration	Pg 117	None			
	2-21 Annual total compensation ratio		2-21	Confidentiality constraints	Compensation related information is considered confidential within the organization	
	2-22 Statement on sustainable development strategy	Pg 20-22	None			
	2-23 Policy commitments	Pg 118-119	None			
	2-24 Embedding policy commitments	Pg 118-119	None			
	2-25 Processes to remediate negative impacts	Pg 85, 118-119	None			
	2-26 Mechanisms for seeking advice and raising concerns	Pg 85, 156	None			
	2-27 Compliance with laws and regulations	Pg 101	None			
	2-28 Membership associations	Pg 94	None			
	2-29 Approach to stakeholder engagement	Page 42-43	None			

GRI Standard / Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement Omitted	Reason	Explanation	
	2-30 Collective bargaining agreements	Pg 85	None			
Material topics						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Pg 58				
	3-2 List of material topics	Pg 59				
Economic performance						
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 66	None			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Pg 66	None			
	201-2 Financial implications and other risks and opportunities due to climate change		201-2	Information unavailable/incomplete	Insignificant information	
	201-3 Defined benefit plan obligations and other retirement plans	Pg 223-226	None			
	201-4 Financial assistance received from government	Pg 73	None			
Market presence						
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 89	None			
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Pg 89	None			
	202-2 Proportion of senior management hired from the local community	Pg 89	None			
Indirect economic impacts						
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 75, 101	None			
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Pg 75-81	None			
	203-2 Significant indirect economic impacts	Pg 101	None			
Procurement practices						
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 100	None			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Pg 95, 100	None			
Anti-corruption						
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 118-119	None			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Pg 43	None			
	205-2 Communication and training about anti-corruption policies and procedures	Pg 118-119	None			
	205-3 Confirmed incidents of corruption and actions taken	Pg 101	None			

GRI CONTENT INDEX

GRI Standard / Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement Omitted	Reason	Explanation	
Anti-competitive behaviour						
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 101	None			
GRI 206: Anti-competitive Behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Pg 101	None			
Tax						
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 185				
GRI 207: Tax 2019	207-1 Approach to tax	Pg 185-191	None			
	207-2 Tax governance, control, and risk management	Pg 181-191	None			
	207-3 Stakeholder engagement and management of concerns related to tax	Pg 181-191	None			
	207-4 Country-by-country reporting		207-4.b	Not applicable		We provide consolidated financial disclosures for locations outside Sri Lanka keeping with the accounting standards followed by the Company.
Energy						
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 104	None			
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Pg 104	None			
	302-2 Energy consumption outside of the organisation		302-2	Information unavailable/incomplete		Too many variables to standardize
	302-3 Energy intensity	Pg 104	None			
	302-4 Reduction of energy consumption	Pg 104	None			
	302-5 Reductions in energy requirements of products and services	Pg 104	None			
Water and Effluents						
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 105	None			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Pg 105	None			
	303-2 Management of water discharge-related impacts	Pg 105	None			
	303-3 Water withdrawal	Pg 106	None			
	303-4 Water discharge	Pg 106	None			
	303-5 Water consumption	Pg 105	None			

GRI Standard / Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement Omitted	Reason	Explanation	
Biodiversity						
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 108	None			
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Pg 108	None			
	304-2 Significant impacts of activities, products and services on biodiversity	Pg 108	None			
	304-3 Habitats protected or restored	Pg 108	None			
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Pg 108	None			
Emissions						
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 105	None			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Pg 105	None			
	305-2 Energy indirect (Scope 2) GHG emissions	Pg 105	None			
	305-3 Other indirect (Scope 3) GHG emissions		305-3	Information unavailable/incomplete	Too many variables to standardize	
	305-4 GHG emissions intensity	Pg 105	None			
	305-5 Reduction of GHG emissions	Pg 105	None			
	305-6 Emissions of ozone-depleting substances (ODS)			Information unavailable/incomplete	Too many variables to standardize	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions			Information unavailable/incomplete	Too many variables to standardize	
Waste						
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 107	None			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Pg 107	None			
	306-2 Management of significant waste-related impacts	Pg 107	None			
	306-3 Waste generated	Pg 107	None			
	306-4 Waste diverted from disposal	Pg 107	None			
	306-5 Waste directed to disposal	Pg 107	None			
Supplier environmental assessment						
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 100-101	None			
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Pg 101	None			
	308-2 Negative environmental impacts in the supply chain and actions taken	Pg 100	None			

GRI CONTENT INDEX

GRI Standard / Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement Omitted	Reason	Explanation	
Employment						
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 84,87,88, 89	None			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Pg 84,89	a, b	Information unavailable/incomplete	Insignificant information Partial reporting	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Pg 87	None			
	401-3 Parental leave	Pg 88	None			
Labour/management relations						
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 85	None			
GRI 402: Labour/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Pg 85	None			
Occupational health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 87	None			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Pg 87	None			
	403-2 Hazard identification, risk assessment, and incident investigation	Pg 87	None			
	403-3 Occupational health services	Pg 87	None			
	403-4 Worker participation, consultation, and communication on occupational health and safety	Pg 87	None			
	403-5 Worker training on occupational health and safety	Pg 87	None			
	403-6 Promotion of worker health	Pg 87	None			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Pg 87	None			
	403-8 Workers covered by an occupational health and safety management system	Pg 87	None			
	403-9 Work-related injuries	Pg 87	None			
	403-10 Work-related ill health	Pg 87	None			
Training and education						
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 86	None			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee		404-1, a	Information unavailable/incomplete	granular data not recorded	
	404-2 Programs for upgrading employee skills and transition assistance programs	Pg 86-87	None			
	404-3 Percentage of employees receiving regular performance and career development reviews	Pg 42	None			

GRI Standard / Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement Omitted	Reason	Explanation	
Diversity and equal opportunity						
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 83, 112	None			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Pg 83, 112	b	Information unavailable/incomplete	Insignificant information Partial reporting	
	405-2 Ratio of basic salary and remuneration of women to men	Pg 88	None			
Non-discrimination						
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 98	None			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Pg 98	None			
Freedom of association and collective bargaining						
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 85	None			
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Pg 85	None			
Child labour						
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 89	None			
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	Pg 89	None			
Forced or compulsory labour						
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 89	None			
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	Pg 89	None			
Security practices						
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 83	None			
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	Pg 83	None			
Rights of indigenous peoples						
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 101	None			
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	Pg 101	None			
Local communities						
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 101	None			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Pg 101	None			
	413-2 Operations with significant actual and potential negative impacts on local communities	Pg 101	None			

GRI CONTENT INDEX

GRI Standard / Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement Omitted	Reason	Explanation	
Supplier social assessment						
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 100-101	None			
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Pg 101	None			
	414-2 Negative social impacts in the supply chain and actions taken	Pg 100	None			
Public policy						
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 135	None			
GRI 415: Public Policy 2016	415-1 Political contributions	Pg 135	None			
Customer health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 112	None			
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Pg 112	None			
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Pg 101	None			
Marketing and labelling						
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 90	None			
GRI 417: Marketing and Labelling 2016	417-1 Requirements for product and service information and labelling	Pg 90	None			
	417-2 Incidents of non-compliance concerning product and service information and labelling	Pg 101	None			
	417-3 Incidents of non-compliance concerning marketing communications	Pg 101	None			
Customer privacy						
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 101	None			
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Pg 101	None			

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 creditworthy 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 know 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 possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity

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.

Current Service Cost - Is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

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.

Enterprise Value (EV) - Market capitalisation plus net debt/(net cash).

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.

GLOSSARY OF FINANCIAL TERMS

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.

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 its 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.

SOFR - The Secured Overnight Financing Rate (SOFR) is a reference rate that has been established as the preferred alternative rate for the USD London Interbank Offered Rate (LIBOR). SOFR is commonly used for US dollar denominated derivatives, loans, and other financial transactions in place of LIBOR. SOFR is calculated by the New York Federal Reserve based on transaction data from the overnight repurchase (repo) market.

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 over current liabilities.

NOTICE OF MEETING

Notice is hereby given that the Forty Sixth (46th) Annual General Meeting of Aitken Spence Hotel Holdings PLC will be held at No. 315, Vauxhall Street, Colombo 02 on Friday, 30th June 2023 at 10.45 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 2023 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 80 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 80 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 76 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 75 years of age and that he be re-appointed a Director of the Company."

6. To re-elect Mr. C.H. Gomez who retires in terms of Article 83 and 84 of the Articles of Association, as a Director.

7. To elect Mr. M.A.N.S Perera who retires in terms of Article 90 of the Articles of Association, as a Director.

8. To authorise the Directors to determine contributions to charities.

9. To re-appoint the retiring External Auditors, Messrs. KPMG, Chartered Accountants and authorise the Directors to determine their remuneration.

10. 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

06th June 2023
Colombo

NOTICE OF MEETING

Note:

1. 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 dilshani.yapa@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 dilshani.yapa@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 dilshani.yapa@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 financial year 2022/2023 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),
Don Stasshani Therese Jayawardena	(whom failing),
Mahinda Parakrama Dissanayake	(whom failing),
Chrisanthus Mohan Susith Jayawickrama	(whom failing),
Joseph Michael Suresh Brito	(whom failing),
Rajanayagam Nalliah Asirwatham	(whom failing),
Charles Humbert Gomez	(whom failing),
Niranjan Joseph de Silva Deva Aditya	(whom failing),
Gemunu Prasanna Jayasundera Goonewardena	(whom failing),
Mellawatantrige Anton Niroshan Sampath Perera,	

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 the 30th June 2023, 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.H. Gomez who retires in terms of Article 83 and 84 of the Articles of Association		
6	To elect Mr. M.A.N.S. Perera who retires in terms of Article 90 of the Articles of Association		
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		

Signed this day of June Two Thousand and Twenty Three.

.....
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/ Constitutional documents (as applicable).
- 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 dilshani.yapa@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

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.



